IN THE COURT OF APPEALS OF IOWA

No. 8-476 / 07-1886
Filed November 13, 2008

RONALD HAASE and
WILLIAM L. BUCKHOLTZ,
Plaintiffs-Appellants,

vs.

LOCAL 1142 UFCW, AFL-CIO, an
Unincorporated Association, and
WARREN BAKER, Individually,
Defendants-Appellees.

Appeal from the Iowa District Court for Woodbury County, Jeffrey A. Neary Judge.

Plaintiffs appeal the district court's ruling finding that federal law preempted their contract claims, their contracts were void and unenforceable, and in apportioning attorney fees. **AFFIRMED.**

Robert B. Brock and Stanley Munger of Munger, Reinschmidt & Denne, L.L.P., Sioux City, for appellant.

MacDonald Smith, Dennis M. McElwain, and Jay M. Smith of Smith & McElwain, Sioux City, for appellee.

Heard by Sackett, C.J., and Vaitheswaran and Eisenhauer, JJ.

VAITHESWARAN, J.

William L. Buckholtz and Ronald Haase sued a union and its president-elect for breach of contract, tortious interference with contract, and violation of Iowa's wage payment law. The court concluded that the breach of contract and tortious interference claims were preempted by federal law. Finding no error in this conclusion, we affirm.

I. Background Facts and Proceedings

United Food and Commercial Workers Local 1142, AFL-CIO is a labor organization representing production workers at three plants in the Sioux City, Iowa area. William L. Buckholtz was a full-time paid representative of the union, serving as secretary-treasurer. When the president of the union retired, the executive board appointed him president for the remainder of the term. The board appointed another employee, Ronald Haase, to fill the now vacant secretary-treasurer position.

Shortly after their appointments, Buckholtz and Haase presented the executive board with employment contracts. The contracts were to terminate one year after their appointed terms expired. They provided for an annual salary and benefits, including health care coverage and five weeks of vacation pay. The executive board, which now included Buckholtz and Haase, approved the contracts. Buckholtz and Haase operated under the contract provisions for approximately twenty-one months.

Towards the end of their appointed terms, Buckholtz and Haase ran for reelection to the posts they were holding. Both were defeated. Following their defeat, Buckholtz and Haase presented their contracts to the executive board for re-approval. The existing executive board on which they still sat reapproved the contracts for the year following their appointed terms. The only dissenting vote was cast by the newly-elected president, Warren Baker.

On assuming the presidency, Baker advised Buckholtz and Haase that their contracts were void and their employment would expire at the end of their appointed term. This lawsuit followed. Buckholtz and Haase alleged that the defendants breached their employment contracts, tortiously interfered with the contracts and violated Iowa's wage payment law.

After trial, the district court concluded the breach of contract and tortious interference claims were preempted by the Labor Management Reporting Disclosure Act (LMRDA). *See* 29 U.S.C. §§ 411–415 (2005). The court reasoned that these claims conflicted with the elected president's rights under that act "to choose his administrative staff and with the rights of the membership of the Union to choose their leaders through Democratic election processes." With respect to the wage claims, the court found that the union owed Buckholtz and Haase vacation pay and entered judgment in their favor. The court also ordered the defendants to pay a portion of their attorney fees. The amount was less than Buckholtz and Haase requested.

Buckholtz and Haase appealed.

II. Analysis

Buckholtz and Haase contend the district court erred (1) in concluding their contract-based claims were preempted by the LMRDA, (2) in concluding their employment contracts were in conflict with the constitution and bylaws of the local union and, therefore, unenforceable, and (3) in reducing their attorney fee request. For reasons that will become apparent, we find it unnecessary to address the second issue.

