

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

68-0157 (9-06) - 3091078 - EI

**JOHN A BAGGER**  
Claimant

**APPEAL NO. 12O-UI-05344-H2T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**ADVANTAGE SALES & MARKETING LLC**  
Employer

**OC: 12-11-11  
Claimant: Respondent (2-R)**

Iowa Code § 96.5(2)a – Discharge/Misconduct  
Iowa Code § 96.3(7) - Recovery of Benefit Overpayment

**STATEMENT OF THE CASE:**

The employer filed a timely appeal from the January 24, 2012, reference 02, decision that allowed benefits. After due notice was issued, a hearing was held on February 28, 2012. The claimant did participate. The employer did participate through Davis E. Chapman, retail supervisor, and was represented by Roxanne Rose, ADP. Employer's Exhibit One was entered and received into the record. The case was remanded by the Employment Appeal Board and after due notice, a hearing was again held by telephone conference call on June 12, 2012. The claimant participated personally. The employer participated through Davis E. Chapman, retail supervisor, and Kathy Medlin, retail operations manager, and was represented by Jackie Boudreau of TALX UC eXpress. Employer's Exhibit One was entered and received into the record. Claimant's Exhibit A was entered and received into the record.

**ISSUES:**

Was the claimant discharged due to job-connected misconduct?

Has the claimant been overpaid any unemployment insurance benefits?

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds: The claimant was employed as a retail sales merchandiser, full-time, beginning January 10, 2000, through December 13, 2011, when he was discharged. On December 5 the claimant visited one of the store locations he was to service. He was required to insure that stock was rotated, and to accurately and completely record his data so that the employer could keep track of data needed to run the business. The claimant had been told many times how important it was for him to insure that his data was correct and that "data integrity" was essential to the employer. As part of a regular audit, the claimant's supervisor (Davis Chapman) audited the claimant's work on December 6.

Mr. Chapman discovered that the claimant clocked in while he was still over 150 miles from the store he where he was supposedly working. The claimant falsified his time keeping system,

which is theft of time from the employer. The claimant also alleged that he had performed a number of tasks, none of which were done. In particular, the claimant alleged that he had checked the shelf for a product (Smucker's 18 oz. marmalade) and indicated it was fully stocked, when there were actually none on the shelf and store records indicate not one jar had been sold in the prior six weeks. The claimant falsified 16 separate pieces of information to the employer for one store on December 5. His falsification of data was repeated and knowing. He knew that the employer relied upon accurate data to meet their customer's needs.

Mr. Davis also discovered that an end cap display the claimant indicated was set up was not set up and had never been set up. The claimant falsely indicated that the end cap display was in place. Mr. Davis located the unused display in the stock room. The claimant also falsely indicated that he had stocked the display. He had not, as it was in the stock room. By checking with employees of the store, Mr. Davis learned that the end cap display had never been set up.

The claimant had failed to rotate or insure that merchandise on the shelf was rotated, including Folgers's coffee, Smucker's products, and Batter Blaster hot roll mix and brownie mix. Mr. Davis found numerous outdated products on the shelves.

In his documentation, the claimant indicated that there was a product on the shelf that was not there. There was neither tag nor place on the shelf for the Smucker's Jelly product. A review of the store records indicated no sale of that product for the six weeks prior to the claimant's visit to the store. The claimant falsely indicated that item was on the shelf. Had the Smucker's company audited the store, it would have put in jeopardy the employer's relationship with that company.

The claimant has received unemployment benefits after the separation on a claim with an effective date of December 11, 2011.

#### **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.

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.

871 IAC 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.

Generally, continued refusal to follow reasonable instructions constitutes misconduct. *Gilliam v. Atlantic Bottling Company*, 453 N.W.2d 230 (Iowa App. 1990). The claimant falsified his time records, which is theft of time from the employer. The claimant also falsified his store activities on December 5, which is conduct not in the employer's best interest. The Administrative Law Judge is persuaded by Mr. Chapman's audit less than 24 hours after the claimant was in the store that the claimant falsified his records. The claimant's argument that customers moved product or bought the entire group of product is simply not credible in light of the store's records of no sales of that product for the prior six weeks. The claimant did not perform his job duties and is now claiming that he did perform the required duties in an attempt to obtain unemployment insurance benefits. It is reasonable for an employer to expect an employee to report truthfully and accurately what they have done. At hearing, the claimant could offer no credible explanation for his behavior or for what the employer discovered during the audit. The Administrative Law Judge is persuaded that the claimant falsified the information required and deliberately misreported his activities. His actions were deliberate and knowing and are evidence of willful job-related misconduct.

Iowa Code § 96.3-7, 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) 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. 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. The employer shall not be charged with the benefits.

(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.

Because the claimant's separation was disqualifying, benefits were paid to which the claimant 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 whether or not the overpayment is recovered. Iowa Code § 96.3(7). In this case, the claimant has received benefits but was not eligible for those benefits.

**DECISION:**

The January 24, 2012 (reference 02) decision is reversed. The claimant was discharged from employment due to job-related misconduct. Benefits are withheld until such time as he has worked in and been paid wages for insured work equal to ten times his weekly benefit amount, provided he is otherwise eligible.

**REMAND:**

The matter of determining the amount of the potential overpayment and whether the overpayment should be recovered under Iowa Code § 96.3(7)b is remanded to the Agency.

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Teresa K. Hillary  
Administrative Law Judge

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Decision Dated and Mailed

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