



Department of Inspections,  
Appeals, & Licensing

Iowa Department of Inspections, Appeals, & Licensing  
Administrative Hearings Division  
6200 Park Avenue, Suite 100, East Entrance  
Des Moines, IA 50321-1270

**Appeal Decision**

Claim Number:  
[REDACTED]

Determination Number:  
7553901

Appeal Filed By:  
MIKE MOLSTEAD MOTORS INC

Appeal Filed Date:  
02/25/2026

Appeals Bureau Docket:  
2026003078-AT



**APPEALS BUREAU DECISION OF ADMINISTRATIVE LAW JUDGE**

Mail Date: April 13, 2026

**Appellee**

Claimant/Job Seeker:  
Claimant address:

PEGGY LOFTUS  
[REDACTED]

**Appellant**

Employer:

Mike Molstead Motors Inc  
[REDACTED]

Social Security Number: [REDACTED]

In regard to the appeal by MIKE MOLSTEAD MOTORS INC:

**STATUTORY REFERENCE**

**DECISION/REMAND**

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

**STATEMENT OF THE CASE:**

Employer Mike Molstead Motors Inc filed an appeal from the February 19, 2026, unemployment insurance decision that found claimant Peggy Loftus eligible for benefits after a separation from employment. The parties were properly notified of the hearing. A telephone hearing was held on April 2, 2026. Employer participated through president Josh Molstead and service director Zach Fox. CFO Amy Stoeffler was present but did not testify. Claimant Peggy Loftus participated and

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*Auxiliary aids and services are available upon request to individuals with disabilities. For deaf and hard of hearing, use Relay 711.*



testified. Claimant's former co-worker Karley Cassady testified for claimant. Official notice of the administrative file was taken.

**ISSUES:**

Was the claimant discharged for disqualifying job-related misconduct?

Has the claimant been overpaid any unemployment insurance benefits, and if so, should the claimant repay benefits?

Is the employer's account chargeable due to participation in the fact-finding interview?

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds: Claimant was employed as a full-time transportation shuttle specialist from October 3, 2023, until February 5, 2026, when the claimant was discharged. Claimant's primary responsibility was picking up and transporting the employer's customers in the company shuttle. Claimant worked as a team with Karley Cassady, who was also her son's girlfriend. Her regular work hours were Monday through Friday from 7 a.m. to 5 p.m.

The incident that led to claimant's termination occurred on January 31, 2026. The incident occurred away from work and during off-work hours. Claimant's son had a warrant for his arrest. He turned himself in and was released on bond. Cassady paid his bond. After his release, he was approached by law enforcement who attempted to take him into custody on the same arrest warrant. Claimant and Cassady were present and became involved in the incident. Cassady attempted to explain to law enforcement that he was already processed for the outstanding warrant and released on bond. Cassady offered to show law enforcement the receipt showing he had bonded out. Law enforcement declined to review the receipt and continued forward with the arrest, tackling claimant's son to the ground when handcuffing him. Multiple individuals, including claimant, were yelling profanities at law enforcement during this incident. The entire interaction was recorded on a cell phone. Claimant's face is partially visible from a side view and her first name is said by other individuals in the video. Claimant's son posted the video to his social media.

In the posted video, neither claimant nor Cassady were not in any way identified as employees of the employer. Claimant was not tagged or otherwise associated with the posted video on social media. However, other employees personally familiar with both claimant and Cassady recognized they were in the video and brought it to the employer's attention. Employer viewed the posted video. They interviewed both claimant and Cassady about the interaction. At the employer's request, claimant asked her son to remove the video from social media. He deleted the video.

Ultimately, the employer determined that claimant and Cassady's conduct in the video warranted termination. Employer concluded that claimant and Cassady yelling profanities at law enforcement did not foster community culture and thus reflected poorly on the dealership. Their conduct was also found to be inconsistent with the employer's core value of "do the right thing." Employer did not receive any direct complaints from outside customers about the video or information that outside customers recognized claimant or Cassady as being in the video. Employer further found that claimant's conduct violated its social media policy, which claimant received as part of the employee handbook upon hire in October 2023. The social media policy cautions employee to be mindful of what they post, including off-duty, as their posts might have adverse effect to the employer's business, to make it clear that their expressed opinions are not representative of the company, and not to defame or otherwise discredit the employer, its business, or partners. Claimant



did not have any other discipline or corrective coaching during her employment.

**REASONING AND CONCLUSIONS OF LAW:**

For the reasons that follow, the administrative law judge concludes the claimant was discharged from employment for no disqualifying reason. Benefits are allowed.