A. LMRDA

As noted, the district court concluded that the LMRDA preempted the plaintiffs' contract-based state law claims. On appeal, Buckholtz and Haase do not challenge the district court's conclusion that preemption is a viable doctrine in this context. *See*, *e.g.*, *Screen Extras Guild, Inc. v. Super. Ct.*, 800 P.2d 873 (Cal. 1990) (holding that the LMRDA preempted state causes of action for wrongful discharge and related torts when brought against union employer by former management or policy-making employee, such as union business agent); *Montoya v. Local Union III of the I.B.E.W.*, 755 P.2d 1221 (Colo. Ct. App. 1988) (holding that because the union's bylaws and constitution provided that the business manager had the authority to hire and fire its representatives and assistants at any time, the terminated union employee's wrongful discharge claim was preempted by the LMRDA); *Vitullo v. Int'l Bhd. of Elec. Workers, Local 206*, 75 P.3d 1250 (Mont. 2003) (holding that the terminated union employee's wrongful discharge claim was in direct conflict with the LMRDA and was thus preempted); *Dzwonar v. McDevitt*, 791 A.2d 1020 (N.J. Super. Ct. App. Div. 2002) (holding that the terminated union employee's state law claim was preempted by the LMRDA where the employee, an arbitration officer, had significant responsibilities of a confidential and policy-making nature and the employee's claims did not allege that union's activity was criminal in nature). *But see Screen Extras Guild, Inc.*, 800 P.2d at 883 (Eagleson, J., dissenting); *Casumpang v. ILWU, Local 142*, 13 P.3d 1235 (Hawaii 2000) (holding the

LMRDA did not preempt state wage claim). They simply argue that preemption "is inapplicable to the facts of this case" because they were not "policymaking employees."[1] The district court did not make an express finding on this question but such a finding was implicit in its conclusion that the LMRDA preempted the two state law claims. *See Hubby v. State*, 331 N.W.2d 690, 695 (Iowa 1983) (assuming as fact unstated findings necessary to support judgment). That implicit finding is supported by substantial evidence. *Van Oort Const. Co., Inc. v. Nuckoll's Serv. Co., Inc.*, 599 N.W.2d 684, 690 (Iowa 1999).

Under the express terms of the employment contracts, Buckholtz and Haase's duties as "business representatives" were to remain the same as they had been prior to the execution of the contracts. Their previous duties as officers of the union included making and carrying out the union's policies. While Buckholtz and Haase argue that the union could limit the scope of their policy-making duties, the contracts provided that they were the ones who had "sole authority to make any and all decisions regarding his position with the Union." This language provides substantial evidentiary support for the district court's implicit finding that Buckholtz and Haase's positions as business representatives of the union were policy-making and policy administration positions. Accordingly, the district court did not err in concluding that the breach-of-contract and tortious interference claims were preempted by the LMRDA.

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[1] As the issue is not before us, we intimate no view as to whether the LMRDA preempts state law claims such as the breach-of-contract and tortious interference claims raised here.

B. Apportionment of Attorney Fees

As noted, Buckholtz and Haase prevailed on their wage claims. The district court concluded that, as prevailing parties, they were entitled to attorney fees and costs. *See* Iowa Code § 91A.8 (2005). Buckholtz requested $4863.09 and Haase requested $4737.75. The district court ordered the defendants to pay $1500 to each plaintiff. The court reasoned:

> The vast bulk of this litigation has centered on the breach of contract claims and the intentional interference claims. Very little of the litigation here involved the chapter 91A claims. Accordingly, an apportionment of the attorney fees in the manner requested by the plaintiffs is not appropriate for it overstates the significance of the Chapter 91A claims in relationship to the entire lawsuit. The Court believes when considering the nature of the Chapter 91A claims that no more than ten (10) hours of attorney work is necessary to bring this claim to a conclusion in each case and that the complexity of the case and the related necessary and usual attorney fees in relationship to that complexity (or in this case the lack thereof) would equate to those expended at $150 per hour.

On appeal, Buckholtz and Haase argue the district court abused its discretion in failing to award the requested sums. We discern no abuse of discretion in the court's rationale for reducing the award.

III. Disposition

We affirm the judgment of the district court.

AFFIRMED.