

# ATTORNEY GUMINA SERVES AS GENERAL EDITOR FOR EMPLOYERS' MANAGEMENT HANDBOOK

The Illinois Chamber of Commerce has just published its *Illinois Employers' Management Handbook*, a first edition, eighteen chapter resource edited by Attorney Joseph Gumina. O'Neil Cannon is one of three law firms that contributed to the handbook, which covers a wide range of employment law matters in which the firm's employment law practice regularly counsels and represents clients under Attorney Gumina's leadership. Such matters include:

- fundamentals of successful workforce supervision;
- guidance on hiring supervisors;
- implications of immigration on employment;
- worker privacy issues;
- family leave requirements and policies;
- discrimination avoidance;
- harassment prevention;
- performance evaluations;
- employee accommodations;
- wage and hour issues;
- employee discipline and discharge;
- workers' compensation;
- independent contractor arrangements;
- union organizing activities;
- OSHA investigations;
- workforce reductions, including Worker Adjustment Retraining and Notification ("WARN");
- unemployment insurance obligations; and,
- governmental agency jurisdiction over equal employment opportunities.

Attorney Gumina is one of several O'Neil Cannon attorneys licensed to practice law in both Wisconsin and Illinois. Attorney Gumina and the firm's employment law practice have a long history of assisting employers throughout both states navigate the complex state and federal laws governing employment matters inherent in any business.

For further information regarding the *Illinois Employers' Management Handbook* or the manner in which O'Neil Cannon may be able to assist your company with such employment-related issues, please contact [Attorney Gumina](#) or any other member of the firm's employment law practice.

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# ATTORNEYS LAING AND MCBRIDE PUBLISH ANNUAL EVIDENCE CHAPTER

The 2010 edition of the *Annual Survey of Wisconsin Law* published by the State Bar of Wisconsin CLE Books has recently been released for circulation and this year's work includes another contribution by Attorneys Dean P. Laing and Patrick G. McBride in the area of evidence. The *Annual Survey* reviews significant Wisconsin judicial and legislative developments from 2009 and is organized by individual chapters addressing recent developments in a specific area of law.

Attorney Laing has been the author or co-author of the evidence chapter of the *Annual Survey* for the past 22 years and Attorney McBride has been the co-author for the past nine years. This year's chapter on evidence addresses issues regarding the admissibility of intercepted communications under the Wisconsin Electronic Surveillance Control Law and whether the one-party consent exception applies when both the intercepting person and the person consenting to the intercept are law-enforcement officers; and whether other acts evidence relating to a confidential informant's observations on the day before the execution of a no-knock search warrant based on those observations was, nevertheless, admissible at trial to combat the defendant's claim that he acted in self-defense when he shot a police officer who entered his home while executing the warrant.

The Wisconsin courts also addressed the admissibility of a computer-generated animation, which purported to illustrate the combined testimony of various witnesses regarding how the alleged crimes occurred, through the trial testimony of a non-expert witness who had no personal knowledge of the underlying facts and had not visited the crime scene. In a civil action, the court of appeals examined whether a defendant, who had invoked his Fifth Amendment privilege against self-incrimination and refused to testify regarding non-corporate liability exposure during the three-year discovery period before trial, should be permitted to withdraw the prior invocation and waive the privilege to testify during the last week of trial regarding issues that he had previously hidden from discovery.

The evidence chapter summarizes these decisions and others as they impact the development of the law of evidence in Wisconsin. A full copy of the evidence chapter appearing in the *Annual Survey* can be found [here](#). A copy of the *Annual Survey* of Wisconsin Law can be obtained through the State Bar of Wisconsin CLE Books at [www.wisbar.org](http://www.wisbar.org)

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# ATTORNEY MCBRIDE SECURES DISMISSAL OF CLIENT FROM CLASS ACTION

On May 20, 2010, the Wisconsin Court of Appeals affirmed a lower court ruling dismissing Nissan Motor Co., Ltd. (“Nissan Japan”) from a price-fixing class action venued in Milwaukee County for lack of personal jurisdiction under Wisconsin’s long-arm statute, Wis. Stat. § 801.05. The class action involved anti-trust claims against various automobile manufacturers and their North American subsidiaries for allegedly conspiring to maintain new car prices in the United States at levels higher than in Canada for the same vehicles and as part of the conspiracy, further arranged for the United States dealers not to honor warranties on cars imported from Canada. The plaintiff claimed that the circuit court had jurisdiction over Nissan Japan because it had “directly or through [its] subsidiaries, affiliates or agents” conducted business in Wisconsin through Nissan dealerships located in the state.

