

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

RONALD D HUNTER
Claimant

JOCEBEE LLC
Employer

APPEAL 16A-UI-12313-JP-T
**ADMINISTRATIVE LAW JUDGE
DECISION**

OC: 10/23/16
Claimant: Respondent (2)

Iowa Code § 96.5(2)a – Discharge for Misconduct
Iowa Code § 96.3(7) – Recovery of Benefit Overpayment
Iowa Admin. Code r. 871-24.10 – Employer/Representative Participation Fact-finding Interview

STATEMENT OF THE CASE:

The employer filed an appeal from the November 10, 2016, (reference 01) unemployment insurance decision that allowed benefits. The parties were properly notified about the hearing. A telephone hearing was held on December 20, 2016. Claimant participated. Attorney Steven Ort participated on behalf of claimant. Employer participated through attorney Steve Newport, owner David Kempen, Robert Gonzalez, and Stacey Sievers. Employer Exhibit 1 was offered into evidence. Claimant objected as to relevance and authenticity (document was signed a month after the sale and after discharge). Claimant's objection was overruled and employer Exhibit 1 was admitted into evidence. Claimant Exhibit A was admitted into evidence with no objection.

ISSUES:

Was the claimant discharged for disqualifying job-related misconduct?

Has the claimant been overpaid unemployment insurance benefits, and if so, can the repayment of those benefits to the agency be waived?

Can charges to the employer's account be waived?

FINDINGS OF FACT:

Having reviewed all of the evidence in the record, the administrative law judge finds: Claimant was employed full-time as a maintenance manager from April 2016, and was separated from employment on October 18, 2016, when he was discharged.

Around October 14, 2016, Mr. Gonzalez was selling his mobile home. Mr. Gonzalez had initially wanted \$10,000.00. Mr. Gonzalez spoke to Mr. Sievers about the selling Mr. Sievers the mobile home, including the stove, refrigerator, motorcycle, furniture and washer/dryer for \$6,500.00, but Mr. Sievers only wanted the mobile home for \$3,500.00. Mr. Gonzalez then discussed with claimant the sale of the mobile home to the employer. Claimant negotiated the price down to

\$6,000.00, but it also included furniture, a washer/dryer, and a motorcycle. Employer Exhibit 1. Claimant spoke to Mr. Kempen about the purchasing the mobile home, but did not mention the furniture, washer/dryer, and a motorcycle was included. Mr. Kempen originally thought the mobile home was overpriced, but claimant convinced him to purchase it. Mr. Kempen did not discuss the sale directly with Mr. Gonzalez, instead the employer went through claimant. Mr. Gonzalez and claimant negotiated the sale price of the mobile home, including the motorcycle, washer/dryer, and furniture, for \$6,000.00 and on October 14, 2016, the employer sent Mr. Gonzalez a check for \$6,000.00 to complete the transaction. Employer Exhibit 1. Claimant did not inform Mr. Kempen that the motorcycle, washer/dryer, and furniture were included with the sale of the mobile home.

On October 14, 2016, claimant received the motorcycle. Claimant received a title for the motorcycle, but Mr. Gonzalez had not filled out the buyer information when claimant received the title. The title was also not signed by the buyer, the date of sale was not filled out, and the odometer mileage was not filled out. Claimant Exhibit A. Claimant did not provide the employer the motorcycle or other items on October 14, 2016.

On October 17, 2016, Mr. Kempen spoke to Mr. Sievers about the sale of the mobile home and he discovered that Mr. Gonzalez had been offering the motorcycle, washer/dryer, and furniture with the mobile home. On October 18, 2016, Mr. Kempen again spoke to Mr. Sievers who had confirmed with Mr. Gonzalez that the sale to the employer included the motorcycle, washer/dryer, and furniture with the mobile home. Mr. Kempen then contacted claimant and discharged him for keeping items that were purchased by the employer.

