**STATE OF MINNESOTA**
**IN COURT OF APPEALS**
**A09-88**

Craig Schneller,
Relator,

vs.

Aranet Inc.,
Respondent,

Department of Employment
and Economic Development,
Respondent.

**Filed January 5, 2010**
**Affirmed**
**Crippen, Judge**[*]

Department of Employment and Economic Development
File No. 21236935-3

Craig A. Schneller (pro se relator)

Aranet Inc., 701 Fifth Street South, Hopkins, MN 55343 (respondent)

Lee B. Nelson, Amy R. Lawler, First National Bank Building, 332 Minnesota Street, Suite E200, St. Paul, MN 55101 (for respondent Department of Employment and Economic Development)

Considered and decided by Lansing, Presiding Judge; Johnson, Judge; and Crippen, Judge.[*]

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[*] Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to Minn. Const. art. VI, § 10.

## U N P U B L I S H E D  O P I N I O N

**CRIPPEN**, Judge

Relator Craig Schneller challenges the decision of the unemployment law judge (ULJ) that he was ineligible to receive unemployment benefits because he quit without good reason caused by his employer. We affirm.

## FACTS

Relator worked full time as a national media (sales) consultant for respondent Aranet Inc., a public relations company, from July through September 2007. Relator and respondent's CEO and president signed a July letter of agreement stating that "[t]he terms and conditions of [Aranet's] offer include . . . 1. Base salary: $4,000 per month . . . . 2. Commission: 10% of the net revenues of your sales."

On August 2, 2007 respondent's sales director gave relator an "ARAcontent Sales Compensation Plan" that said when a sales consultant earning a monthly base salary of $4,000 does not meet respondent's base sales expectations for two consecutive months, the consultant's monthly base salary will be reduced to $3,000. This plan also provided that "ARA will begin measuring actual sales performance versus Base Sales Expectations the first full month after training is complete." The August plan did not provide an effective date and was not addressed to any particular sales consultant. Until this point, respondent had not notified relator of the compensation plan.

Relator expressed his concern to the sales director, stating that he wished he had been informed of the compensation plan when he was hired. The director replied that it was standard procedure and relator would have nothing to worry about if he met

minimum expectations. After having made no sales, relator quit his employment on September 20, 2007. Relator never inquired about whether or when he would be subject to the compensation plan, and his monthly base salary of $4,000 was never reduced despite his lack of sales.

Following relator's appeal from a department denial of benefits, a ULJ concluded that relator quit his employment without good reason caused by his employer and was ineligible to receive unemployment benefits. Relator requested reconsideration, and the ULJ affirmed the determination of ineligibility.

**D E C I S I O N**

On appeal, relator argues only that he had good cause to quit because respondent did not inform him of the "ARAcontent Sales Compensation Plan" until after he was hired and "insinuat[ed that the plan] would be going into effect immediately." Relator characterizes respondent's actions as dishonest.

We may affirm the ULJ's decision unless it violates constitutional provisions, exceeds the department's authority, derives from unlawful procedures or other legal errors, is not supported by substantial evidence, or is arbitrary or capricious. Minn. Stat. § 268.105, subd. 7(d) (2008). "We view the ULJ's factual findings in the light most favorable to the decision, giving deference to the credibility determinations made by the ULJ. In doing so, we will not disturb the ULJ's factual findings when the evidence substantially sustains them." *Skarhus v. Davanni's Inc.*, 721 N.W.2d 340, 344 (Minn. App. 2006) (citations omitted).

Generally, an applicant who quits employment is ineligible for benefits unless the applicant quit for "a good reason caused by the employer." Minn. Stat. § 268.095, subd. 1(1) (2008). A good reason for quitting caused by the employer is defined by statute as a reason that "is directly related to the employment and for which the employer is responsible," "is adverse to the worker," and "would compel an average, reasonable worker to quit and become unemployed rather than remain[ ] in the employment." *Id.*, subd. 3(a) (2008). Whether an employee has good cause to quit attributable to the employer is a question of law subject to de novo review. *Munro Holding, LLC v. Cook*, 695 N.W.2d 379, 384 (Minn. App. 2005).