After a period of jurisdictional discovery, the circuit court determined that Wisconsin did not have personal jurisdiction over Nissan Japan and that exercising jurisdiction over the foreign corporation would violate Due Process. The court of appeals affirmed the dismissal of Nissan Japan, agreeing with Attorney McBride’s argument that the foreign corporation was not subject to general jurisdiction under Wisconsin law based solely on the acts of its wholly owned subsidiary, Nissan North America, under an agency theory. Similarly, the court of appeals also determined that specific jurisdiction over Nissan Japan was not warranted under the long-arm statute, where there was no evidence in the record that the class action arose out of an injury to persons or property in Wisconsin based on an out-of-state action by Nissan Japan.

The court of appeals further rejected an alternative argument advanced by the plaintiff related to the scope of jurisdictional discovery conducted prior to the circuit court’s dismissal of Nissan Japan, holding that the plaintiff was not denied his right to an evidentiary hearing when the circuit court ordered the plaintiff to direct his jurisdictional discovery requests to Nissan North American rather than Nissan Japan. The parties had entered into a series of stipulations related to jurisdictional facts and the plaintiff had stated that he did not seek any further discovery from Nissan Japan.

Attorney McBride is a former law clerk to Wisconsin Supreme Court Justice Jon P. Wilcox (ret.) and provides counsel to clients dealing with appellate issues in both state and federal court. A full copy of the opinion can be found [here](#), along with an article from Law360 discussing the appellate decision.

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## **ATTORNEY MCBRIDE SECURES APPELLATE COURT VICTORY**

On May 4, 2010, the Wisconsin Court of Appeals affirmed a lower court ruling dismissing a series of claims against the defendants for lack of personal jurisdiction under Wisconsin's long-arm statute, Wis. Stat. § 801.05 and held that, as Attorney McBride had argued, personal jurisdiction over the corporation cannot be the sole basis for personal jurisdiction over an officer. Attorney McBride's argument enabled the appellate court to differentiate between the business contacts of the corporation with Wisconsin and the lack of specific contacts within the state by the individual defendants, former officers of the corporation.

While the appellate court noted that the business contacts of the corporation in Wisconsin were sufficient to impose jurisdiction over the corporation, it agreed with Attorney McBride's argument that the individual defendant's work on behalf of the corporation, all performed outside Wisconsin, was not sufficient to constitute "substantial and not isolated activities within this state" sufficient to impose personal jurisdiction over the former officers. As a result, the court of appeals determined that the exercise of personal jurisdiction over the individual defendants was not permissible under the long-arm statute.

Attorney [McBride](#) is a former law clerk to Wisconsin Supreme Court Justice Jon P. Wilcox (ret.) and provides counsel to clients dealing with appellate issues in both state and federal court. A full copy of the opinion can be found [here](#).

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## **PETER WALSH WRITES AND SPEAKS ON SPECIALIZED ESTATE PLANNING TECHNIQUE**

Attorney Peter Walsh of O'Neil Cannon, has recently published an article and is a frequent speaker on the topic of formula adjustment clauses in estate planning to mitigate the valuation risk inherent in the gift of hard to value assets. Such hard to value assets include closely held business interests and real estate. The risk sought to be reduced by this technique is that of substantial additional gift tax plus interest resulting from an increase to the value of a gifted assets through an IRS audit. For example, a gift of hard to value stock in the family business in 2008 could result in additional gift tax plus interest in 2010, if the IRS successfully challenges the value of the gifted stock. Estate planners have employed various means to mitigate this valuation risk.

