

Honeycomb Plastics Corporation, Honeyware Products, Inc., Laminray Corporation, Hangerplast, Inc., Honeyware International, Inc., Honeyware Manufacturing, Inc., Tony L. Sheng, Individually, P. Gerard Megaro, as Trustee in Bankruptcy for Honeycomb Plastics Corporation, and Robert A. Drexel, as Interim Trustee in Bankruptcy for Honeyware Products, Inc.¹ and Local 867, Warehousemen, Plastic Processing, Electrical Components, Production and Maintenance Employees a/w International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO. Case 22-CA-14455

August 27, 1991

SECOND SUPPLEMENTAL DECISION AND
ORDER

BY CHAIRMAN STEPHENS AND MEMBERS
CRACRAFT AND OVIATT

On March 12, 1991, Administrative Law Judge Howard Edelman issued the attached decision. Respondent Tony L. Sheng and the General Counsel each filed exceptions and a supporting brief.²

The National Labor Relations Board has delegated its authority in this proceeding to a three-member panel.

The Board has considered the decision and the record in light of the exceptions and briefs and has decided to affirm the judge's rulings, findings, and conclusions³ and to adopt the recommended Supplemental Order as modified.⁴

ORDER

The National Labor Relations Board adopts the recommended Supplemental Order of the administrative law judge and orders that the Respondent, Honeycomb Plastics Corporation, Honeyware Products, Inc., Laminray Corporation, Hangerplast, Inc., Honeyware International, Inc., Honeyware Manufacturing, Inc., Kearny, New Jersey, P. Gerard Megaro, as Trustee in Bankruptcy for Honeycomb Plastics Corporation, Robert A. Drexel, as Interim Trustee in Bankruptcy for Honeyware Products, Inc., and Tony L. Sheng, an individual, its officers, agents, successors, and assigns, shall pay individually and collectively to the discriminatees set forth below the amounts set forth

¹The underlying unfair labor practice case is reported at 288 NLRB 413 (1988). Tony L. Sheng was added as an additional Respondent during subsequent backpay proceedings reported at 296 NLRB No. 17 (Aug. 17, 1989).

²The request for oral argument made by Respondent Tony L. Sheng is denied because the record, exceptions, and briefs adequately present the issues and the positions of the parties.

³In affirming the judge's decision, we note that Respondent Sheng's exceptions are limited to the issue of his personal liability for backpay.

⁴In accordance with the General Counsel's exceptions, we modify the Supplemental Order to correct the amount of backpay due Maria De Carvahlo and the spelling of names of certain of the discriminatees.

opposite their names, with interest to be computed in the manner prescribed in *New Horizon for the Retarded*.⁵

Maureen Alday	\$3,095.80
Nohimy Ayalo	2,594.88
Maria Casas	1,372.68
Maria De Carvahlo	1,037.67
Ana Deluca	0.00
Victor Febus	13,424.15
Raul Gonzalez	5,239.48
Luz Guaman	2,457.21
Edith Gurrero	1,894.68
Nieves Hernandez	2,374.84
Lana Kennedy	8,945.60
Elena Lamela	9,287.50
Donna Lennox	4,283.17
Charles Lutkus	2,736.48
Maria Mejia	1,545.02
Cecilia Narvaez	2,295.66
Luis Perez	13,049.59
Ana Santos	446.88
Carmen Silva	145.27
Maria Soto	2,436.81
Luis Valderrama	2,564.62
Nilda Vilca	2,421.89

⁵283 NLRB 1173 (1987).

Olivia Garcia Bouldt, Esq., for the General Counsel.

John A. Craner, Esq. (Craner, Nelson, Satkin & Scheer), for the Respondent and Tony L. Sheng.

DECISION

STATEMENT OF THE CASE

HOWARD EDELMAN, Administrative Law Judge. On October 30, 1989, and August 6, 1990, a trial was conducted in the above-captioned matter in Newark, New Jersey.

