

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**DUSTIN W MALLOY**  
Claimant

**APPEAL NO. 11A-UI-02962-AT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**CEI EQUIPMENT COMPANY INC**  
Employer

**OC: 01/30/11  
Claimant: Respondent (2R)**

Section 96.5-2-a – Discharge

**STATEMENT OF THE CASE:**

CEI Equipment Company, Inc. filed a timely appeal from an unemployment insurance decision dated March 8, 2011, reference 01, that allowed benefits to Dustin W. Malloy. After due notice was issued, a telephone hearing was held March 30, 2011 with Mr. Malloy participating. CFO Karen Gaddis, President Don Gaddis and Production Manager Randy Banes participated for the employer. The administrative law judge takes official notice of Agency benefit payment records.

**ISSUE:**

Was the claimant discharged for misconduct in connection with his employment?

**FINDINGS OF FACT:**

Having heard the testimony of the witnesses and having examined all of the evidence in the record, the administrative law judge finds: Dustin W. Malloy was employed by CEI Equipment Company, Inc. from August 16, 2010 until he was discharged February 3, 2011. He last worked as a welder. The final incident occurred on February 2, 2011. On the morning of February 2, 2011 President Don Gaddis and Production Manager Randy Banes reminded Mr. Malloy that he was to cover painted parts with cardboard and clamp vertical pieces in place while he was working. When Mr. Gaddis and Mr. Banes returned to Mr. Malloy's work area that afternoon they found that he was not covering the painted parts as instructed. In addition, a clamp had slipped, leaving scratches on the piece that Mr. Malloy was to weld in place.

Mr. Malloy had been trained to cover painted parts and had received a prior warning for failing to do so. He has received unemployment insurance benefits since filing a claim effective January 30, 2011.

**REASONING AND CONCLUSIONS OF LAW:**

The question is whether the evidence establishes that the claimant was discharged for misconduct in connection with his employment. It does.

Iowa Code section 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.

The testimony of Mr. Gaddis and Mr. Banes persuades the administrative law judge that Mr. Malloy had been trained in the proper procedures and had received warnings for not following those procedures. It also establishes that he was discharged for continuing to following those procedures. This evidence is sufficient to establish misconduct. Benefits must be withheld.

Iowa Code section 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.

The question of whether the claimant has received benefits that must be repaid is remanded to the Unemployment Insurance Services Division.

**DECISION:**

The unemployment insurance decision dated March 8, 2011, reference 01, is reversed. Benefits are withheld until the claimant has worked in and has been paid wages for insured work equal to ten times his weekly benefit amount, provided he is otherwise eligible. The question of recovery of overpayments is remanded.

---

Dan Anderson  
Administrative Law Judge

---

Decision Dated and Mailed

css/css