Iowa Code section 96.5(2)a provides:

An individual shall be disqualified for benefits, regardless of the source of the individual's wage credits:

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 disqualification shall continue 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 Code section 96.5(2)b, c and d provide:

An individual shall be disqualified for benefits, regardless of the source of the individual's wage credits:

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

b. Provided further, if gross misconduct is established, the department shall cancel the individual's wage credits earned, prior to the date of discharge, from all employers.

c. Gross misconduct is deemed to have occurred after a claimant loses employment as a result of an act constituting an indictable offense in connection with the claimant's employment, provided the claimant is duly convicted thereof or has signed a statement admitting the commission of such an act. Determinations regarding a benefit claim may be redetermined within five years from the effective date of the claim. Any benefits paid to a claimant prior to a determination that the claimant has lost employment as a result of such act shall not be considered to have been accepted



by the claimant in good faith.

d. For the purposes of this subsection, “*misconduct*” means a deliberate act or omission by an employee that constitutes a material breach of the duties and obligations arising out of the employee’s contract of employment. Misconduct is 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 even 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. Misconduct by an individual includes but is not limited to all of the following:

(1) Material falsification of the individual’s employment application.

(2) Knowing violation of a reasonable and uniformly enforced rule of an employer.

(3) Intentional damage of an employer’s property.

(4) Consumption of alcohol, illegal or nonprescribed prescription drugs, or an impairing substance in a manner not directed by the manufacturer, or a combination of such substances, on the employer’s premises in violation of the employer’s employment policies.

(5) Reporting to work under the influence of alcohol, illegal or nonprescribed prescription drugs, or an impairing substance in an off-label manner, or a combination of such substances, on the employer’s premises in violation of the employer’s employment policies, unless the individual is compelled to work by the employer outside of scheduled or on-call working hours.

(6) Conduct that substantially and unjustifiably endangers the personal safety of coworkers or the general public.

(7) Incarceration for an act for which one could reasonably expect to be incarcerated that result in missing work.

(8) Incarceration as a result of a misdemeanor or felony conviction by a court of competent jurisdiction.

(9) Excessive unexcused tardiness or absenteeism.



(10) Falsification of any work-related report, task, or job that could expose the employer or coworkers to legal liability or sanction for violation of health or safety laws.

(11) Failure to maintain any licenses, registration, or certification that is reasonably required by the employer or by law, or that is a functional requirement to perform the individual's regular job duties, unless the failure is not within the control of the individual.

(12) Conduct that is libelous or slanderous toward an employer or an employee of the employer if such conduct is not protected under state or federal law.

(13) Theft of an employer or coworker's funds or property.

(14) Intentional misrepresentation of time worked or work carried out that results in the individual receiving unearned wages or unearned benefits.

The employer has the burden of proof in establishing disqualifying job misconduct. *Cosper v. Iowa Dep't of Job Serv.*, 321 N.W.2d 6, 11 (Iowa 1982). The issue is not whether the employer made a correct decision in separating claimant, but whether the claimant is entitled to unemployment insurance benefits. *Infante v. Iowa Dep't of Job Serv.*, 364 N.W.2d 262, 264 (Iowa Ct. App. 1984). What constitutes misconduct justifying termination of an employee and what misconduct warrants denial of unemployment insurance benefits are two separate decisions. *Pierce v. Iowa Dep't of Job Serv.*, 425 N.W.2d 679, 680 (Iowa Ct. App. 1988).

Iowa Administrative Code 871—24.24 provides in relevant part as follows:

(3) *Report required.* The claimant's statement and employer's statement must give detailed facts as to the specific reason for the claimant's discharge. Allegations of misconduct or dishonesty without additional evidence are not sufficient to result in disqualification. If the employer is unwilling to furnish available evidence to corroborate the allegation, misconduct cannot be established. In cases where a suspension or disciplinary layoff exists, the claimant is considered as discharged, and the issue of misconduct is resolved.

Under the definition of misconduct for purposes of unemployment benefit disqualification, the conduct in question must be "work-connected." *Diggs v. Emp't Appeal Bd.*, 478 N.W.2d 432 (Iowa Ct. App. 1991). The court has concluded that some off-duty conduct can have the requisite element of work connection. *Kleidosty v. Emp't Appeal Bd.*, 482 N.W.2d 416, 418 (Iowa 1992). For an employer to show that the employee's off-duty activities rise to the level of misconduct in connection with the employment, the employer must show by a preponderance of the evidence:



[T]hat the employee's conduct (1) had some nexus with the work; (2) resulted in some harm to the employer's interest, and (3) was conduct which was (a) violative of some code of behavior impliedly contracted between employer and employee, and (b) done with intent or knowledge that the employer's interest would suffer.

