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**FROM SALE TO SEPARATION:  
NAVIGATING HR ISSUES THROUGH  
TRANSITIONS**

Marisel G. Newhouse, Esq.

 **Maddin Hauser**  
Attorneys and Counselors

**Maddin, Hauser, Roth & Heller, P.C.**

One Towne Square, Fifth Floor, Southfield, MI 48076  
p (248) 354-4030 f (248) 354-1422 maddinhauser.com





## Mariel G. Newhouse, Esq.

Shareholder

(248) 351-7076

(248) 359-6136 Fax

[mnewhouse@maddinhauser.com](mailto:mnewhouse@maddinhauser.com)



**Maddin Hauser**  
Attorneys and Counselors

**Maddin, Hauser, Roth & Heller, P.C.**

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## Overview

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- Key considerations in a reduction in force
- Personnel considerations when selling a business
- Other common transition issues

# KEY CONSIDERATIONS

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- WARN Act
- Choosing Personnel
- Release Agreements



Business Merger



Takeover



Consideration



Integration



Transaction



Closure

# WARN ACT

**Covered employers must provide 60 days' advance notice of a covered plant closing and/or mass layoff.**



# DEFINITIONS:

- Covered Employer
- Covered Employees
- Plant Closing
- Mass Layoff
- Employment Loss



# EXCEPTIONS TO WARN ACT

- Unforeseen business circumstances
- Faltering companies
- Natural disasters
- Pay in lieu of notice

Note: exceptions may allow for less than 60 days' notice, but generally do not eliminate the notice requirement entirely.

# THE WARN ACT NOTICE

- Written in clear and specific language
- Indication as to whether action is temporary or permanent
- Anticipated date
- Contact information for further information
- Reasonable method of delivery

# PENALTIES

- Backpay and benefits
- Civil penalty of up to \$500/day
- Reasonable attorneys' fees



# SELECTING EMPLOYEES

- Selection criteria
- Adverse Impact analysis



# RELEASE AGREEMENTS

- Obtaining appropriate waivers
- Deciding on severance
- Ensuring appropriate released parties
- Governing law
- Reaffirmation





# **PERSONNEL CONSIDERATIONS**

# COBRA

- Consolidated Omnibus Budget Reconciliation Act
- Provides temporary continuation of group health coverage
- 20+ employees



# WHO QUALIFIES?

- Employee,
- Employee's spouse,
- Former spouse, or
- Dependent child



# QUALIFYING EVENT

- Covered employee
- Spouse and dependent child
- Dependent child



# EFFECTS OF A SALE ON EMPLOYEES



## Stock Purchase

Buyer purchases all of the stock in a company. Seller does not retain any employees or benefit plans.



## Asset Purchase

Buyer chooses which assets and liabilities to purchase, including employees.

# EFFECTS

- Prior policies
- Payroll
- Culture





# **OTHER COMMON TRANSITION ISSUES**

# SUTA DUMPING

- What is it?
- Types of SUTA Dumping
  - Vertical
  - Horizontal
  - Acquired
- Penalties



# NEW EMPLOYMENT DOCUMENTS

- Handbooks
- Employment Agreements
- Non-Compete Agreements
- Confidentiality and Non-Disclosure Agreements



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# QUESTIONS

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**THANK YOU**



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