On April 8, 1988, the National Labor Relations Board issued a Decision and Order in the above-captioned case, directing Honeycomb Plastics Corporation, Honeyware Products, Inc., Laminray Corporation and Hangerplast, Inc. (Respondent), to make whole various employees employed by Respondent for their losses resulting from Respondent's unfair labor practices in violation of Section 8(a)(1) and (3) of the Act. On November 10, 1988, the Court of Appeals for the Third Circuit entered its judgment enforcing in full the backpay provisions of the Board's Order. Thereafter, a controversy arose over the amount of backpay due under the terms of the Board's Order. On March 31, 1989, the Regional Director for Region 22, pursuant to authority duly conferred upon him by the Board, issued a compliance specification and notice of hearing, alleging the backpay due under the Board's Order as enforced by the Court of Appeals for the Third Circuit. Thereafter, Respondent filed an answer. On May 11, 1989, the Acting General Counsel, filed with the Board a Motion for Partial Summary Judgment and memorandum in support, contending that portions of the Respondent's answer to the compliance specification were not in

compliance with Section 102.54(b) and (c) of the Board's Rules and Regulations. On August 17, 1989, the Board issued a Supplemental Decision and Order granting the Motion for Partial Summary Judgment and directing a hearing limited to issues concerning interim earnings, and the individual liability of Tony L. Sheng. The Board found that Respondent's general denials as to other allegations in the specification were insufficient under Section 102.54(b) and (c) of the Board's Rules and Regulations and deemed the Respondent to have admitted them to be true. On August 24, 1989, pursuant to the Board's Order, the Regional Director issued an order rescheduling hearing. On May 18, 1990, counsel for the Board filed a motion on behalf of the National Labor Relations Board to amend compliance specification and notice of hearing. On October 30, 1989, following the opening of the trial in this matter, the administrative law judge granted counsel for the Board's motion to amend the specification to allege Honeyware International, Inc. and Honeyware Manufacturing, Inc., as alter egos, joint employers, and successors of Respondent. The administrative law judge also granted counsel for the Board's motion to amend the specification to reflect that the interim earnings of Maria DeCarvahlo total \$1,037.67 rather \$900.55. The trial was thereafter adjourned for an indefinite period. The trial resumed and concluded on August 6, 1990.

The following facts were elicited at the trial based on the testimony of Tony Sheng, the president and sole owner at all relevant periods of time, of all the corporations set forth in the above-captioned case.

On April 8, 1988, the Board found that Honeycomb Plastics Corporation (Honeycomb), a manufacturer of plastic products, Laminray Corporation (Laminray), and import/-export company, and Honeyware Products, Inc. (Honeyware Products), and Hangerplast, Inc. (Hangerplast), constituted a single employer under the Act. At the time of the instant trial Honeycomb and Honeyware Products were involved in bankruptcy proceedings; and Laminray and Hangerplast had long since ceased operations.

Sheng, the president and owner of these corporations is also the president and sole owner of Honeyware Manufacturing (Honeyware Mfg.) which was engaged in the manufacturing of plastic products from April 1989 to December 1989, and Honeyware International, Inc. (Honeyware International), initially engaged in sales and later in manufacturing of plastic products. All six corporations shared the same offices and facilities at 244 Dukes Street, Kearny, New Jersey.

Sheng began his maze of corporations and business operations in 1977 when he formed Honeycomb. It was at that time located in Union, New Jersey. In 1979 it was moved to the Kearny location. At that time, Sheng and his wife were leasing the property and it was not until 1981 that they purchased it. The Shengs, as landlords entered into a lease with Honeycomb, which provided that Honeycomb would pay a rental fee and carrying charges such as taxes and utilities. From 1977 until 1984 or 1985 Honeycomb was engaged in subcontracting work. It manufactured plastic products for other companies who supplied it with their custom molds. Honeycomb manufactured the product and shipped it to the contracting customer.