On November 11, 2016, Mr. Kempen confirmed directly with Mr. Gonzalez that the sale price included the motorcycle, washer/dryer, and furniture. An "AGREEMENT FOR THE SALE OF MOBILE HOME (PERSONAL PROPERTY)" was signed by the seller in October 2016, but not by the buyer until November 14, 2016. Employer Exhibit 1. The "Agreement" was for the sale of the mobile home and included: a motorcycle, furniture, washer/dryer, and appliances. Employer Exhibit 1.

In July 2016, the employer had given claimant a verbal warning for selling a set of steps to a resident and pocketing the money. The steps belonged to the employer. The employer warned claimant he could not do that anymore.

The administrative record reflects that claimant has received unemployment benefits in the amount of \$3,096.00, since filing a claim with an effective date of October 23, 2016, for the eight weeks ending December 17, 2016. The administrative record also establishes that the employer did participate in the fact-finding interview.

REASONING AND CONCLUSIONS OF LAW:

For the reasons that follow, the administrative law judge concludes the claimant was discharged from employment due to job-related misconduct. Benefits are denied.

It is the duty of an administrative law judge and the trier of fact in this case, to determine the credibility of witnesses, weigh the evidence and decide the facts in issue. *Arndt v. City of LeClaire*, 728 N.W.2d 389, 394-395 (Iowa 2007). The administrative law judge, as the finder of fact, may believe all, part or none of any witness's testimony. *State v. Holtz*, 548 N.W.2d 162, 163 (Iowa App. 1996). In assessing the credibility of witnesses, the administrative law judge should consider the evidence using his or her own observations, common sense and experience. *State v. Holtz*, 548 N.W.2d 162, 163 (Iowa App. 1996). In determining the facts,

and deciding what testimony to believe, the fact finder may consider the following factors: whether the testimony is reasonable and consistent with other evidence you believe; whether a witness has made inconsistent statements; the witness's conduct, age, intelligence, memory and knowledge of the facts; and the witness's interest in the trial, their motive, candor, bias and prejudice. *State v. Holtz*, 548 N.W.2d 162, 163 (Iowa App. 1996).

This administrative law judge assessed the credibility of the witnesses who testified during the hearing, considering the applicable factors listed above, and used my own common sense and experience. This administrative law judge reviewed the exhibits submitted by both parties. This administrative law judge finds the employer's version of events to be more credible than claimant's recollection of those events.

Iowa Code § 96.5-2-a provides:

An individual shall be disqualified for benefits:

2. Discharge for misconduct. If the department finds that the individual has been discharged for misconduct in connection with the individual's employment:

a. The individual shall be disqualified for benefits until the individual has worked in and has been paid wages for insured work equal to ten times the individual's weekly benefit amount, provided the individual is otherwise eligible.

Iowa Admin. Code r. 871-24.32(1)a provides:

Discharge for misconduct.

(1) Definition.

a. "Misconduct" is defined as a deliberate act or omission by a worker which constitutes a material breach of the duties and obligations arising out of such worker's contract of employment. Misconduct as the term is used in the disqualification provision as being limited to conduct evincing such willful or wanton disregard of an employer's interest as is found in deliberate violation or disregard of standards of behavior which the employer has the right to expect of employees, or in carelessness or negligence of such degree of recurrence as to manifest equal culpability, wrongful intent or evil design, or to show an intentional and substantial disregard of the employer's interests or of the employee's duties and obligations to the employer. On the other hand mere inefficiency, unsatisfactory conduct, failure in good performance as the result of inability or incapacity, inadvertencies or ordinary negligence in isolated instances, or good faith errors in judgment or discretion are not to be deemed misconduct within the meaning of the statute.

This definition has been accepted by the Iowa Supreme Court as accurately reflecting the intent of the legislature. *Huntoon v. Iowa Dep't of Job Serv.*, 275 N.W.2d 445, 448 (Iowa 1979).

