

*United States Government*  
*National Labor Relations Board*  
OFFICE OF THE GENERAL COUNSEL

## Advice Memorandum

DATE: October 31, 2012

TO: William A. Baudler, Regional Director  
Region 32

FROM: Barry J. Kearney, Associate General Counsel  
Division of Advice

SUBJECT: Rocha Transportation  
Case 32-CA-086799

512-5012-0125  
530-6067-2080-1200

This case was submitted for advice as to whether the Employer violated Section 8(a)(1) by maintaining an employment at-will policy, which states that the “at-will” provision can only be modified in writing by the Employer’s president. We conclude that employees would not reasonably construe this provision to restrict Section 7 activity. Accordingly, the Employer’s maintenance of this provision does not violate Section 8(a)(1), and the Region should dismiss the allegation, absent withdrawal.

The Employer, Rocha Transportation, is a Modesto, California company that transports containerized freight to and from California’s Central Valley and the Port of Oakland. All of the Employer’s new employees receive a copy of the Rocha Transportation Driver Handbook, which provides details about the applicable terms and conditions of employment. The Handbook contains the following language in its “Statement of At-Will Employment Status”:

Employment with Rocha Transportation is employment at-will. Employment at-will may be terminated with or without cause and with or without notice at any time by the employee or the Company. Nothing in this Handbook or in any document or statement shall limit the right to terminate employment at-will. **No manager, supervisor, or employee of Rocha Transportation has any authority to enter into an agreement for employment for any specified period of time or to make an agreement for employment other than at-will. Only the president of the Company has the authority to make any such agreement and then only in writing.**

(Emphasis supplied.) In addition, the Handbook contains an “Acknowledgement of Receipt” that employees are required to sign. This provision, which reiterates the

bolded language, also clarifies that “nothing in the employee handbook creates or is intended to create a promise, contract, or representation of continued employment....” The Charging Party alleges that the at-will language in the Employer’s Handbook violates Section 8(a)(1) because it is overbroad and would reasonably chill employees in the exercise of their Section 7 rights.

An employer violates Section 8(a)(1) of the Act through the maintenance of a work rule or policy if the rule would “reasonably tend to chill employees in the exercise of their Section 7 rights.”<sup>1</sup> The Board has developed a two-step inquiry to determine if a work rule would have such an effect.<sup>2</sup> First, a rule is unlawful if it explicitly restricts Section 7 activities. Second, if the rule does not explicitly restrict protected activities, it will nonetheless be found to violate the Act upon a showing that: (1) employees would reasonably construe the language to prohibit Section 7 activity; (2) the rule was promulgated in response to union activity; or (3) the rule has been applied to restrict the exercise of Section 7 rights.<sup>3</sup>

The Board has cautioned against “reading particular phrases in isolation,”<sup>4</sup> and will not find a violation simply because a rule could conceivably be read to restrict Section 7 activity.<sup>5</sup> Instead, the potentially violative phrases must be considered in the proper context.<sup>6</sup> Rules that are ambiguous as to their application

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<sup>1</sup> *Lafayette Park Hotel*, 326 NLRB 824, 825 (1998), *enforced mem.*, 203 F.3d 52 (D.C. Cir. 1999).

<sup>2</sup> *Lutheran Heritage Village-Livonia*, 343 NLRB 646, 646–47 (2004).

<sup>3</sup> *Id.* at 647.

<sup>4</sup> *Id.* at 646.

<sup>5</sup> *Id.* at 647 (“[W]e will not conclude that a reasonable employee would read the rule to apply to such activity simply because the rule *could* be interpreted that way”). *See also Palms Hotel and Casino*, 344 NLRB 351, 355–56 (2005) (“We are simply unwilling to engage in such speculation in order to condemn as unlawful a facially neutral workrule that is not aimed at Section 7 activity and was neither adopted in response to such activity nor enforced against it”).

<sup>6</sup> *Compare Flex Frac Logistics, LLC*, 358 NLRB No. 127, slip op. at 3 (September 11, 2012) (finding context of confidentiality rule did not remove employees' reasonable impression that they would face termination if they discussed their wages with anyone outside the company), *and The Roomstore*, 357 NLRB No. 143, slip op. at 1 n.3, 16-17 (December 20, 2011) (finding employees would reasonably interpret the employer’s “negativity” rule as applying to Section 7 activity in context of prior

to Section 7 activity, and contain no limiting language or context that would clarify to employees that the rule does not restrict Section 7 rights, are unlawful.<sup>7</sup> In contrast, rules that clarify and restrict their scope by including examples of clearly illegal or unprotected conduct, such that they could not reasonably be construed to cover protected activity, are not unlawful.<sup>8</sup>

Here, the Employer's employment at-will policy does not explicitly restrict Section 7 activity. Moreover, there is no indication that the Employer promulgated its policy in response to union or other protected activity or that the policy has been applied to restrict protected activity. Thus, under the *Lutheran Heritage*<sup>9</sup> standard, maintenance of the contested handbook provision is only unlawful if employees would reasonably construe it in context to restrict Section 7 activity.

