

Disabled US workers accuse Nortel of intimidation on benefits

By Peg Brickley, Dow Jones Daily Bankruptcy Review

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Some disabled employees worried they are trading legal rights for healthcare.

Lawyers are seeking a court order barring Nortel Networks Corp. from allegedly intimidating disabled workers in what they refer to as a "misleading and illegal" effort to cut off their pay and benefits.

A lawsuit and motion for a temporary restraining order were filed Monday in the U.S. Bankruptcy Court in Wilmington, Del., which is overseeing the end of the defunct telecommunications firm's corporate existence, including a battle to end disability pay.

The official committee representing some 215 disabled workers is seeking a temporary restraining order to block what it says are "confusing, worrisome and concerning communications" about benefits. Letters sent out in early November as part of the process of health plan enrollment have new, allegedly "confusing and intimidating" language stating that the company can cut off the benefits at any time, according to court papers.

According to the lawyers representing the disabled, that is incorrect. But alleged new conditions on enrollment forms that are due back Wednesday have some disabled people worried that signing up for health care means signing away legal rights. The lawsuit asks that the company cure the problem by sending out new benefits enrollment packages.

Lawyers for Nortel couldn't immediately be reached Tuesday to comment on the lawsuit and request for a temporary restraining order.

A round-the-world bankruptcy and liquidation of the former technology industry star raised about \$7.8 billion to add to the cash in Nortel's coffers, funds to pay off creditors. Amid continued international strife over how to divide the cash, Nortel in the U.S. is trying to tie up loose ends, such as its obligations to disabled and retired workers.

Unlike many corporations, which rely on insurance products to take care of disabled workers, Nortel kept

them on the payroll at between 50% and 70% of their salaries and continued to provide benefits.

The telecommunications equipment company's collapse in 2009 and the expectation that Nortel will be extinct once the division of the cash has concluded prompted the company to ask a U.S. bankruptcy court for permission to end disability pay and benefits.

That threatens a drastic drop in income and living standards for the Nortel disabled, many of whom have filed detailed accounts of their plight. Unable to work, they and their children will be thrown on public assistance once their Nortel pay and benefits are cut off, court papers say.

Nortel says it is entitled to "fire" the disabled workers and that it is not required to provide for them. The official committee for the disabled disagrees, insisting Nortel promised to take care of the disabled workers until they reach age 65.

Mediation has failed to bridge the gap between the two sides, and now, lawyers for the disabled are accusing Nortel of stepping up the hostilities under cover of benefit enrollment documents.

Unless there is a settlement, a judge will ultimately decide whether Nortel can end pay and benefits for disabled U.S. workers.

Nortel, of Toronto, was a leader of the Canadian technology industry. The financial turmoil that began in 2008 accelerated its decline and drove a decision to liquidate the sprawling business.



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