*Dray v. Director*, 930 S.W.2d 390 (Ark. Ct. App. 1996); *In re Kotrba*, 418 N.W.2d 313 (SD 1988), quoting *Nelson v. Dept of Emp't Security*, 655 P.2d 242 (WA 1982); 76 Am. Jur. 2d, Unemployment Compensation §§ 77-78.

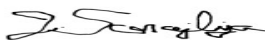
Based on the evidence before the undersigned, the employer has not established that claimant's off-duty conduct was work-connected. First, the posted video had no nexus to the employer. Claimant was not in any way identified as an employee. The only reason the video came to the employer's attention is through other employees who were personally familiar with claimant and Cassady and recognized them in the video. Next, there is no evidence that the posted video resulted in harm to the employer's interest. Employer did not receive any complaints from the community regarding the posted video or an indication that outside customers connected that the individual in the posted video worked for the employer. Finally, the evidence is inadequate to establish the third element to show "work-connected" conduct. While the employer's social media policy asks employees to be mindful of their social media posts, claimant did not post the video. Claimant was a participant in an emotionally-charged incident involving her son and law enforcement during which she yelled profanities. The employer presented no evidence that claimant had the intent or knowledge her conduct would cause the employer's interests to suffer.

An employer may discharge an employee for any number of reasons or no reason at all if it is not contrary to public policy, but if it fails to meet its burden of proof to establish job related misconduct as the reason for the separation, employer incurs potential liability for unemployment insurance benefits related to that separation. Here, the employer has not met its burden of proof to establish that claimant engaged in misconduct that would disqualify her from benefits. Benefits are allowed.

Because claimant's separation was not disqualifying, the issues of overpayment, repayment and chargeability are moot.

**DECISION:**

The February 19, 2026, unemployment insurance decision is **AFFIRMED**. There was no disqualifying separation with this employer. The claimant is allowed benefits, provided she remains otherwise eligible.



Jasmina SARAJLIJA  
Administrative Law Judge  
Iowa Department of Inspections, Appeals, & Licensing  
Administrative Hearings Division  
Unemployment Insurance Appeals Bureau

Please see the last page of this document for important information about reopening the appeal and further appeal rights.



## INSTRUCTIONS FOR FILING AN APPEAL

If you disagree with the decision, you or any interested party may:

1. Appeal to the Employment Appeal Board within fifteen (15) days of the date under the judge's signature by submitting a written appeal via mail, fax, or online to:

Employment Appeal Board  
6200 Park Avenue Suite 100  
Des Moines, IA 50321  
Fax: (515)281-7191  
Online: IowaWORKS account

The appeal period will be extended to the next business day if the last day to appeal falls on a weekend or a legal holiday.

AN APPEAL TO THE BOARD SHALL STATE CLEARLY:

1. A reference to the decision from which the appeal is taken.
2. That an appeal from such decision is being made and such appeal is signed.
3. The grounds upon which such appeal is based.

An Employment Appeal Board decision is final agency action. If a party disagrees with the Employment Appeal Board decision, they may then file a petition for judicial review in district court.

2. If no one files an appeal of the judge's decision with the Employment Appeal Board within fifteen (15) days, the decision becomes final agency action, and you have the option to file a petition for judicial review in District Court within thirty (30) days after the decision becomes final. Additional information on how to file a petition can be found at Iowa Code 17A.19, which is online at <https://www.legis.iowa.gov/docs/code/17a.19.pdf> or by contacting the District Court Clerk of Court <https://www.iowacourts.gov/iowa-courts/court-directory/>.

**Note to Parties:** YOU MAY REPRESENT yourself in the appeal or obtain a lawyer or other interested party to do so provided there is no expense to Iowa Workforce Development. If you wish to be represented by a lawyer, you may obtain the services of either a private attorney or one whose services are paid for with public funds.

**Note to Claimant:** It is important that you file your weekly claim as directed, while the appeal is pending, to protect your continuing right to benefits.

### SERVICE INFORMATION:

A true and correct copy of this decision was mailed to each of the parties listed.



## **Babel Notice – Claim and Appeal Information**

**Aviso:** Aviso: Documento De Beneficios Del Seguro De Desempleo  
Y Información De Apelación

### **IMPORTANT!**

This document contains important information about your unemployment compensation rights, responsibilities and/or benefits. It is critical that you understand the information in this document. **DEADLINE FOR APPEAL:** If you disagree with this determination or decision, you must file an appeal before the deadline noted in this document. **IMMEDIATELY:** If needed, call 866-239-0843 for assistance in the translation and understanding of the information in the document(s) you have received.