We conclude that the contested handbook provision would not reasonably be interpreted to restrict an employee's Section 7 right to engage in concerted attempts to change his or her employment at-will status. The provision does not require employees to refrain from seeking to change their at-will status or to agree that their at-will status cannot be changed in any way. Instead, the provision simply prohibits the Employer's own representatives from entering into employment

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employer warnings linking "negativity" to the employees' protected discussions concerning their terms and conditions of employment), *with Wilshire at Lakewood*, 343 NLRB 141, 144 (2004) (finding lawful handbook provisions prohibiting employees from "abandoning [their] job by walking off the shift without permission of [their] supervisor or administrator"; in context of direct patient care, employees "would necessarily read the rule as intended to ensure that nursing home patients are not left without adequate care during an ordinary workday"), *vacated in part on other grounds*, 345 NLRB 1050 (2005), *revd. on other grounds sub nom.*, *Jochims v. NLRB*, 480 F.3d 1161 (D.C. Cir. 2007).

<sup>7</sup> See, e.g., *Claremont Resort and Spa*, 344 NLRB 832, 836 (2005) (rule proscribing "negative conversations" about managers that was contained in a list of policies regarding working conditions, with no further clarification or examples, was unlawful because of its potential chilling effect on protected activity).

<sup>8</sup> See, e.g., *Tradesmen Intl.*, 338 NLRB 460, 460-62 (2002) (prohibition against "disloyal, disruptive, competitive, or damaging conduct" would not be reasonably construed to cover protected activity, given the rule's focus on other clearly illegal or egregious activity and the absence of any application against protected activity).

<sup>9</sup> 343 NLRB at 646-47.

agreements that provide for other than at-will employment.<sup>10</sup> Indeed, the provision explicitly permits the Employer's president to enter into written employment agreements that modify the employment at-will relationship, and thus encompasses the possibility of a potential modification of the at-will relationship through a collective-bargaining agreement that is ratified by the Company president. Accordingly, we conclude that employees would not reasonably construe this provision to restrict their Section 7 right to select a collective-bargaining representative and bargain collectively for a contract.<sup>11</sup> The Region should therefore dismiss, absent withdrawal, the Charging Party's allegation that the Employer's employment at-will policy violates Section 8(a)(1).

We recognize that in *American Red Cross Arizona Blood Services Region* an Administrative Law Judge found that the employer had violated Section 8(a)(1) by maintaining the following language in a form that employees were required to sign acknowledging their at-will employment status: "I further agree that the at-will employment relationship cannot be amended, modified or altered in any way."<sup>12</sup> Applying the *Lutheran Heritage*<sup>13</sup> standard, the ALJ found that the signing of the acknowledgement form, whereby the employee—through the use of the personal pronoun "I"—specifically agreed that the at-will agreement could not be changed in any way, was "essentially a waiver" of the employee's right "to advocate concertedly

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<sup>10</sup> It is commonplace for employers to rely on policy provisions such as those at issue here as a defense against potential legal actions by employees asserting that the employee handbook creates an enforceable employment contract. *See NLRB v. Ace Comb Co.*, 342 F.2d 841, 847 (8th Cir. 1965) ("It must be remembered that it is not the purpose of the Act to give the Board any control whatsoever over an employer's policies, including his policies concerning tenure of employment, and that an employer may hire and fire at will for any reason whatsoever, or for no reason, so long as the motivation is not violative of the Act"); *Aeon Precision Company*, 239 NLRB 60, 63 (1978) (same); *Aileen, Inc.*, 218 NLRB 1419, 1422 (1975) (same).

<sup>11</sup> We note that notwithstanding this provision, the Employer would have an obligation to bargain in good faith with a union selected by its employees, including an obligation to bargain over a just cause discipline proposal. *Cf. J.I. Case v. NLRB*, 321 U.S. 332, 337 (1944) (finding individual employment contracts predating the selection of a collective-bargaining representative cannot limit the scope of the employer's duty to bargain over terms and conditions of employment).

<sup>12</sup> 2012 WL 311334, Case 28-CA-23443, JD(SF)—04-12 (ALJD dated February 1, 2012).

<sup>13</sup> 343 NLRB at 646-47.

... to change his/her at-will status.”<sup>14</sup> Thus, the provision in *American Red Cross* more clearly involved an employee’s waiver of his Section 7 rights than the handbook provision here. The parties settled that case before Board review of the ALJ’s decision. Because the law in this area remains unsettled, the Regions should submit to the Division of Advice all cases involving employer handbook provisions that restrict the future modification of an employee’s at-will status.

/s/  
B.J.K.

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<sup>14</sup> JD(SF)—04-12 at 20-21.