An employee generally has good cause for quitting if the employer substantially reduces pay or unreasonably changes the terms of employment. *Rutten v. Rockie Int'l, Inc.*, 349 N.W.2d 334, 336 (Minn. App. 1984). This court has also held that when an employer breaches a term of an oral or written employment agreement, good reason to quit exists. *See, e.g., Hayes v. K-Mart Corp.*, 665 N.W.2d 550, 552–53 (Minn. App. 2003) (concluding employer's breach of promise to give employee raise constituted good cause to quit), *review denied* (Minn. Sept. 24, 2003); *Krantz v. Loxtercamp Transp., Inc.*, 410 N.W.2d 24, 27 (Minn. App. 1987) (holding that employer's breach of oral promise that employee would not have to work weekends constitutes good cause for employee to quit); *Baker v. Fanny Farmer Candy Shops No. 154*, 394 N.W.2d 564, 566 (Minn. App. 1986) (holding that employer's violation of oral "understanding" that employee would not have to work nights gives employee good cause to quit).

But an employee does not have a good reason to quit if there are irreconcilable differences with the employer, or if the employee is simply dissatisfied with the working conditions. *Ryks v. Nieuwsma Livestock Equip.*, 410 N.W.2d 380, 382 (Minn. App. 1987). "[T]here must be some compulsion produced by extraneous and necessitous circumstances." *Ferguson v. Dep't of Employment Servs.*, 311 Minn. 34, 44 n.5, 247 N.W.2d 895, 900 n.5 (1976). Good reason to quit "must be real, not imaginary, substantial not trifling, and reasonable, not whimsical." *Id.*

The ULJ found that relator was never subjected to the terms and conditions of the compensation plan before he quit and he may never have been subject to them in the future. Therefore, the ULJ concluded that respondent's action was only potentially adverse, not actually adverse, to relator, and that relator did not have good reason caused by his employer to quit. *See* Minn. Stat. § 268.095, subd. 3(a)(2) (defining "[a] good reason caused by the employer for quitting," in relevant part, as "a reason . . . that is adverse to the worker").

The compensation plan did not state when it would become effective or which sales consultants would be subject to its terms. Relator testified that when respondent's sales director gave him the compensation plan, the director did not make any verbal statements to him about the plan, including when the plan would become effective and if it would apply to relator. Relator testified that he never asked anyone for this information, but simply "assumed," based on his lack of sales for two consecutive months, "that things were going to be coming into play shortly after [September 20, 2007] or not far after that."

Respondent's sales director testified that relator's compensation schedule was not about to be changed despite his lack of sales, that the compensation plan was targeting veterans of the sales team, and that management would have considered other factors—such as relator's short length of employment—before applying the compensation plan to him. The sales director testified that when relator expressed his dissatisfaction, he told relator that he would have nothing to worry about "if he would perform and [meet] the minimum expectations going forward and that we would work to make sure he was able to do that"; he explained that he did not tell relator that the compensation plan did not yet apply to him because respondent had not determined whether the plan would eventually apply to relator or not.

Substantial evidence supports the ULJ's finding that relator was never made subject to the terms and conditions of the compensation plan before he quit and therefore we do not disturb the finding. *See Skarhus*, 721 N.W.2d at 344 (stating that "we will not disturb the ULJ's factual findings when the evidence substantially sustains them").

Because respondent's compensation plan was never applied to relator, he did not quit for a good reason caused by his employer. Under Minn. Stat. § 268.095, subd. 3(a), a good reason for quitting caused by the employer is a reason that "is adverse to the worker," and respondent did not act adversely to relator by simply giving him the compensation plan. Although relator was anticipating that respondent would act adversely towards him by applying the compensation plan to him, apprehension without an adverse action is not enough to constitute good reason to quit. *Johnson v. Walch &*

*Walch Inc.*, 696 N.W.2d 799, 799, 802 (Minn. App. 2005), *review denied* (Minn. July 19, 2005).

Relator argues he also quit his employment with respondent "based on the morale of the employees . . . and the lack of [adequate] training." But there is no evidence in the record to support this argument. And although the record does support that relator had some concerns about the level of training he was receiving, general dissatisfaction or frustration with working conditions do not constitute good reasons for quitting. *Ryks*, 410 N.W.2d at 382; *Bongiovanni v. Vanlor Invs.*, 370 N.W.2d 697, 699 (Minn. App. 1985) (holding that employee did not have good reason to quit when employer would not talk to her, greatly reduced her work duties, and made "it clear that he wanted to get rid of [her]").

Because the ULJ's decision is based on findings supported by substantial evidence and is not affected by legal error, we conclude that the ULJ did not err by determining that relator is ineligible to receive unemployment benefits.

**Affirmed.**