Business Ownership Succession through Employee Ownership

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Ohio Employee Ownership Center
Ownership succession in family-owned businesses

The US Small Business Administration reports that

• More than 50% of family business owners expect to pass the business on to the next generation

• Only 30% actually make it to 2nd generation family ownership

• Only 15% pass to the 3rd generation

A Mass Mutual study found that while nearly 40% of all family-owned businesses will change leadership in the next five years, 55% of those with CEOs 61 or over had not picked a successor

Failure to plan for business success is the #1 preventable cause of job loss in America
In rural areas the situation is compounded by...

- Outmigration of business owners’ children
- Difficulty in finding buyers from outside who will move to the area to run the business
- Loss of critical mass of economic activity in small towns
- Cost of infrastructure – schools, roads, utilities, etc – is spread over a smaller economic base, so costs go up
Choices when the business doesn’t continue in the family

- Sell to manager or outsider who runs it as a stand alone firm
- Sell to a competitor who will often shut the operation
- Liquidate for value of assets
- Sell to employees

Advantages to the owner in selling to your employees

- Successful sale for market value is highly probable
- Tax advantages for the seller – the IRS § “1042 rollover” enables the seller to defer taxes on capital gains
- Business continues with same employees, same customers, and same name (“legacy”)
Moreover, sale to employees helps maintain vibrant businesses and the local economy

- Business continues as stand-alone firm in the community
- Maintains business & payroll in community
- Stabilizes property values and tax base
- Broader ownership builds assets for more working people
How do you sell to the employees?

There are two tax-advantaged choices:

- Employee Stock Ownership Plans
- Employee co-operatives

There’s the same potential tax break for the selling owner (the so-called “1042 rollover) in both cases.
Basics of the IRS § 1042 tax rollover for the selling owner

- Tax break on capital gain (full capital gains tax deferral) for seller if he/she sells 30% or more of stock to employees
- Must be a “C corporation” for the seller to get the tax-free rollover
- Seller has to roll over proceeds of sale within 3 months prior to or 12 months subsequent to the transaction into other qualified securities and declare to the IRS what the replacement securities are
- If the replacement securities are sold, there is a taxable event; the tax basis in the securities is the basis in the original stock
- If the replacement securities pass into the seller’s estate, they do so at the stepped up basis
- Have your cake and eat it to strategy: Put replacement securities in margin account with a brokerage firm, borrow against them, and trade
What we’ll cover today

- Why is business ownership succession important?
- Employee ownership as a tool for business succession
- Employee Stock Ownership Plans (ESOPs)
- Worker-owned cooperatives
- Yes, I want to add employee ownership to my toolbox, but what do I do?
- Step-by-step examples of how to do “1042 rollover” co-operative
- Starting worker cooperatives from scratch
- Impacts of employee ownership
- Resources for employee ownership
By 3:30 you should be able to:

1. Identify good targets for employee ownership as a business ownership succession strategy
2. Have initial discussions with the owners and the employees about employee ownership and how to do a transaction with an ESOP or Co-op
3. Take home resources that can be used in meetings with owners and with employees
4. Know enough about starting worker co-ops from scratch to be dangerous
5. Know when and to whom to call for help.
## I. Employee-ownership in the US

<table>
<thead>
<tr>
<th>Type of ownership</th>
<th>Companies</th>
<th>Employee-owners</th>
<th>Employee Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESOPs</td>
<td>9,774</td>
<td>11.2 million</td>
<td>$928 billion</td>
</tr>
<tr>
<td>Broad-based stock options</td>
<td>3,000</td>
<td>9 million</td>
<td>“several hundred billion”</td>
</tr>
<tr>
<td>401(k) Savings plans primarily invested in company stock</td>
<td>748 plans</td>
<td>1.5 million</td>
<td>$133 billion</td>
</tr>
<tr>
<td>Stock purchase plans</td>
<td>4,000</td>
<td>11 million</td>
<td>no estimate on value</td>
</tr>
<tr>
<td>Worker cooperatives</td>
<td>Several hundred</td>
<td>perhaps 10,000 employees</td>
<td>no estimate on value</td>
</tr>
</tbody>
</table>

Source: National Center for Employee Ownership, 2008
They are in services, manufacturing…

- Oilfield services
  Producers Services, Zanesville, OH

- Manufacturing
  Falcon Industries, Medina, OH

- Restaurant
  Casa Nueva, Athens, OH

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Construction, & distribution

Below: R.J. Martin Electric employee owners (Cleveland)