Laminray was the next corporation set up by Sheng. Laminray imported electrical line cord from Taiwan and

stayed in existence for a long time but did little business. According to Sheng, Laminray never made any money.

In 1984 or 1985 Sheng formed Honeyware Products. It became a customer of Honeycomb and as with other customers, it provided the molds for Honeycomb to manufacture specified plastic products. Sheng invested over \$200,000 in molds for Honeyware Products. In the beginning Honeyware Products sold mostly bathroom and tableware accessories. Honeyware Products' customers were department, chain, and discount stores. Its sole employee was a salesman. Honeycomb handled the bookkeeping for both corporations.

Sometime in 1988, the sales manager for Honeyware Products sued and obtained a judgment against the corporation for over \$60,000. As a result the bank with whom Honeyware Products did business levied on the corporation's bank account and demanded payment of a \$250,000 loan, which the corporation was unable to pay. Accordingly, the bank gave the molds to Honeycomb and asked it to assume the liability. Sheng, who was personally liable on the note, he had no other choice but to accept. Sheng was not sure whether it was the bank or Honeycomb who took Honeyware Products' account receivable. It is clear, however, that the assets and debts of Honeyware Products were turned over to Honeycomb.

Another corporation formed by Sheng was Hangerplast. It was formed sometime after 1985 and was in operation for 2 or 3 years. Hangerplast was formed for the purpose of selling a hanger manufactured by Honeycomb. Hangerplast stopped doing business on or about July 1989 when Sheng filed a chapter 11 bankruptcy petition on behalf of Honeycomb.

Hangerplast was a customer of Honeycomb and in 1988 Honeycomb manufactured a hanger for it. At the time of the trial, Hangerplast was not in operation.

Honeyware Products ceased operating in 1988. Sheng thereafter formed another corporation, Honeyware International. Like Honeyware Products, it became a customer of Honeycomb and contracted the same line of products to Honeycomb as Honeyware Products had done prior to its closing down.

Honeyware International expanded its sales operations and an arrangement was made by Sheng whereby Honeycomb would receive 85 percent of the profits and the remaining would go to Honeyware International for expenses. Like all of Sheng's business transactions, this arrangement was not reduced to writing. Sheng testified in this connection that there was no need for paper. All he needed was a purchase order signed by him.

On or about 1989 Sheng formed Honeyware Mfg., to take the place of Honeycomb which was having financial difficulties. Honeyware Mfg. took over the entire Honeycomb operation. Respondent stipulated that Honeyware Mfg. was the alter ego of Honeycomb.

On July 14 Sheng filed a chapter 11 reorganization petition for Honeycomb and a chapter 7 liquidation for Honeyware Products.

On or about the end of 1989, Sheng ceased operations of Honeyware Mfg. Sheng testified that it owed money and there was no need for it to continue. He testified it had no more credit and was not able to pay its bills.

In January 1990 Honeyware International, which was already in existence doing sales and marketing, took over the manufacturing operations of Honeyware Mfg. Respondent

contends that Honeyware International was an independent operation and that it was not a continuation of the old operations. Sheng testified, however, that Honeyware International was engaged in the same plastic business as Honeycomb and later, Honeyware Mfg. The record reveals the operations continued at the same location and that most of the employees of Honeyware Mfg. were retained by Honeyware International. Honeyware International also continued using the same equipment which continued under Honeycomb ownership. In exchange for use of the equipment Honeyware International agreed to pay Honeycomb's obligations, such as interest on bank, car, and computer loans. The agreement involved no exchange of money.

At the time of the hearing in August 1990, Honeyware International employed 80 employees. Honeyware Mfg., during its existence had 100 to 110 employees and Honeycomb had 100 to 120 employees in April 1989. In April 1990 Honeyware International was manufacturing basically the same type of plastic products that had been manufactured in April 1988. In essence, Honeyware International was making the same kind of plastic household products that both Honeycomb and Honeyware Mfg. had manufactured.