In two recent taxpayer victories, the Tax Court gave its blessing to the evolving use of

formula adjustment clauses to eliminate the valuation risk. For instance, the Tax Court, in *Estate of Petter*, allowed a taxpayer to avoid substantial gift tax through a “charitable cap adjustment clause” which allocated any increase in value to public charities. When the taxpayer in *Petter* conceded to an IRS demand for a substantial increase in the value of property given as a gift, the taxpayer was able to avoid additional gift tax through the adjustment clause that allocated the entire increase to donor advised funds offered by public charities. In this manner, the taxpayer traded a taxable gift for a charitable deduction.

Peter’s article on this subject titled “Formula Clause Changes Taxable Gift into Charitable Donation,” appeared in the April issue of the national tax magazine *Practical Tax Strategies*. Peter presented a seminar on this subject to the Milwaukee Estate Planning Forum, LTD, on May 5, 2010, and will present at the Milwaukee Bar Association, on May 20, 2010. [Click here](#) to view a copy of Peter’s presentation materials or to register [click here](#).

Peter is a member of the Tax, Estate and Succession Planning practice of the downtown Milwaukee law firm and assists clients with all areas of tax and estate planning. He is licensed in Wisconsin, Illinois, and Florida and has a master’s degree in taxation.

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## **WISCONSIN REPEALS BULK TRANSFER LAW**

Wisconsin has finally joined the vast majority of states who have repealed bulk transfer laws. The repeal of Wisconsin’s bulk transfer law, Chapter 406 of the Wisconsin statutes, became effective February 5, 2010. Forty-five states have now dropped their bulk transfer requirements, according to the National Conference of Commissioners on Uniform State Laws (“NCCUSL”). Wisconsin was late to join the club. The NCCUSL and the American Law Institute initially recommended repeal or revision of the bulk transfers law in 1989.

Chapter 406 of the Wisconsin Statutes required a business to notify all creditors before transferring a major part of the business’s inventory outside of the ordinary course of business. Chapter 406 applied only to sellers whose primary business was the sale of inventory, such as convenience store and liquor store retailers.

Wisconsin’s bulk transfer law, initially enacted in 1901, had become obsolete. Bulk transfer laws were intended to address concerns near the end of the 19th century that merchants would frequently buy inventory on credit, sell the entire bulk of inventory and disappear with the proceeds of the sale, leaving creditors with little recourse. The NCCUSL, recommended that Wisconsin repeal its bulk transfer law because today creditors can better assess the creditworthiness of a buyer and can obtain a security interest in the assets of a buyer, which was not an option for creditors when Wisconsin’s bulk transfer law was enacted. In addition,

creditors are better positioned today to collect amounts owed to them, including through fraudulent transfer laws and state long-arm jurisdiction statutes.

Wisconsin's bulk transfer law was also impractical. Buyers and sellers of businesses often waived compliance with the bulk transfer law and relied upon the indemnification provisions in the purchase agreement. Neither party wanted notice of the proposed sale of the business to be sent to third parties weeks before the transaction had closed and been announced.

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## **TIM CAPREZ NAMED AMERICAN BAR ASSOCIATION OUTSTANDING SUBCOMMITTEE CHAIR**

On April 23, 2010, the American Bar Association ("ABA") Section of Litigation awarded Attorney Tim Caprez "Outstanding Subcommittee Chair for the 2009-2010 Bar Year" honors at the 2010 ABA Section Annual Conference in New York City. The Section of Litigation, which first appointed Attorney Caprez as the Section's Health Law Litigation Committee Newsletter Editor in 2009, honored him for his success in furthering the Health Law Litigation Committee's efforts to be "the premier resource for healthcare litigators nationwide who wish to become informed of and engage in discussion and debate regarding current and emerging issues and trends in healthcare litigation."

The [ABA Section of Litigation](#), the largest specialty section of the ABA, aims to help litigators become more effective advocates for their clients and is a legal publisher and source of news and analysis by way of publications such as the Health Law Litigation Committee Newsletter. That newsletter provides in-depth examinations of diverse topics within the broad range of health law litigation to which the [Health Law Litigation Committee](#) is dedicated through its individual subcommittees, which include: Antitrust and Consumer Protection, False Claims and Qui Tam, Fraud and Abuse, Licensing and Peer Review, Managed Care, Medical Ethics, Medical Malpractice and Nursing Home.