Kraft Fluid employee owners host visitors
Cleveland, OH

Ohio Employee Ownership Center
Employee Stock Ownership Plans (ESOPs)

- ESOPs are qualified employee retirement trust plans that invests primarily or exclusively in the securities of the employing company and which can borrow money
- Thus ownership is indirect
- The ESOP borrows money from the bank to buy stock from selling owner. The company repays loan with pretax income
- ESOPs in sub-chapter S corporations are tax free until employees cash out at retirement
- Because ESOPs are Federally regulated pension trusts, ESOPs are expensive to set up and maintain
- ESOPs aren’t cost-effective for ownership succession in businesses with fewer than 20 or 25 employees
Employee Co-ops

- Employee co-ops (or worker co-ops) are like other co-ops: they are owned directly by employee members who pay a membership fee and who receive patronage allocations.
- Patronage dividends are allocated on the basis of their labor input into the co-op.
- Patronage dividends are taxable to the members, not to the co-op.
- The co-op can borrow money from the bank to buy stock from selling owner.
- Because employee co-ops are inexpensive to set up and maintain, they are highly cost-effective in ownership succession in small businesses.
II. Employee Stock Ownership Plans

Brainard Rivet employees rally to buy plant, Girard, Ohio, 1997. Photo: Emil David
Selling to Employees through an ESOP

• ESOPs are stock-based plans. Conceptually it’s easy to sell PART of the stock of the company to an ESOP.

• In doing ownership succession, the old owner typically sells 30% or more of the company stock to the ESOP in step 1. (30% is the minimum to get the capital gains tax break.) After the loan for the initial sale is paid back, the owner then sells the remainder of stock to the ESOP in several additional steps.

• The old owner stays involved in the business until the last sale, transferring management skills to the new management.
How Do ESOPs Buy Stock?

Company → Bank (BANK LOAN) → ESOP (ESOP NOTE) → PAYMENT → Original Owners

Employee Owners
How Do ESOPs Repay the Loan?

BANK
LOAN
Payment

Retirement
Contribution

Company

ESOP
NOTE
Payment

Bank

ESOP

Employee Owners
How Do Employees Get Stock in their Accounts?

Allocation to Individual Accounts
(Paid-for shares are allocated to ESOP participants)

Suspense Account
(Unpaid-for Shares held as Collateral on ESOP Loan)
Required documents for an ESOP

At time of initial transaction
  Initial valuation
  ESOP Plan
  Trustee agreement
  Summary plan description

Ongoing
  Annual valuation
  Annual participant account statement
  Plan amendments
Governance: A major ESOP issue for Co-op developers

As trusteeed plans, ESOPs give trustees the right to vote the stock. Key design issues for democratic ESOPS:

• Full pass through of voting rights to ESOP participants
• Non-managerial seats on the board of directors
• Non-managerial participation in ESOP administration committee
• Employee owner participation in shop floor decisions
• Employee owner participation in ESOP design
III. Worker Cooperatives

Select Machine employees buy from selling owners, October 1, 2005
Sale to employees through a co-op

Co-ops generally are 100% member-owned. But it is hard to finance a 100% leveraged sale of a business to employees if the owner retires.

Why:
- No equity
- No continuing management

We handle this problem in ESOPs with dividing the sale into several steps:
  - For example:
  - Step 1. The owners sell first 30% to employees
  - Step 2. After the debt is paid, the owners sell next 19%
  - Step 3. After paying that debt, the owners sell the remaining 51%

Over the years of the sale, the owner transfers management skills.
Our answer to the “100% co-op sale” problem: Mimic ESOP multi-step sale through stock redemption over time

- Maintains necessary equity in business
- Doesn’t over-leverage the business by borrowing too much money
- Transfers management skills over time
Here’s how the co-op stock redemption model works:

1. Convert company into co-op with 100% of equity still owned by old owner(s)

2. Co-op borrows funds to redeem at least 30% of stock from owners -- this threshold triggers the tax break for the seller

3. Employee members pay for shares through patronage allocations which pay down bank debt

4. After bank debt is paid off, co-op borrows additional funds and redeems additional stock from owners
Here’s how the co-op stock redemption model works (continued):

5. During this 3-7 year transition period, owner transfers management expertise, customer and supplier relationships, banking relationship, etc., to co-op members

6. Owners roll proceeds of sale into other “qualified replacement securities” (stocks and bonds of domestic companies which produce goods and services)

