
OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Stonehouse Coal, Inc.
ROD Case No: 81-303 - March 26, 1984

Board of Trustees: Harrison Combs, Chairman; John J. O'Connell, Trustee; Paul R. Dean, Trustee

Pursuant to Article IX of the United Mine Workers of America ("UMWA") 1950 Benefit Plan and Trust, and under the authority of an exemption granted by the United States Department of Labor, the Trustees have reviewed the facts and circumstances of this dispute concerning the provision of benefits coverage for a Pensioner by the successor Employer under the terms of the Employer's Benefit Plan. The Trustees hereby render their opinion on the matter.

Background Facts

Salamander Coal, Inc. ("Salamander") was a contract miner for the Lessor since September 30, 1976. The Lessor provided benefits coverage for the Employees, Pensioners, disabled Employees and Surviving Spouses of its contract miners under a single group benefit plan. The Lessor deducted the premium payments from the monies owed to the contract miners.

The Complainant's last classified signatory work was for Salamander on October 12, 1978, and he has been receiving a UMWA 1974 Pension Plan pension since November 1, 1973. Salamander operated the mine where the Complainant last worked until July 1901 and provided the Complainant with benefits coverage until that time.

Stonehouse Coal, Inc. ("Stonehouse") assumed Salamander's equipment liabilities, purchased its assets, signed the National Bituminous Coal Wage Agreement of 1981, and began to operate the mine during July 1981, but did not change the company name from Salamander to Stonehouse until July 1982. The majority of the Employees hired by Stonehouse previously worked at that mine for Salamander. Stonehouse provided the Pensioner with benefits coverage from July 1991 through March 31, 1983. The President of Salamander is the wife of the President of Stonehouse. According to the Complainant the president of Stonehouse was actively involved in the management of Salamander's mine when he worked there. When the Trustees sent a letter to Salamander requesting information, they received a response from a bookkeeping service in the name of Stonehouse.

Stonehouse moved to another mining location during October 1982 and continued to employ the Employees who previously had worked for Salamander. Stonehouse ceased providing benefits coverage for the Complainant March 31, 1983, claiming that it was no longer responsible for the

provision of benefits coverage to retired Employees of Salamander because it had moved operations to a different location than that mined by Salamander.

Dispute

Is the Respondent, Stonehouse, responsible for the provision of benefits coverage for the Complainant and his eligible dependents?

Positions of the Parties

Position of the Complainant: The Complainant asks whether Stonehouse is responsible for the provision of benefits coverage for him.

Position of the Respondent: The Respondent, Stonehouse, claims to have taken over all equipment payments when Salamander went "out of business," but has failed to respond directly to requests for its position on the issue in dispute.

Pertinent Provisions

Article I (I), (2), and (5) of the Employer's Benefit Plan provide:

Article I - Definitions

The following terms shall have the meaning herein set forth:

- (1) "Employer" means (coal company).
- (2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1981, as amended from time to time and any successor agreement
- (5) "Pensioner" shall mean any person who is receiving a pension, other than (i) a deferred vested pension based on less than 20 years of credited service, or (ii) a pension based in whole or in part on years of service credited under the terms of Article II.G. of the 1974 Pension Plan, or any corresponding paragraph of any successor thereto, under the 1974 Pension Plan (or any successor thereto), whose last classified signatory employment was with the Employer, subject to provisions of Article II.B. of this Plan.

Article II.B. (1) (a) and (b) of the Employer' s Benefit Plan provide:

Article II - Eligibility

The persons eligible to receive the health benefits pursuant to Article III. are as follows:

B. Pensioners

Health benefits and life insurance under Article 222 hereof shall be provided to Pensioners as follows:

- (1) Any Pensioner who is not again employed in classified signatory employment subsequent to
 - (a) such Pensioner's initial date of retirement under the 1974 Pension Plan, and
 - (b) June 7, 1981, shall be eligible for coverage as a Pensioner under and subject to all provisions of this Plan. Notwithstanding (i) and (ii) of the definition of Pensioner in Article I.(5) of this Plan, any such Pensioner who was eligible for benefits under the 1974 Benefit Plan as a Pensioner on December 5, 1977, shall be eligible for such benefits, subject. to all other provisions of this Plan.

Discussion

Article II.B.(1) of the Employer's Benefit Plan provides for benefits coverage for pensioners such as the Complainant from their last signatory Employer. The issue in this case is the nature of the relationship between Salamander and Stonehouse. Neither Salamander nor Stonehouse has provided a specific response to the Trustees' requests for information concerning this issue.

Stonehouse has stated to the Complainant that it is no longer under any obligation to provide benefits to the Complainant, because it is no longer operating at the same location as that originally mined by Salamander. The simple shift or geographic location is not sufficient in and of itself to avoid otherwise valid contractual obligations.

Based on information provided by the Complainant, it appears that Stonehouse is the alter ego of Salamander. The presidents of these Companies are spouses and the president of Stonehouse was actively employed in the management of the mine while it was operated by Salamander. When Stonehouse began operating the mine previously operated by Salamander, it used Salamander's name for at least a year thereafter, it assumed Salamander's equipment obligations, used its assets, hired the Employees who had worked at the mine for Salamander, and assumed the obligation to provide benefits coverage to the Complainant. Stonehouse continued Salamander's operations with no suspension of operations. Then the Trustees requested information from Salamander, they received a response from a bookkeeping service in Stonehouse's name. Based on these facts, Stonehouse, as the alter ego of Salamander, must be considered the Complainant's last signatory Employer and is, therefore, responsible for providing his benefits coverage.

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Opinion of the Trustees

Stonehouse is responsible for the provision of benefits coverage for the Complainant and his eligible dependents commencing April 1, 1983.