Honeyware International not only continued the same basic manufacturing operations of its predecessors but also paid off \$70,000 in payroll taxes owed by Honeycomb. This was done after the chapter 11, described above, petition was filed. Sheng testified that he didn't know that he wasn't supposed to pay those taxes, however, he admits that he, in fact, paid them. Honeyware International also continued making payments for the Honeycomb equipment that it continued to use. As set forth above, Honeyware Mfg. had made the same arrangement with Honeycomb. Company vehicles owned by Honeycomb were being utilized by Honeyware International who finished paying off a loan on one of the vehicles.

Sheng's Personal Involvement with the Corporation

Sheng admitted that with regard to Honeycomb, Honeyware Products, Hangerplast and Laminray he formulated, implemented, and administered all labor relations policy affecting all the employees of these corporations. He also admitted that he was responsible for all financial, business, and other affairs of these corporations. The record establishes that the same is also true for Honeyware Mfg. and Honeyware International.

Sheng, at all times material, has always been the sole owner and sole officer of the above six corporations. It is clear that in reality Sheng was the corporations and they were merely paper arrangements for his financial manipulations.

Sheng testified that starting from day one he lent money to Honeycomb many times. Initially he reduced the loans to writing, but later grew tired of it and stopped. Instead, he would make a notation on his deposit tickets. According to Sheng, it made no sense to make formal documents or to involve lawyers. The loans to Honeycomb were in the form of a personal check from Sheng. Sheng admitted that most of the time he was never repaid and when he was, he would not require interest on the loans. On the occasional times that he was repaid, the repayment would take the form of a check from Honeycomb to Sheng and a notation would be made on the checkbook that an officer loan had been repaid.

The record includes only two documents reflecting Sheng's personal loans to the above corporations, both of which exemplify the lax manner in which he conducted his personal transactions with these corporations. One of these documents consists of one sentence on Honeycomb stationary which appears to state that Honeycomb will assume the payment of a \$170,000 personal loan Sheng got from a bank and loaned to Honeycomb. The other document is a personal notebook in which Sheng made notations of moneys coming into the business, including his loans. Sheng admitted that his personal notebook was not 100 percent accurate. Sheng testified that usually his bookkeeper would tell him when a loan was repaid to him but Respondent produced no other bookkeeping records as to repaid loans to corporations by Sheng.

The record established that on the Honeyware Products, chapter 7 petition, Sheng listed himself as an unsecured creditor for \$350,000 and Honeycomb as an unsecured creditor for \$668,138.15. On the Honeycomb chapter 11 petition he listed himself as an unsecured creditor for \$951,878. Sheng admitted that, in addition to making these unsecured personal loans to the corporations, he also personally secured the approximately \$2.1 million owed by Honeycomb to Howard Savings Bank. The money owed to Howard Bank is secured by all of Honeycomb's assets, including accounts receivable.

Sheng also used his personal credit cards for business purposes. He testified that he used his own personal credit cards for company purposes all the time, because his company credit cards did not have a good credit line. As a practical matter, Sheng's personal American Express card was his business card. His company would repay his card payments to him with a company check and he would subtract from that check any personal charges he made on the card. Sheng had two purchases for Honeycomb and later for Honeyware International. He would cash the company check and made a personal check to American Express.

Although Sheng, had business credit cards, as set forth above, he rarely used them. However, the record reveals that on occasion when he used such business credit cards, he made as personal purchases, such as a raincoat, \$478 for men's neckwear, \$350 for pants and suits, and \$744.20 for other menswear.

Sheng's personal recordbook for all the corporation's transactions was haphazardly kept. It shows money coming in for Honeycomb and Honeyware International but makes no distinction as to who received such moneys. It also has entries from Laminray and Hangerplast. Apparently the book is a record of Sheng's personal loans, and receivables for all of the corporations lumped together. Sheng admitted that he made no separation as he only wanted to know what money was coming in. The book also shows no distinction in customers. Sheng's method of recordkeeping follows his pattern of conducting business. There were no clear lines between he and his corporations or between the corporations themselves.