7. Employee co-op remains a healthy part of the local community
Day 1 Owners

Co-op

Bank

old owners as co-op members

employee members

membership stock

limited recourse note membership stock

$ note

$
End of year

old owners’ financial interest to be redeemed

old owners as members

employee members

Co-op

capital allocations

capital allocations

repayment of limited recourse note

Bank

$ to repay note
Required documents for co-op sale:

1. An ESOP-style “fair-market value” valuation of the company before each redemption event (needed for 1042 rollover)

2. Restated and amended incorporation documents and bylaws to convert the company into a co-op; co-op board votes to proceed

3. Offering statement for employee members explaining the business and its risks – Co-ops aren’t trusteeed plans like ESOPs, so buying the company through a co-op is “buyer beware”

4. Business plan - includes management succession

5. Redemption agreement with owners

6. Co-op membership and subscription agreement for members
Required co-op documents (continued):

7. Limited recourse note for employees’ acquisition of stock redeemed by co-op from the owners & repaid through the co-op capital allocations (needed for § 1042 rollover)

8. Management contracts with former owners which provide them certain reserved rights as “protected shareholders” until the remainder of their stock is redeemed

9. Employment contracts with other co-op members

10. Stock certificates for all members
Comparing the results: Co-ops and ESOPs

1. The sales price for the initial co-op redemption has no minority discount because co-op members control the board – in an ESOP there is a minority discount

2. Selling owners can become co-op members and receive capital allocations as members (but no additional stock) as long as they work in the co-op – in an ESOP they cannot participate in the ESOP if they take the 1042 rollover

3. At subsequent redemption events, the value of the stock is determined by valuing the whole company, subtracting the value of the capital accounts held by the members, and then dividing the remaining value by the shares outstanding including member shares – in an ESOP there are no capital accounts so all the value is assigned to the shares
Comparing the results (continued):

4. Co-ops are democratic membership organization with direct ownership and a majority of the board elected by the employee members – ESOPs are trusteed pension plans which provide indirect, beneficial share ownership for participants and which generally don’t permit employee owners to elect the board unless the plan is specifically written for voting right pass through.

5. So – as co-op developers – if you do an ESOP, you want to ensure that it provides democratic rights for participants similar to a cooperative.
IV. Yes, I want to add employee ownership to my toolbox, but what do I need to do?

Fastener employees who bought the company in 1980 and who were still working there at the 2005 party for 25th anniversary of the ESOP & 100th anniversary of company
Recognizing good businesses for employee ownership succession

- **Profitable business**
- Owner has no heir in family to take over ownership and management of business
- Employees see jobs as worth having and business as worth owning – high seniority
- Owner says things about employees like “they helped me build the business,” “they are like family,” etc.
- Owner has 3-7 years to implement ownership succession
- Partnership between owner and employees for this period is seen positively by both
I have a good business for an ownership transition – What should I do now?

1. Discussion with owner: Does (s)he want to sell to her/his employees? (Willing seller!)
   Materials: “Selling Your Business to Your Employees through an ESOP or a Co-op” and “Basics of 1042 roll-overs for business owners”

2. If yes, meet with employees & discuss employee ownership. Vote on whether to set up committee with owner(s) to determine whether purchase makes sense. (Willing buyer!)
What should I do now? (continued)

2. (continued) Discussion with employees
   Materials: “What is an ESOP?” available at
   www.kent.edu/oeoc/Buyout Assistance/WhatIsESOP.htm
   or “What is an employee cooperative? An introduction for
   employee-members” available at
   www.kent.edu/oeoc/oeoclibrary/What is a cooperative-
   NCDF version.pdf

3. Locate professionals: valuators, lawyers, business analysts
   -- see list on OEOC website at
   http://dept.kent.edu/oeoc/promem/index.htm

4. Feasibility analysis: Written analysis of whether employees
   buy the business out of its cash flow? How long will it take?
   Is a “wage investment” needed? etc. with historical
   financials and future financial projections
What should I do now? (continued)

5. Obtain “fair market value” valuation to set price
6. Employee vote on whether to go ahead on basis of review of feasibility study/owner decision on basis of valuation
7. Convert feasibility analysis to business plan suitable for presentation to bank
8. Company seeks financing
9. Lawyer drafts co-op Articles and bylaws or ESOP plan and trust agreement with employee input
10. Co-op member agreements, limited recourse notes, management contracts & other documents drafted & signed
11. Celebrate!!

