

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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On February 25, 2016, RAH filed for Chapter 11 (Reorganization) bankruptcy in the U.S. Bankruptcy Court for the Southern District of New York.

The first hearing in the bankruptcy was held on February 26, 2016. The IBT was represented at that hearing by attorney Ryan Barbur of Levy Ratner. During that hearing, counsel for RAH informed the judge on the record that it would NOT attempt to renegotiate or reject the collective bargaining agreements (CBAs) it has with its Pilots and Flight Attendants. (The process of renegotiating or rejecting collective bargaining agreements is governed by Section 1113 of the Bankruptcy Code – frequently referred to as “1113”).

During the hearing, the judge heard arguments about RAH’s problems with pilot retention and subsequently rejected an argument by the U.S. Trustee to temporarily suspend “finders’ fee” bonuses for pilots who recommend new pilots who are hired by RAH. Both counsel for the IBT and RAH opposed this argument and the judge agreed with the IBT and RAH, probably because he understood the importance of preserving pilot retention.

Subsequently, on March 4, the IBT applied and was appointed to the Official Committee of Unsecured Creditors. The list of Committee members is as follows:

1. GE Engine Services, LLC
2. Pratt & Whitney Component Services
3. Embraer S.A.
4. United Airlines, Inc.
5. American Airlines, Inc.
6. NAC Aviation 23 Limited
7. International Brotherhood of Teamsters Airline Division

The Committee chose United Airlines and American Airlines to serve as co-chairs. The Committee also chose the law firm of Morrison & Foerster LLP (a specialist in airline bankruptcies including Pinnacle, Northwest, US Airways, Mesa, Skybus, Independence, Hawaiian, Global, etc.) as its counsel. The Committee also chose Imperial Capital as its financial advisor.

The IBT will be represented on the committee by the Director of the IBT Strategic Research and Campaigns Department, Iain Gold, who has served in this capacity in other bankruptcies. He will be assisted by IBT counsel Ryan Barbur, Local 357 representative attorney Bill Wilder of Baptiste and Wilder, and Local 135 representative Jessie Malinowski, chief shop steward for the Local. Respected economist Dan Akin will consult with the committee as necessary.

As of today, we do not expect RAH to attempt to alter our contracts under Section 1113. We believe that the judge and even the other creditors understand that these contracts must not be touched. There should be no alteration in the terms and conditions of any IBT member's employment. We will be vigilant in guarding our rights, however. Please check in again soon for more information as the bankruptcy moves forward.