Sheng, admittedly, transferred money from Laminray and Hangerplast to Honeycomb when it was in trouble. His personal notebook shows that in January 1988, Honeycomb received \$28,000 from Laminray. Sheng approved the transfers and the procedure he used was not formal or well documented and would expect or be required in a corporate setting. Sheng's accountant would simply inform him that Honeycomb didn't have any money, ask him whether they could

take some from Hangerplast or Laminray, and Sheng would approve the transfer. Sheng also transferred money from Honeyware International to Honeyware Mfg. and Honeycomb in the same manner.

Sheng's recordbook showed that on August 12, 1988, he had made two personal loans of \$10,000 each to Honeycomb for it to meet its payroll. The book also shows for September 2, 1988, an entry for a loan, presumably for Honeycomb, of \$10,000 from Sheng for payroll purposes. Below that entry is another entry showing "Honeyware, Int., \$4,000, Payroll." Sheng couldn't explain what the latter entry meant. He stated that he couldn't remember what happened. As Honeyware International did not take over the payroll until January 1990, Sheng thought it could be an advance of money for payroll. These entries really establish that there were no lines between corporations.

At the time of the hearing in August 1990, Honeyware International was operating at the facility on 244 Dukes St. under the old Honeycomb lease, and Sheng had received no rent for his property since before July 14, 1989. The record establishes that the original lease between Sheng as the landlord and Honeycomb was automatically renewed year to year without complying with the 33d section of the addendum to the lease which requires that written notice to be given to the landlord. Sheng testified that he didn't want to go through the trouble and expense of renewing in writing. Unlike normal leasing, transactions between a landlord and a corporation, this lease had no specified amount to be paid as rent. The rent paid by Honeycomb depended on Sheng's expenses, such as real estate taxes, and the mortgage. The amount varied from year to year and he never made a profit. Like his other transactions, this transaction was not made at arm's length.

The record establishes a pattern of manipulation of the corporations by Sheng and intermingling of his personal funds with his corporations. When Honeyware needed money he took some from Laminray and Hangerplast. When Honeyware Products ceased operations he and his banker signed papers turning the assets of Honeyware Products over to Honeycomb. When Honeycomb could no longer continue manufacturing because it was out of money, he formed a new corporation, Honeyware Mfg., to get the credit and continue the manufacturing operations. When the credit and money ran out for Honeyware Mfg. Sheng simply turned the operations over to Honeyware International. When any corporation needed money they had unlimited access to Sheng's personal funds and credit cards.

Analysis and Conclusion

Counsel for the Board contends that Honeyware Mfg. and Honeyware International are alter egos of Honeycomb, Honeyware Products, Laminray, and Hangerplast. Counsel for Respondent contends Honeyware International is an independent corporation, and not an alter ego or joint employer with Honeyware Mfg.

Factors considered by the Board in determining whether an enterprise is the alter ego of another enterprise include: (1) common management and ownership; (2) common business purpose, nature of operation, and supervision; (3) common premises and equipment; (4) common customers, i.e., whether the employers constitute the same business in the same market; (5) the nature and extent of the negotiations

and formalities surrounding the transactions; and (6) whether the purpose behind the creation of the alleged alter ego was legitimate or whether, instead, its purpose was to evade responsibilities under the Act. *Watt Electric Co.*, 273 NLRB 655, 658 (1984); *Fugazy Continental Corp.*, 265 NLRB 1301 (1982), enfd. 725 F.2d 1416 (D.C. Cir. 1984); *Advance Electric*, 268 NLRB 1001 (1984). In *Watt Electric*, supra, the Board held that each case must turn on its own facts and no one factor is controlling.