The minimum time period to do a sale to employees is about 6 months.
Examples of doing “1042 rollover” cooperatives:

1. Select Machine

Select Machine is a profitable company with two owners nearing retirement and seven full-time employees

- 3-22-2005: Owners contact OEOC; followed by meetings with OEOC staff, discussion of choices, & review of financials
- Owners like co-op idea & broach it with employees
- 4-8-2005: OEOC staff meet with employees, explain co-op and how to do the deal
- 4-8-2005: Employees vote to explore co-op and elect buyout committee
- April: Equipment appraisal updated
- Mid-May: Feasibility study/valuation consultant hired
- 6-16-2005: Feasibility study and valuation completed
- Late June: Extensive discussion with OEOC staff of feasibility study and implications
- July 2005: Owners decide to sell to employees
Doing the deal at Select Machine (continued)

- **7-29-2005**: Initial meeting between owners and employees and co-op attorney Mark Stewart
- **8-9-2005**: Attorney retained; offering statement prepared
- **August**: Employees review feasibility study, offering statement, and financial statements; they vote to establish co-op and set membership criteria, fee, and allocation formula
- **8-15-2005**: Lenders agree to loan enough for a 40% stock redemption
- **August-September**: Documents are drawn up
- **9-14-2005**: Amended incorporation documents and bylaws are filed with state
- **Mid September**: Co-op board elected, meets, authorizes stock redemption and borrowing
- **9-30-2005**: New co-op members sign memberships, stock subscription agreements, limited recourse notes, stock pledge agreements, employment agreements, and receive stock certificates
- **9-30-2005**: Owners and co-op officer sign stock redemption agreement and owners’ employee agreement
Doing the deal at Select Machine (continued)

• 10-3-2005: Loan documents are signed and owners receive cash for stock redeemed
• 10-1-05: Company becomes cooperative with 40% held as membership shares by the new co-op members and 60% held by the selling owners
• Celebrated with lunch & Christmas party
• Intention (2005): Between 2005 and 2010, the owners will transfer their management skills and knowledge to other co-op members & their remaining shares will be redeemed by 2010
• Reality: One owner bowed out in 2006 and co-op members took on most management functions by 2008; owners did seller financing for additional 9% redemption in 2007 & expect to do final redemption in 2010
• Major problem to date: Patronage dividends forced co-op members into higher tax bracket; with $5-8,000 in additional income taxes per member, company had to borrow additional working capital
Example 2: Grape & Grain

Grape and Grain is a niche retailer of fine wines and liquors in Aspen, CO, founded in 1975. Owners Gary Plumley and his wife wanted to sell it to his 3 employees and take the 1042 rollover.

Steps:
• Revoked S-Corporation tax election
• Converted to cooperative by amending articles and bylaws
• Each employee bought one share of membership stock for $10,000 with funds borrowed from bank
• Co-op redeemed 30% of stock in company from the Plumleys
• Co-op will redeem 10% of stock annually for next seven years from the Plumleys. This minimizes the assumption of debt and interest on debt.
• During first two years of co-op, Plumley is doing intensive training for other co-op members on marketing, bookkeeping, and purchasing and inventory, and rotating them through these areas
V. Starting worker cooperatives from scratch: Three examples

1. The Wisconsin experience with rural homecare cooperatives

2. “Franchise models”: Arizmendi cooperatives & WAGES

3. Focus on “anchor” institutions in a single area: the Evergreen Cooperative Development Fund and family of businesses in Cleveland
A. Wisconsin experience starting rural homecare cooperatives

- Cooperative Care
  - Rural: 24,000
- Circle of Care Cooperative
  - Urban/rural: 300,000
- Inspired by Cooperative Home Care Associates (CHCA) of New York City, started in 1986

---Source: Margaret Bau for this and next 6 slides
Reality in Home Care Labor

- Rapid job growth
- Limited training required
- 9 of 10 workers female
- Median wage $8.54/hour
- No benefits
- Less than 40 hrs/week
- High injury rates
- 40-100% quit every year
- Long term relationship critical to client health
Why Can Co-ops Offer Better Wages & Benefits?

