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Disabled distraught over Nortel settlement

By SCOTT TAYLOR, QMI Agency

OTTAWA - Nortel disabled employees are reeling as a \$57-million settlement they have been fighting is on the verge of being accepted -- minus a crucial clause that would've given them priority treatment if the feds change bankruptcy laws.

That clause, known as H2, gave them hope they would recoup their lost benefits ahead of other creditors. Without it, they'll have to stand in queue battling over what remains of the company.

The disabled employees have been fighting their own court-appointed law firm since late February when the settlement, which then included H2, was announced. It allows nearly 20,000 current and former employees to continue to receive benefits and income until the end of the year, while taking away their right to sue the company, trustees and directors over missing funds in a trust account. Benefits were due to expire Wednesday.

Last Thursday, Sen. Art Eggleton tabled Bill S-216, which, if passed, would re-classify the 400 workers on long-term disability as "preferred" creditors, rather than "unsecured," thus putting their claims second in line for the remains of the company.

It has passed a first reading and will be given a second reading this week.

However, Judge Geoffrey Morawetz, who is overseeing the dismantling of the company, has struck H2 from the original agreement saying it's unfair to other creditors.

"Without this clause (the disabled workers) will be on the same low level as other unsecured creditors. It flattens everyone out to being equal," said attorney Joel Rochon, who was hired by the employees to fight the agreement. "It's a bad deal made worse."

Rochon will be in a Toronto court Wednesday trying to have H2 restored.

"It's counterproductive to strike this clause down when politicians are changing the law," he said. "We will object to this as being patently unfair."

Disabled employee Josee Marin said she was shocked.

"I'm shaking, I'm so enraged," Marin said. "I thought it would be a day of celebration, but it's a day of sadness. We're now facing abject poverty for the rest of our lives."

The majority of the pensioners approve of the original settlement, but many disabled employees aren't able to find new jobs and rely on their current benefits.

scott.taylor@sunmedia.ca