Misconduct must be "substantial" to warrant a denial of job insurance benefits. *Newman v. Iowa Dep't of Job Serv.*, 351 N.W.2d 806 (Iowa Ct. App. 1984). When based on carelessness, the carelessness must actually indicate a "wrongful intent" to be disqualifying in nature. *Id.* Negligence does not constitute misconduct unless recurrent in nature; a single act is not disqualifying unless indicative of a deliberate disregard of the employer's interests. *Henry v. Iowa Dep't of Job Serv.*, 391 N.W.2d 731 (Iowa Ct. App. 1986). Poor work performance is not

misconduct in the absence of evidence of intent. *Miller v. Emp't Appeal Bd.*, 423 N.W.2d 211 (Iowa Ct. App. 1988).

The employer has presented substantial and credible evidence that claimant negotiated, on behalf of the employer, the employer purchasing a mobile home from Mr. Gonzalez, which included a motorcycle and other items in the purchase price. Claimant failed to inform the employer that the motorcycle and other items were part of the purchase price. Claimant then kept the motorcycle after the sale was complete without informing the employer. Claimant's argument that he purchased the motorcycle and other items from Mr. Gonzalez in a separate transaction is not persuasive. Mr. Gonzalez and Mr. Sievers provided credible testimony that Mr. Gonzalez was selling the mobile home and it included the motorcycle and other items with the purchase price. Furthermore, the assignment of title for the motorcycle did not have a date of sale, did not have odometer mileage, and claimant testified that he filled out the top line of the assignment of title, not Mr. Gonzalez, which lends credibility to Mr. Gonzalez and Mr. Sievers testimony that the motorcycle was being transferred to the employer as a part of the purchase price. Furthermore, Mr. Gonzalez testified he did not sell anything to claimant.

Claimant had already been warned in July 2016 for selling the employer's property and keeping the money; although claimant did not sell any property for money in October 2016, he kept property that the employer had purchased when the employer bought the mobile home. Claimant did not have the employer's permission to keep the property. Claimant's taking of the employer's property was contrary to the best interests of the employer and is disqualifying misconduct. Benefits are denied.

Iowa Code § 96.3(7)a-b, as amended in 2008, provides:

7. Recovery of overpayment of benefits.

a. If an individual receives benefits for which the individual is subsequently determined to be ineligible, even though the individual acts in good faith and is not otherwise at fault, the benefits shall be recovered. The department in its discretion may recover the overpayment of benefits either by having a sum equal to the overpayment deducted from any future benefits payable to the individual or by having the individual pay to the department a sum equal to the overpayment.

b. (1) (a) If the department determines that an overpayment has been made, the charge for the overpayment against the employer's account shall be removed and the account shall be credited with an amount equal to the overpayment from the unemployment compensation trust fund and this credit shall include both contributory and reimbursable employers, notwithstanding section 96.8, subsection 5. The employer shall not be relieved of charges if benefits are paid because the employer or an agent of the employer failed to respond timely or adequately to the department's request for information relating to the payment of benefits. This prohibition against relief of charges shall apply to both contributory and reimbursable employers.

(b) However, provided the benefits were not received as the result of fraud or willful misrepresentation by the individual, benefits shall not be recovered from an individual if the employer did not participate in the initial determination to award benefits pursuant to section 96.6, subsection 2, and an overpayment occurred because of a subsequent reversal on appeal regarding the issue of the individual's separation from employment.

(2) An accounting firm, agent, unemployment insurance accounting firm, or other entity that represents an employer in unemployment claim matters and demonstrates a continuous pattern of failing to participate in the initial determinations to award benefits, as determined and defined by rule by the department, shall be denied permission by the department to represent any employers in unemployment insurance matters. This subparagraph does not apply to attorneys or counselors admitted to practice in the courts of this state pursuant to section 602.10101.

Iowa Admin. Code r. 871-24.10 provides:

Employer and employer representative participation in fact-finding interviews.