In the instant case, Respondent admitted that Honeyware Mfg. is the alter ego of Honeycomb. In view of the stipulation, the record evidence and the Board's previous finding that Honeycomb, Honeyware Products, Hangerplast, and Laminray constitute a single employer, I conclude that Honeyware Mfg. is the alter ego of all these corporations.

Regarding Honeyware International, the evidence establishes that there is common management, ownership, business purpose, nature of operation and supervision, common premises, use of equipment, and customers. Thus, the record establishes that Honeyware International and the five other corporations utilized the same building and the same equipment. Honeycomb, Honeyware Mfg., and Honeyware International employed the same complement of employees and supervisors, who worked under the centralized labor relations policies determined by owner and sole officer Tony L. Sheng. The evidence establishes that Honeycomb, Honeyware Mfg., and Honeyware International were all engaged in the same business, in the same market. Furthermore, Hangerplast, Honeyware Products, and Honeyware International were at one time or another, all customers of Honeycomb.

Concerning the nature and extent of the negotiations in the instant case, the evidence establishes a lack of formalities surrounding Sheng's corporate transactions. The evidence establishes that Sheng ignored corporate formalities and treated all of his corporations as one entity rather than separate corporations. Thus, he freely and informally transferred moneys from one to another and conducted the same manufacturing operation under different corporate names.

As set forth above, the Board in determining alter ego status, considers "whether the purpose behind the creation of the alleged alter ego was legitimate or whether, instead, its purpose was to evade responsibilities under the Act. Another way of describing an alter ego is by the term "disguise continuance." *Weldment Corp.*, 275 NLRB 1432, 1433 (1985). The Supreme Court in *Howard Johnson Co. v. Detroit Joint Board*, 417 U.S. 249, 259 fn. 5 (1974), described an alter ego disguise continuance case as one involving a mere technical change in the structure or identity of the employer and entity, frequently to avoid the effect of labor laws, with no substantial change in its ownership or management.

It is clear that Sheng manipulated the corporations, forming new ones to continue the business of the old ones and his transactions between the corporations were not at arm's length. The operations of Honeyware Manufacturing are clearly a continuance of the predecessor corporations. It is clear to me that Honeyware International was formed to evade the backpay liability of other aforementioned corporations.

I also conclude that the evidence supports the conclusion that Honeyware Mfg., Inc. and Honeyware International are alter egos of the other corporations. In *Crawford Door Sales*

Co., 226 NLRB 1144 (1976), the Board found alter ego status where the two enterprises had substantially identical management, business purpose, operations, equipment, customers, and supervision. The Board did not address the issue of unlawful intent and, therefore, did not consider it as a necessary element to a finding of alter ego status. *Market King, Inc.*, 282 NLRB 876 (1987); *Leslie Oldsmobile*, 276 NLRB 1314 (1985); *Best Roofing Co.*, 298 NLRB 754 (1990). Accordingly, I conclude that Honeyware Mfg. and Honeyware International constitute *alter egos* of, and are a joint employer with, Honeycomb, Honeyware, Laminray, and Hangerplast. I further conclude they are jointly and severally responsible for remedying the unfair labor practices of Respondent.

As set forth above, Respondent contends that Honeyware International did not take over the business operations of Honeycomb as an alter ego but rather, that it is an independent entity which is being pressured by the bank to assume Honeycomb's debts to the bank and to purchase its assets.

The Supreme Court, in *Golden State Bottling Co. v. NLRB*, 414 U.S. 168, 174-185 (1975), approved the Board's policy requiring that successor employers remedy the unfair labor practices committed by their predecessors where the successor through a sale acquires and operates a business of an employer found guilty of unfair labor practices in basically unchanged form, under circumstances which charge him with notice of unfair labor practice charges against his predecessor. The factors which must be present to show a *Golden State* successor are that there must be a substantial continuity of the employing enterprise after the sale and it must be clear that the successor had knowledge of the predecessor's unfair labor practice liability at the time of the sale.

