



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

SUSAN B. SCHLESINGER,
*Interim Assistant City Manager
for Community Development*

MARY FLYNN,
*Deputy Director for
Community Development*

TO: Robert W. Healy, City Manager

FROM: Susan Schlesinger, Assistant City Manager for Community
Development
Jeanne Strain, ^{JS} Director of Economic Development

DATE: June 21, 1994

SUBJECT: Great American Brands Plant Closing

Company History. Great American Brands (formerly Derans and Bordens) was purchased in April of 1993 by Deran Holding Company, a subsidiary of Acorn International, Ltd of New York, owned by Robert Gillis. At that time the principal lender was BancBoston, formerly the Bank of Boston's venture arm, now owned by the Bank of New York. During the purchase negotiations the owner approached various quasi-public funding agencies, the Mass Office of Business Development, and the Community Development Department about the possibility of securing public funding. Mr. Gillis indicated that they had sufficient capital to purchase the company using private sources, but he wanted 51% ownership and needed public money to make this work. Because the plant was regarded as being a high risk for shut down, MIFA loaned the company \$250,000.

The Shut Down. The Great American Brands candy company has laid off 300 workers in a shut down occasioned by the Bank of New York taking possession of the company from its owners. The financial details are not yet clear, but it appears that the company needed additional capital and the Bank of New York was not willing to provide it unless the owner put more equity in, as well. No agreement was reached, and the Bank of New York took possession. It is not yet known whether the Bank will liquidate the company or whether the company will file for bankruptcy.

Notification. Half of the 300 workers are seasonal workers who were routinely laid off two weeks before the shut down. They have been impacted in that they were unable to collect wages for their last pay period. I have heard reports that some workers checks bounced. The remaining 150 permanent workers were notified on June 15 of immediate shutdown. They are owed pay for the last pay period and may have a right to sue based on the

federal Worker Adjustment and Retraining Notification Act, which requires that they be given 60 days notice. The Law Department is researching this.

Actions. Both the Department of Employment and Training (DET) and the Metro North Worker Assistance Center have been apprised of this situation have responded quickly to insure that the needs of laid off workers will be met. DET was concerned that the company will shut before DET can confirm the employment and hence eligibility of workers for unemployment. The company will make a list of employees available this afternoon so people's checks will not be held up. Copies of the forms the Attorney General's office uses to file for unpaid back wages have been delivered to Metro North, who will assist workers in filling them out. Necco has told me that they have 45 temporary summer positions available and this information has been passed on to Metro North. Metro North provided services to 125 of the laid off workers today. Nancy Brown is preparing a memo for the Manager on these services.

Future Prospects. The future of the plant remains cloudy. Borden's, which holds the lease, is suing Great American Brands. Until a decision is made to liquidate or close the company can not be sold. I will continue to follow this situation.



TO: Bob Healy
FROM: Nancy Brown *NB*
DATE: June 23, 1994
RE: American Brands Closing

Here's the information I have to date on American Brands. About 300 employees have been affected by the closing---- approximately 150 permanent and 150 seasonal workers.

On Wednesday, 125 employees came to our Workers' Assistance Center in North Cambridge seeking help. All of them attended an orientation session and were scheduled to return next week, at appointed times, to begin the assessment process. The attached page outlines all of the services we can offer.

The residency breakout of the 125 workers is as follows.....

41	Boston
33	Cambridge
24	Somerville
27	Other

We plan to enlist the aid of the workers themselves in getting the word out to the remaining members of the workforce. Today we expect to receive a complete employee list from the company which we will also use in our outreach efforts.

If there is anything else that you need to know or that I can help you with, please give me a call.

Workers' Assistance Center Services

Orientation

As of 6/22, 125 American Brands employees have attended orientation/information sessions. Presentations have been made by a representative of American Brands on company benefits, the ERI staff on Workers' Assistance Center services and the Cambridge DET UI Manager on UI benefits.

Registration

Beginning Monday morning (6/27) at 8:00 a.m., employees will return to the Center for registration and an initial assessment of reading and math grade levels. Assignment to other Center services will be made at that time. A description of these services follows.

Assessment

Further educational and interest assessment may be needed. The TABE (Test of Adult Basic Education) and the BEST (Basic English Skills Test) will aid in identifying the educational levels of both the English speaking and limited English speaking population. Interest assessments include the Career Decision Making System and the Self Directed Search.

Support/Counseling/Information

The Center provides a supportive atmosphere for rebuilding, examining priorities, setting and reaching career goals. Group and individual counseling is available throughout the decision making process and the transition to new employment. Staff at the Center can also provide information about other service agencies for support with related issues. In addition, a clinical social worker is available for one on one sessions and workshops as needed.

Basic Skills/Occupational Training

If a requirement for re-entering the job market calls for improving basic language or educational skills, courses like English-As-A-Second-Language, Adult Basic Education or GED (General Equivalency Diploma) preparation are available. These offer a foundation for further training and a wide range of job prospects.

Depending on the outlook for the set of skills employees have, it may be advisable to look at a new occupational area or upgrading of current skills. For this purpose, the Center sponsors training opportunities for a variety of growing fields. Programs average 14 to 30 weeks and offer a combination of classroom and hands-on training. If enrolled in an approved training program, clients may be eligible for an extension of unemployment benefits.

Job Search/Placement Assistance

The Employment Services staff offers a wide variety of placement services to aid in re-employment. Individual counseling is available, as well as resume preparation, interview review and job matching. Group activities include Job Search Workshops, Job Clubs, and the Employer Speaker Series sponsored by the Workers' Assistance Center.



CITY OF CAMBRIDGE

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EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

RICHARD C. ROSSI

Deputy City Manager

June 27, 1994

To The Honorable, The City Council:

Enclosed is an update on the status of the closing of Great American Brands.

This information is not complete but will be further updated.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachment

Consent Agenda # 40

8-330

Status of the closing of Great
American Brands.

~~Operating Rep. #37~~

rep. rec. 6/27/94 - See

Order #60 of 6/20/94
for original Order

In City Council,

June 27, 1994

Placed in file