Health law litigation is a substantial part of Attorney Caprez's practice at O'Neil Cannon, as he counsels and represents clients with respect to compliance and dispute resolution efforts in heavily-regulated industries and occupations. Licensed in Wisconsin and Illinois, Attorney Caprez advises and litigates on behalf of entities and individuals in relation to a wide variety of corporate governance, transactional and employment and personnel management matters.

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## **ATTORNEY JOE MAIER PRESENTS AT THE SOCIETY OF FINANCIAL SERVICE PROFESSIONALS ON MAY 12TH, 2010**

Attorney Maier will speak at the upcoming “Key Planning Issues for Financial Professionals” seminar hosted by the Milwaukee Chapter of the Society of Financial Service Professionals. His talk is entitled “What Do We Do Now? – A practical guide to adding clarity and flexibility to our client’s strategic property and family protection plan.”

The Milwaukee Chapter of the [Society of Financial Service Professionals](#) is organized to provide continuing education, professional networking, and to enhance public recognition and trust of credentialed financial service professionals.

To register visit [here](#).

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## **U.S. SUPREME COURT TO DECIDE WHETHER EMPLOYEES’ VERBAL COMPLAINTS ARE PROTECTED UNDER FLSA**

The United States Supreme Court has decided to review a Fair Labor Standards Act (“FLSA”) case in which the U.S. Court of Appeals for the Seventh Circuit held that an employee could not maintain an action for retaliation under the FLSA for his termination based upon his verbal complaints to his employer that the time clock was improperly placed to provide for accurate punch-ins and punch-outs. The U.S. Court of Appeals for the Seventh Circuit oversees the federal district courts in Illinois, Indiana, and Wisconsin.

In *Kasten v. Saint-Gobain Performance Plastics Corp.*, an employee alleged that his employer violated the FLSA’s anti-retaliation provisions when it terminated his employment following verbal complaints to his supervisors that the location of the time clock was illegal because it did not allow workers to be paid for time spent putting on and removing protective clothing needed for duties of their jobs. The employer, on the other hand, maintained that the employee’s termination was based upon the employee’s repeated failure to comply with the company’s time clock policies.

The U.S. Court of Appeals for the Seventh Circuit agreed with the lower federal district court that the FLSA does not protect against retaliation for employees' verbal complaints. The district court ruled that an employee's oral complaint is not protected activity under the FLSA's anti-retaliation provision as the FLSA only protects an employee who has "filed any complaint or instituted or caused to be instituted any proceeding." Given the specific language of the statute, the federal district court held that a verbal complaint does not fall within the FLSA's anti-retaliation protections. While the federal district court noted that a complaint need not necessarily be filed with a labor agency or court in order to fall under the FLSA's "protected activity" purview, it concluded that the FLSA still requires that a complaint be "committed to document form" in order to garner such FLSA protections.

If the U.S. Court of Appeals for the Seventh Circuit's decision is upheld, it affords employers some protections against retaliatory discharge claims under the FLSA based solely on verbal complaints. However, if the Supreme Court reverses this decision, it will signal a need for employers to train their supervisors to be very sensitive to all complaints levied by their employees in any form. Employers must always be mindful of an employee's recent complaints that might qualify as "protected activity" when making any disciplinary or discharge decision and make sure that any such decision is based upon legitimate and articulable business interests.

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## **COBRA PREMIUM SUBSIDY EXTENDED TO MAY 31, 2010**

On April 15, 2010, President Obama signed into law the Continuing Extension Act of 2010, which has once again extended the COBRA premium subsidy as provided for in the American Recovery and Reinvestment Act of 2009 ("ARRA"); this time the subsidy has been extended from March 31, 2010 to May 31, 2010. This new law provides retroactive eligibility for individuals who involuntarily lost their employment after the prior COBRA subsidy extension expired on March 31, 2010. Under the ARRA, "assistance eligible individuals" pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a payroll tax credit. An "assistance eligible individual" is the employee or a member of his/her family who timely elects COBRA coverage following a qualifying event related to an involuntary termination of employment that occurs at any point in time from September 1, 2008 through May 31, 2010. In addition, an involuntary termination of employment that occurs on or after March 2, 2010 but by May 31, 2010 and follows a qualifying event that was a reduction of hours that occurred at anytime from September 1, 2008 through May 31, 2010 is also a qualifying event for purposes of the ARRA.