• Spend less on constant recruitment, orientation
  – Professionals – not a temporary help mentality

• No skimming for outsiders
  – No profits to shareholders or external investors
  – No franchise fees or royalties
  – Net margins (profits) legally belong to member-owners
Cooperative Care

• Started June, 2001
  – 1st in rural US
  – County, community support

• Experienced, independent caregivers
  – No market competition
  – Low, stagnant wages
  – County liability issues

• 70% one county contract
  – Profitable within 2 months
Cooperative Care Basics

- Launched June 1, 2001
- Private Market Rates:
  - Personal Care $17.25/hour
  - Homecare $15.75/hour
- 85 members
  - Wages = $10.60
  - Benefits = about $1.40
  - Patronage refund (profit sharing) = $1.50
  - Total = $13.50/hour
- Waushara County per capita income $22,200
Cooperative Care Benefits

- Workers compensation
- 10 paid personal days
- Holiday pay (1.5x)
- Mileage reimbursement
- Health insurance
- Patronage refunds
- Personal growth
  - Picnics, parades, writing classes, yoga, family relations tips, sunshine club, computer access, charitable fundraisers
Circle of Care Cooperative

- Launched in 2006
- Organizing partners
  - CAP Services,
  - USDA grant, TA
  - NCDF financing, TA
- Urban/rural market
  - 12 existing agencies
  - Start with experienced, independent providers
- Abrupt market change
- Management crisis
B. “Franchise models” in Bay area

- Arizmendi coops: An association of four, “high end” cooperative bakeries and a development and support (D&S) collective.
  - Arizmendi D&S does the market survey & business plan, provides “backroom systems,” holds a community meeting to go over co-op & wages, and then provides a little training for members.
  - The Arizmendi D&S selects and, if necessary, replaces management.

-- Source: Margaret Bau
“Franchise models” in Bay area-2

- WAGES (Women’s Action to Gain Economic Security) coops: “green” cleaning. Members earn $15 hour. WAGES does 200 hours intensive training. $200 membership fee with personal contracts among members and milestones on commitments to each other. Training gives skills to rise above petty politics and conflicts.

- “Franchise” elements that help in new co-op businesses
  - Joint scheduling, payroll, billing
  - CoCoFiSt (food co-ops) – standardized accounting system to allow co-ops to benchmark and discuss among themselves
  - Management training & mentoring
  - Board and membership training & mentoring
  - Marketing ideas – simple is fine

-- Source: Margaret Bau

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C. “Anchor” institutions & the Evergreen Cooperatives

1. Cleveland’s Evergreen Cooperatives have grown out of the Cleveland Foundation’s Greater University Circle initiative

2. They are based on anchor institutions (hospitals, universities) committing their purchasing power to buy locally from green, employee-owned firms


4. Start-up equity is repaid to ECDF and recycled to start other co-ops

5. Management expertise provided by OEOC

OEOC Ohio Employee Ownership Center
Evergreen Cooperatives (cont.)

6. Employees are hired from community and become co-op members after probationary period
7. Membership fee comes from wage check-off
8. 10% of net margins go to ECDF after initial equity repaid
10. Evergreen Cooperative Laundry, will pay $2 an hour and health insurance above industry standard and reaches breakeven with 2% of market
11. Model can be replicated wherever anchor institutions support it.
Steps in starting new co-ops-1

1. Local commitment: workers, anchor institution, or support group
2. Dedicated project coordinator (part-time - 2-3 year commitment)

You either start with future members of the cooperative in developing group and vision from the bottom up or with the sponsoring agencies from the top down.

Either way, unlike agricultural cooperatives, new worker co-ops (especially when their future members aren’t sophisticated), require a lot of support
Steps in starting new co-ops - 2

3. Feasibility study: can the business be self-sustaining with decent wages/benefits? Breakeven? Financing needs?
4. Convert positive feasibility study into business plan for lenders
5. Incorporate: Articles and bylaws – outside capital, governance, allocating patronage, qualifications for membership, membership fee
6. Hire management
7. Raise capital – equity is the main problem, since either there aren’t any members yet or, if there are, they don’t have funds
Steps in starting new co-ops - 3

8. Hire employees – Future members
9. Co-op education of employees
10. Accept members; members elect board – board initially should include strong non-members if your co-op law permits (if not, you can incorporate as a co-op in Ohio)
11. Provide continued training for co-op members
12. Provide training and mentoring for board
13. Perhaps provide central services for group: payroll, HR, perhaps billing, accounting, and marketing
14. Sponsoring organization provides management support
15. Develop shared vision: “In the absence of shared vision, pettiness prevails.” (Peter Senge)
VI. Impacts of employee ownership

Improvement in company performance

Difference in Post-ESOP to Pre-ESOP Performance (2000)

Annual sales growth +2.4%
Annual employment growth +2.3%

Difference between ESOP and non-ESOP productivity: Productivity edge of ESOP firms +6.2%

Source: Douglas Kruse and Joseph Blasi, Rutgers University
Why?