### **¡IMPORTANTE!**

Este documento contiene información importante sobre sus derechos, obligaciones y/o beneficios de compensación por desempleo. Es muy importante que usted entienda la información contenida en este documento. **PLAZO LÍMITE PARA APELAR:** Si usted está en desacuerdo con esta determinación o decisión, debe presentar una apelación antes del plazo límite indicado en este documento. **INMEDIATAMENTE:** Si necesita asistencia para traducir y entender la información contenida en el documento(s) que recibió, llame al 866-239-0843.

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这份文件包含有关失业补偿的权利、责任和/或利益的重要信息。您需要理解本文件中的信息，这一点至关重要。

**上诉截止日期：**如果您不同意本裁定或决定，您必须在本文件所载截止日期前提出上诉。**立即：**如果需要，请拨打866-239-0843，可获得帮助，以利您翻译和理解所收到的文件中的信息。

### **IMPORTANT!**

Ce document contient des informations importantes sur vos droits d'allocation de chômage, vos responsabilités et/ou vos bénéfices. Il est indispensable que vous compreniez le contenu de ce document. **DATE LIMITE POUR FAIRE APPEL:** Si vous n'êtes pas d'accord avec cette détermination ou décision, vous devrez faire un appel avant la date limite signalée dans ce document. **IMMÉDIATEMENT:** Si nécessaire, téléphonez au 866-239-0843 pour avoir de l'assistance sur la traduction et/ou la compréhension de ce document.

### **WICHTIG!**

Diese Dokument enthält wichtige Hinweise zu ihren Rechten, Pflichten bzw. Leistungen im Rahmen der Arbeitslosenunterstützung. Es ist entscheidend, dass Sie die Informationen in diesem Dokument verstehen. **FRIST ZUR BESCHWERDEEINLEGUNG:** Wenn Sie mit der Feststellung oder Entscheidung nicht einverstanden sind, müssen Sie vor Ablauf der in diesem Dokument aufgeführten Frist eine Beschwerde einlegen. **SOFORT:** Sofern erforderlich, rufen Sie die Telefonnummer 866-239-0843 an und erkundigen sich nach Hilfsdiensten bei der Übersetzung und zum Verständnis der Informationen in dem (den) von Ihnen erhaltenen Dokument(en).

### **IMPORTANTE!**

Ang mga dokumentong ito ay naglalaman ng mahalagang impormasyon tungkol sa iyong mga karapatan na makatanggap ng kabayaran, mga responsibilidad at /o benepisyo dahil sa pagkawala ng trabaho. Napakahalagang maunawaan mo ang mga impormasyong nilalaman sa dokumentong ito. **HULING ARAW PARA UMAPILA:** Kung hindi ka sumasang-ayon sa pagpapasiya o desisyon, dapat kang maghabol o magharap ng apila bago dumating ang huling araw na nabanggit sa dokumentong ito. **KAAGAD:** Kung kinakailangan ang tulong, tumawag sa 866-239-0843 para sa pagsasalin ng wika at pag-unawa ng impormasyon sa mga dokumentong natanggap mo.

### **IMPORTANTE:**

Questo documento contiene informazioni importanti sui Suoi diritti di indennizzo di disoccupazione, sulle sue responsabilità e i suoi benefit. E' cruciale che Lei comprenda appieno le informazioni contenute in questo documento. **SCADENZA PER IL RICORSO:** Se non si trova in accordo con questa determinazione o decisione, dovrà presentare ricorso prima della scadenza riportata nel presente documento. **INMEDIATAMENTE:** In caso di necessità chiami il 866-239-0843 per assistenza alla traduzione e comprensione delle informazioni contenute nei documenti ricevuti.

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Tài liệu này chứa đựng tin tức quan trọng về quyền hạn, trách nhiệm và/hoặc những lợi ích được đền bù trong khi thất nghiệp. Đó là điều tối cần thiết mà quý vị phải hiểu rõ những tin tức trong tài liệu này. **HẠN CHỐT KHIẾU NẠI:** Nếu quý vị không đồng ý với quyết định này, quý vị phải nộp đơn khiếu nại trước hạn chót ghi rõ trong tài liệu này. **MỘT CÁCH NHANH CHÓNG:** Nếu cần xin hãy gọi số 866-239-0843 để được giúp đỡ trong việc phiên dịch và hiểu rõ những tin tức trong tài liệu quý vị đã nhận.

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### ໝາງເຫລອ ສາ

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### هام!

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