(1) "Participate," as the term is used for employers in the context of the initial determination to award benefits pursuant to Iowa Code section 96.6, subsection 2, means submitting detailed factual information of the quantity and quality that if unrebutted would be sufficient to result in a decision favorable to the employer. The most effective means to participate is to provide live testimony at the interview from a witness with firsthand knowledge of the events leading to the separation. If no live testimony is provided, the employer must provide the name and telephone number of an employee with firsthand information who may be contacted, if necessary, for rebuttal. A party may also participate by providing detailed written statements or documents that provide detailed factual information of the events leading to separation. At a minimum, the information provided by the employer or the employer's representative must identify the dates and particular circumstances of the incident or incidents, including, in the case of discharge, the act or omissions of the claimant or, in the event of a voluntary separation, the stated reason for the quit. The specific rule or policy must be submitted if the claimant was discharged for violating such rule or policy. In the case of discharge for attendance violations, the information must include the circumstances of all incidents the employer or the employer's representative contends meet the definition of unexcused absences as set forth in 871—subrule 24.32(7). On the other hand, written or oral statements or general conclusions without supporting detailed factual information and information submitted after the fact-finding decision has been issued are not considered participation within the meaning of the statute.

(2) "A continuous pattern of nonparticipation in the initial determination to award benefits," pursuant to Iowa Code section 96.6, subsection 2, as the term is used for an entity representing employers, means on 25 or more occasions in a calendar quarter beginning with the first calendar quarter of 2009, the entity files appeals after failing to participate. Appeals filed but withdrawn before the day of the contested case hearing will not be considered in determining if a continuous pattern of nonparticipation exists. The division administrator shall notify the employer's representative in writing after each such appeal.

(3) If the division administrator finds that an entity representing employers as defined in Iowa Code section 96.6, subsection 2, has engaged in a continuous pattern of nonparticipation, the division administrator shall suspend said representative for a period of up to six months on the first occasion, up to one year on the second occasion and up to ten years on the third or subsequent occasion. Suspension by the division administrator constitutes final agency action and may be appealed pursuant to Iowa Code section 17A.19.

(4) "Fraud or willful misrepresentation by the individual," as the term is used for claimants in the context of the initial determination to award benefits pursuant to Iowa Code section 96.6, subsection 2, means providing knowingly false statements or knowingly false denials of material facts for the purpose of obtaining unemployment insurance benefits. Statements or denials may be either oral or written by the claimant. Inadvertent misstatements or mistakes made in good faith are not considered fraud or willful misrepresentation.

This rule is intended to implement Iowa Code section 96.3(7)"b" as amended by 2008 Iowa Acts, Senate File 2160.

Because the claimant's separation was disqualifying, benefits were paid to which he was not entitled. The unemployment insurance law provides that benefits must be recovered from a claimant who receives benefits and is later determined to be ineligible for benefits, even though the claimant acted in good faith and was not otherwise at fault. However, the overpayment will not be recovered when it is based on a reversal on appeal of an initial determination to award benefits on an issue regarding the claimant's employment separation if: (1) the benefits were not received due to any fraud or willful misrepresentation by the claimant and (2) the employer did not participate in the initial proceeding to award benefits. The employer will not be charged for benefits if it is determined that they did participate in the fact-finding interview. Iowa Code § 96.3(7), Iowa Admin. Code r. 871-24.10. In this case, the claimant has received benefits but was not eligible for those benefits. Since the employer did participate in the fact-finding interview the claimant is obligated to repay to the agency the benefits he received and the employer's account shall not be charged.

DECISION:

The November 10, 2016, (reference 01) unemployment insurance decision is reversed. Claimant was discharged from employment due to job-related misconduct. Benefits are withheld until such time as claimant has worked in and been paid wages for insured work equal to ten times his weekly benefit amount, provided he is otherwise eligible.

Claimant has been overpaid unemployment insurance benefits in the amount of \$3,096.00 and is obligated to repay the agency those benefits. The employer did participate in the fact-finding interview and its account shall not be charged.

Jeremy Peterson
Administrative Law Judge

Decision Dated and Mailed

jp/rvs