

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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MEMORANDUM

To: Yellow Corp. Local Unions (including YRC Freight, Holland, New Penn and Reddaway)

From: John A. Murphy, National Freight Director and Co-Chair, TNFINC

Date: March 4, 2025

Re: **Yellow Corporation Bankruptcy Update**

I. YELLOW CORPORATION BANKRUPTCY UPDATE

Yellow Corporation and its operating companies ("Yellow") filed for bankruptcy in the District of Delaware Bankruptcy Court on August 6, 2023. The International Union and TNFINC (the "Union") have entered an appearance in the case on behalf of Local Teamster Unions whose members hold claims against Yellow's operating companies—YRC Inc., USF Holland, LLC, New Penn Motor Express, LLC, and USF Reddaway, Inc. Claims filed by the Union include contract claims for vacation pay, sick pay, and other paid time, as well as grievance pay.

II. BANKRUPTCY COURT WARN ACT RULING

On February 26, 2025, the bankruptcy Judge issued a ruling relating to Yellow's violations of the WARN Act:

- 1) Yellow was a liquidating fiduciary, rather than an employer, when it terminated its unionized workforce on July 30, 2023, and therefore it is not liable for any damages under the WARN Act; and
- 2) If the Judge is wrong about the foregoing, and Yellow was an employer at the time it terminated its employees, the WARN notice that Yellow issued to the Unions was objectively reasonable so that the Court has discretion to, and chooses to reduce Yellow's WARN damages from 60 days to 14 days.

An employer must be a business enterprise to be covered by the WARN Act. The Court held that Yellow ceased to be a business enterprise at 11:30 p.m. on July 29, 2023 when it completed

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its last delivery to customers, so that Yellow was a liquidating fiduciary rather than a business enterprise when it notified its unionized employees of their terminations on July 30, 2023.¹

The Judge had previously ruled that if Yellow was a business enterprise, it violated the WARN Act because the WARN notice that it issued to the unions was not good enough to allow the company to invoke either the faltering company or unforeseeable business circumstances defenses. The Court found Yellow's WARN notice made an objectively reasonable attempt to describe the company's efforts to obtain financing; but made no attempt to defend Yellow's failure to mention TNFINC's strike notice in the WARN notice that Yellow issued to the Union. The Court then stated that if he was wrong, and Yellow was a business enterprise, he would reduce Yellow's WARN liability from 60 days to 14 days.

The Union will appeal the ruling.

The Union takes several issues with the ruling that will require appeals to higher courts. The Union also believes Yellow was still a business enterprise on July 30, 2023, and that the Court lacked the discretion to reduce Yellow's WARN liability. On a global scale, the Union believes the Court's reading of the WARN Act can render the Act meaningless by allowing employers to avoid liability all together by waiting until after they have shut down operations before notifying their employees that they are being terminated. Teamster members should not be subject to a different standard than other Yellow employee simply because our members worked loyally until the bitter end.

Importantly, the Judge's ruling and the Union's forthcoming appeal should not affect its ongoing efforts to reconcile member claims related to unpaid vacation or sick time with Yellow, nor the timing of Yellow's payment to members of their contract-based claims. The Union will continue to pursue and advocate for members' claims to ensure that members receive the compensation they are owed under contract and under law.

III. IMPORTANT CONTACT INFORMATION REMINDER

Members should keep their addresses updated with their applicable Local Teamster Union. Estate disbursements will go directly to the individual employee, requiring either Yellow or the IBT to have the most recent accurate address on file of members.

¹ The Union does not believe Judge's ruling will affect Yellow's liability under New Jersey's "mini-WARN Act," the Millville Dallas Airmotive Plant Job Loss Notification Act. The New Jersey law does not allow for any exception to liability based on liquidating fiduciary or good-faith defenses.