Employee ownership + employee participation makes the difference

Sales growth of participatory employee-owned firms rose 7.2% faster than that of their competitors. Sales growth of non-participatory employee-owned firms lagged that of their competitors by 4.3%. Baseline (0.0%) equals sales growth of competitors.

Source: Jim Keogh and Peter Kardas, Washington State study
Employee Participation in Ohio ESOP firms and Change in Profits Relative to Industry

Percent of Ohio ESOP firms more profitable than industry by increased opportunity for employee participation

Source: Logue & Yates, 2001
Impact on job creation

How Ohio ESOPs Compared with Their Industries in Job Creation and Retention during the 1990-92 Downturn

Source: Logue & Yates, 2001
## Impact on total employee compensation

1999 comparison of wages and benefits in matched ESOP and non-ESOP companies

<table>
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<tr>
<th></th>
<th>ESOP</th>
<th>non-ESOP</th>
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<tbody>
<tr>
<td><strong>Average wage:</strong></td>
<td>$19.09</td>
<td>$17.00</td>
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<tr>
<td><strong>Median wage:</strong></td>
<td>$14.72</td>
<td>$13.58</td>
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<tr>
<td><strong>Average retirement assets</strong></td>
<td></td>
<td></td>
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<tr>
<td>ESOP</td>
<td>$24,260</td>
<td>0</td>
</tr>
<tr>
<td>other plans</td>
<td>7,953</td>
<td>$12,735</td>
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<tr>
<td><strong>Total retirement assets</strong></td>
<td>$32,213</td>
<td>$12,735</td>
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Source: Peter Kardas, Adria Scharf, and Jim Keogh, 1999 Washington State study
## Impact on creation of wealth

Ohio wealth creation through ESOPs

<table>
<thead>
<tr>
<th></th>
<th>1993</th>
<th>2004</th>
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<tr>
<td>Average equity per employee owner</td>
<td>$24,500</td>
<td>$72,000</td>
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<tr>
<td>without 3 top outliers</td>
<td>$19,060</td>
<td>$46,670</td>
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Source: IRS Form 5500 filings, Larkspur Data Resources
VII. Resources

ESOPs: There’s lots of information on ESOPs readily available. Good web sources include

ESOP Association [www.esopassociation.org](http://www.esopassociation.org)

National Center for Employee Ownership [www.nceo.org](http://www.nceo.org)

Beyster Institute [www.beysterinstitute.org](http://www.beysterinstitute.org)

Ohio Employee Ownership Center [www.kent.edu/oeoc](http://www.kent.edu/oeoc)

MA Employee Ownership Office [www.masseio.org](http://www.masseio.org)

Vermont EO Center [www.veoc.org](http://www.veoc.org)
Resources on employee cooperatives:


Also check ICA website at [www.ica-group.org](http://www.ica-group.org)
Contacts on 1042 rollover cooperatives:

Bill Patrie, Northcountry Cooperative Development Fund, 701-663-3886, email: bill@ncdf.coop

Bruce Reynolds, USDA Rural Development, 202-720-3694, email: bruce.reynolds@usda.gov

John Logue, OEOC, 330-672-3028; e-mail: jlogue@kent.edu

For legal advice on 1042 rollover cooperatives, Mark Stewart, Shumaker, Loop & Kendrick, 419-241-9000; e-mail: mstewart@slk-law.com
Contacts on starting new worker co-ops

Margaret Bau, Co-op Development Specialist, USDA, Wisconsin: 715-345-7600 ex. 171; Margaret.Bau@wi.usda.gov

Newell Lessell, ICA Group: 617-232-8765 ext. 107; nlessell@ica-group.org

Tim Huet, Arizmendi Coops: 510-558-0800; coopcds@ups.net

Hilary Abell, WAGES: 510-532-5465; hilary@wagescooperatives.org

Jim Anderson, Evergreen Coop Laundry, 330-672-3028; jander77@kent.edu
Saving the best for last:
Funds available for employee ownership in every state

Workforce Investment Act funds are available through your state’s rapid response unit to support preliminary feasibility studies on whether employee ownership can be used to avert job loss.

To find your state’s rapid response unit, go to http://www.doleta.gov/layoff/rapid_coord.cfm

This program can be used without having a WARN notice when there is a reason to believe that NOT selling to the employees may lead to shutdown or job loss.

Ohio Employee Ownership Center