

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

KENTON M REED
Claimant

APPEAL NO. 09A-UI-01987-CT

**ADMINISTRATIVE LAW JUDGE
DECISION**

M C ADVANTAGES INC
Employer

OC: 01/04/09
Claimant: Appellant (2-R)

Section 96.5(1)a – Quit for Other Employment

STATEMENT OF THE CASE:

Kenton Reed filed an appeal from a representative's decision dated February 2, 2009, reference 01, which denied benefits based on his separation from M. C. Advantages, Inc. After due notice was issued, a hearing was held by telephone on March 2, 2009. Mr. Reed participated personally and Exhibit A was admitted on his behalf. The employer participated by Steve Campbell, Owner.

ISSUE:

At issue in this matter is whether Mr. Reed was separated from employment for any disqualifying reason.

FINDINGS OF FACT:

Having heard the testimony of the witnesses and having reviewed all of the evidence in the record, the administrative law judge finds: Mr. Reed was employed by M. C. Advantages, Inc. from July 25, 2003 until October 14, 2008. He was last employed full time as general manager. He voluntarily quit to accept a full-time job with BridgeWorks, Inc.

BridgeWorks, Inc. sent Mr. Reed an email on September 21, 2008 outlining some of the conditions of his employment. His medical, dental and vision insurance was to be paid for entirely by BridgeWorks, Inc. He was to receive four weeks of vacation. He was to be paid a salary of \$100,000.00 per year with quarterly bonuses and performance bonuses at the end of the fiscal year. Mr. Reed was to receive a leased vehicle, phone, and laptop at the employer's expense. The employer would also pay for all expenses related to a home office set-up. He was to receive founding employee preferred stock in BridgeWorks, Inc. Mr. Reed performed services for BridgeWorks, Inc. beginning approximately October 15, 2008 until January 4, 2009. He received pay through December 6, 2008 at the agreed upon amount. His acceptance of work with BridgeWorks, Inc. was the sole reason for leaving M. C. Advantages, Inc.

REASONING AND CONCLUSIONS OF LAW:

It is undisputed that Mr. Reed voluntarily quit his employment with M. C. Advantages, Inc. An individual who voluntarily quits employment is disqualified from receiving job insurance benefits unless the quit was for good cause attributable to the employer. Iowa Code section 96.5(1). Alternatively, the separation must meet the criteria to be an exception created by law. Mr. Reed contends that his separation satisfies the requirements of the exception created by section 96.5(1)a, which allows benefits if an individual quits a job in order to accept other employment.

The crux of the issue in this matter is whether Mr. Reed's work with BridgeWorks, Inc. constituted "employment" within the intent and meaning of section 96.5(1)a. The document admitted as Exhibit A is not a contract for employment; it is an email that outlines what he was to expect by way of compensation and benefits. He was to receive a salary, paid fringe benefits, a leased vehicle, stock options, and vacation. The administrative law judge considers these factors to be indicative of an employer-employee relationship rather than self-employment. A self-employed individual is usually responsible for his own benefits and any tools or equipment needed to provide services.

The administrative law judge believes Mr. Reed had a good-faith belief that he was accepting employment with BridgeWorks, Inc., not entering a self-employment relationship. It is concluded, therefore, that he left his employment with M. C. Advantages, Inc. in good faith for the sole purpose of accepting other employment. Inasmuch as he had performed services in the new employment when he filed his claim for job insurance benefits, he is entitled to benefits pursuant to section 96.5(1)a. Benefits paid as a result of the decision herein shall not be charged to M. C. Advantages, Inc.

The issue of Mr. Reed's separation from BridgeWorks, Inc. has not been adjudicated by Workforce Development. Therefore, the issue shall be remanded to Claims to provide notice to the last employer and to adjudicate the separation.

DECISION:

The representative's decision dated February 2, 2009, reference 01, is hereby reversed. Mr. Reed quit his employment in good faith to accept other employment and has performed services in the new employment. Benefits are allowed, provided he is otherwise eligible, but shall not be charged to M. C. Advantages, Inc. This matter is remanded to Claims to adjudicate Mr. Reed's separation from BridgeWorks, Inc.

Carolyn F. Coleman
Administrative Law Judge

Decision Dated and Mailed

cfc/pjs