In the instant case both factors are present. The evidence clearly establishes a continuity of the employing enterprise. Honeyware International is engaged in the manufacture of plastic products, using the same building, employees, and equipment as Honeycomb and Honeyware Mfg. In view of common ownership by Sheng, I conclude that Honeyware International and Honeyware Mfg. had knowledge of the Respondent's unfair labor practice liability. I further conclude that the *Golden State* successor analysis can be applied to the instant case. Accordingly, I conclude that Honeyware Mfg. and Honeyware International can be required to remedy the unfair labor practices of the Respondent as *Golden State* successors.

A trustee in bankruptcy is an alter ego of the employer in bankruptcy. *Jersey Juniors, Inc.*, 230 NLRB 329 (1977); *Cagle's Inc.*, 218 NLRB 603 (1975). In the instant case the Board's first amended compliance specification and notice of hearing which includes Robert A. Drexel, interim trustee in bankruptcy of Honeyware Products, Inc. and P. Gerard Megaro, trustee in bankruptcy of Honeycomb Plastics, as Respondent. I therefore conclude that as a matter of law they are successors in bankruptcy and *alter egos* of the corporations within the meaning of the Act.

An individual respondent, along with business entity respondents will be held personally liable for remedying unfair labor practices, particularly the make-whole remedies, because of the individuals' actual and/or ownership interest in the integrated enterprises. *Weldment Corp.*, supra; *Campo Slacks, Inc.*, 266 NLRB 492 (1983); *Bryan Construction Co.*, 240 NLRB 102 (1979); *Ogle Protection Service*, 149 NLRB 545, 546 (1947).

In the instant case, Sheng operated the six corporations in an interrelated manner. As sole owner and officer he exercised full authority and discretion in all decisions affecting the corporations. By his own admission he determined all labor relations policies and was responsible for all affairs of the corporations.

The Board in *Riley Aeronautics Corp.*, 178 NLRB 495, 501 (1969), summarized the relevant law regarding piercing of the corporate veil as follows:

[T]he corporate veil will be pierced whenever it is employed to perpetrate fraud, evade existing obligations, or circumvent a statute. Isaac Schieber, et al., individually and *Allen Hat Co.*, 26 NLRB 937, 964 enfd. 116 F.12d (C.A. 8). Thus, in the field of labor relations, the courts and Board have looked beyond organizational form where an individual or corporate employer was no more than an alter ego or a "disguised continuance of the old employer" (*Southport Petroleum Co. v. NLRB*, 315 U.S. 100, 106); or was in active concert or participation in a scheme or plan or evasion (*NLRB v. Hopwood Retinning Co.*, 104 F.2d 302, 304 (C.A. 2)); or siphoned off assets for the purpose of rendering insolvent and frustrating a monetary obligation such as backpay (*NLRB v. Deena Artware, Inc.*, supra, 361 U.S. 398); or so integrated or intermingled his assets and affairs that "no distinct corporate lines are maintained." *Id.* at 403).

The evidence clearly established that Sheng integrated and intermingled his assets and affairs with those of the six corporations to the extent that no distinct corporate lines exist.

In *Campo Slacks, Inc.*, supra, the Board found an individual to be the alter ego of three corporate entities based on the fact that he had personally guaranteed corporate debts, made loans to the corporations without seeking repayment, and personally decided whether to continue operating or cease doing business. In the instant case, Sheng personally guaranteed millions of dollars in corporate debts, and loaned the corporations over a million dollars with no security for such loans. Sheng admitted that most of the time he was not repaid for those loans and charged no interest. Moreover, the evidence establishes that Sheng manipulated the corporations and at his whim, formed and discarded corporations to meet his needs.

The Board has imposed individual liability where the individual dominated the corporate entities which were found to be largely paper arrangements that did not reflect the business realities and where the individual's affairs and those of the corporations were so intermingled that no distinct corporate boundaries existed. *O'Neill, Ltd.*, 288 NLRB 1354 (1988).

