



Josh Kaul
Wisconsin Attorney General

P.O. Box 7857
Madison, WI 53707-7857

NEWS FOR IMMEDIATE RELEASE

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State Fights for Employees' Wages; Bankruptcy Court Orders Golden Guernsey Dairy to Pay \$1.1 Million to Past Employees

MADISON, Wis. – Attorney General Josh Kaul today announced that a Delaware bankruptcy court has approved an agreement that will require Golden Guernsey Dairy, LLC, to pay at least \$1.1 million to pay wages and other employment benefits owed to its former employees after abruptly closing down in 2013 and filing for Chapter 11 bankruptcy protection. Golden Guernsey Dairy filed for bankruptcy without paying its employees or providing the advanced closure notice required by state law.

“DOJ and DWD worked together to obtain over \$1 million in wages owed to former Golden Guernsey Dairy employees. Hard-working Wisconsinites shouldn’t have to go without pay for their work because their employer went bankrupt,” said Attorney General Josh Kaul.

"One of the most important functions of the Department of Workforce Development is administering state laws designed to protect the Wisconsin worker," Department of Workforce Development (DWD) Deputy Secretary Robert Cherry said. "I am proud of the work put in by both DOJ and DWD staff on this, and many other cases."

Prior to its sudden closure in 2013, Golden Guernsey Dairy, LLC had employed over 100 people at its 170,000 square foot dairy processing, bottling and distribution facility in Waukesha, Wisconsin. On January 5, 2013, Golden Guernsey shut down operations without providing the required notice under Wisconsin’s business closure law, Wis. Stat. § 109.07. Under that law, employers of at least 50 or more persons in the state must provide at least 60 days advance notice to both its employees and state and local government officials prior to closing. During that 60-day notice period, the

employer must also continue to pay all wages and benefits due its employees. An employer that violates this law is liable to each employee for all wages and benefits during the notice period. Wis. Stat. § 109.07(3). Separately, an employer is also liable for any wages it failed to pay its employees at any time prior to the notice period. Wis. Stat. § 109.03.

The Department of Workforce Development's Equal Rights Division (ERD) is responsible for accepting complaints and investigating closures of businesses covered under the Wisconsin business closure law. After receiving complaints from employees affected by the Golden Guernsey closure, the ERD investigated the business closure and determined that Golden Guernsey owed its employees \$1,567,229.48 for unpaid wages and benefits under both the unpaid wages law and the business closure law. At ERD's request, DOJ filed a lien against the business for wages owed by the employer.

After Golden Guernsey filed for Chapter 11 protection, DOJ filed a claim in the bankruptcy case in the amount of unpaid wages and benefits owed to former employees and for failure to provide the required notice in violation of the business closure law. DOJ argued that the claim was entitled to priority status under the bankruptcy code. Under that law, each employee owed wages and benefits is entitled to up to \$11,750 as a priority wage claim. 11 U.S.C. 507(b)(4). As a priority claim, the bankrupt debtor company must ordinarily pay these claims ahead of all others.

DOJ and the bankruptcy trustee entered into an agreement that provides for a payment of up to \$11,750 to each employee, for a total payment of \$1,136,220.93. In addition to this payment, DOJ and the trustee agreed that the remaining amounts owed to each employee in excess of the statutory cap would be allowed as non-priority claims, meaning that those employees who are owed more than the \$11,750 statutory cap could receive additional funds, subject to availability in the bankruptcy estate.

Assistant Attorney General Michael Morris represented the State of Wisconsin in the matter.

Relevant court documents are [available online](#).