GMRA

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For Immediate Release:

GMRA Files Motion for Committee to Protect Salaried Retirees in GM Bankruptcy

ESSEXVILLE, June 2, 2009: The General Motors Retirees Association, through its attorneys, San Francisco firm Farella Braun + Martel LLP, filed a motion Tuesday in bankruptcy court to appoint an official committee to protect the benefits of salaried retirees. These retirees, who are not represented by the United Auto Workers, do not have any protections under the deal negotiated over months between the UAW and the administration, which GM is using its bankruptcy to impose.

Section 1114 of the bankruptcy code provides special protections for critical health, prescription drug, and life insurance benefits for retirees, including the appointment of an official committee to negotiate with the debtor before any cuts are made.

It is critical for salaried retirees to have an effective voice through a committee, says Dean Gloster of Farella Braun + Martel. "Going through Chapter 11 without representation is like going to a gunfight without a gun," he says. "And the result would be just as final and predictable."

Bankruptcy Code Section 1114 also requires that benefit cuts imposed on one group of retirees must be "fair and equitable" given how others are treated in the bankruptcy. Under GM's proposed fast-track sale to "New GM" in the bankruptcy, the hourly workers represented by the UAW would get many billions of dollars in notes and GM stock contributed to a health benefit trust for their retirees, but salaried retirees would get nothing—except the promise from the company that at least two-thirds of their critical benefits will be cut or eliminated. "That's not fair, right or legal," says GMRA president John Christie. "If GM wants a record-speed drive through bankruptcy, we need to make sure salaried retirees aren't run over on the way to the finish line."

The retirees the GMRA represents are not a small group of executives. "Our over 122,000 salaried retirees are the clerks, secretaries, quality inspectors, engineers, and everyone else dependent on the company for their health but who aren't represented by the union," explains GMRA communications director Karen DeOrnellas. And among those 122,000 retirees, many thousands have life threatening conditions that would be devastated by the loss of medical and prescription drug benefits and programs that make them affordable. For many, it would mean a choice between paying for rent or for necessary medications. "This is going to be a big fight," says Gloster. "Benefits are life or death."

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