In the instant case, the evidence established that Sheng dominated all of the corporations to the extent that in reality he was the corporations and the corporations were merely paper arrangements. Sheng ignored all corporate formalities. His transactions were informal and mostly undocumented. His affairs and those of the corporations were so intermingled that there was no distinction between the two. Sheng's personal transactions with the corporations such as the business use of his personal credit cards, the nature of the lease of his property to Honeycomb, lack of lease with

Honeyware International, and his informal personal loans to the corporations clearly show an absence of arm's-length dealings.

In view of Sheng's dominance over the corporations, manipulation and intermingling of his affairs with those of the corporations, I conclude that he is the alter ego of the six corporations. I further conclude that he is personally liable for remedying the unfair labor practices of Respondent.

CONCLUSIONS OF LAW

1. Honeyware Manufacturing, Inc. and Honeyware International, Inc. are alter egos of Honeycomb Plastics Corp., Honeyware Products, Inc., Laminray Corporation, and Hangerplast, Inc.

2. Honeyware International and Honeyware Mfg. are *Golden State* successors of Respondent.

3. The interim trustee in Bankruptcy of Honeyware Products, Inc. and the Trustee in Bankruptcy of Honeycomb Plastics Corporation, are successors in bankruptcy and alter egos.

4. Tony L. Sheng is the alter ego of the Respondent corporations and therefore is personally liable for the backpay due the discriminatees.

5. The total net backpay excluding interest, for the discriminatees is set forth as follows.¹

Maureen Alday	\$3,095.80
Nohimy Ayalo	2,594.88
Maria Casas	1,372.68
Maria DeCarvahlo	995.67
Ana Deluca	0.00
Vicotr Febus	13,424.15
Raul Gonzalez	5,239.48
Buz Guaman	2,457.21
Edith Gurerrero	1,894.68
Nieves Hernandez	2,374.84
Dana Kennedy	8,945.60
Diana Lamela	9,287.50
Donna Lennon	4,283.17
Charles Lubens	2,736.48
Maria Mejia	1,545.02
Cecilia Narvez	2,295.66
Ames Perez	13,049.59
Ana Santos	446.88
Carmen Silva	145.27
Maria Soto	2,436.81

¹ As set forth above, Respondent did not litigate the issue of backpay.

Luis Valderrama	2,564.62
Nilda Vilca	2,421.89

On these findings of fact and conclusions of law and on the entire record, I issue the following recommended²

ORDER

The Respondent, Honeycomb Plastics Corporation, Honeyware Products, Inc., Laminray Corporation, Hangerplast, Inc., Honeyware International, Inc., Honeyware Manufacturing, Inc., P. Gerard Megaro, as Trustee in Bankruptcy for Honeycomb Corporation, Robert A. Drexel, as Interim Trustee in Bankruptcy for Honeyware Products, Inc. and Tony L. Sheng, an individual, their officers, agents, successors, and assigns, shall pay individually and collectively to the discriminatees set forth below the amounts set forth opposite their name together with interest as set forth in *Isis Plumbing & Heating Co.*, 138 NLRB 716 (1962), and *Florida Steel Corp.*, 231 NLRB 651 (1977).

Maureen Alday	\$3,095.80
Nohimy Ayalo	2,594.88
Maria Casas	1,372.68
Maria DeCarvahlo	995.67
Ana Deluca	0.00
Vicotr Febus	13,424.15
Raul Gonzalez	5,239.48
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Ana Santos	446.88
Carmen Silva	145.27
Maria Soto	2,436.81
Luis Valderrama	2,564.62
Nilda Vilca	2,421.89

² If no exceptions are filed as provided by Sec. 102.46 of the Board's Rules and Regulations, the findings, conclusions, and recommended Order shall, as provided in Sec. 102.48 of the Rules, be adopted by the Board and all objections to them shall be deemed waived for all purposes.