US trucking firm Celadon goes bankrupt leaving thousands of drivers stranded

By Steve Filips
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Indianapolis-based trucking firm Celadon Group filed for Chapter 11 bankruptcy on Monday, December 9, leaving 4,000 drivers and other employees without jobs just before the holiday. The company, founded by former Ford Motor Co. executive Stephen Russell in 1985, will wind down its operations across the US, Canada and Mexico, while it sells assets to pay off creditors.

Thousands of drivers were left stranded across the country with their loads as the company suddenly cut of funding for their gas cards. Veteran driver Latasha Tillman told a local Fox News affiliate in Indianapolis, that she saw numerous social media posts of people saying, “Hey, look, I’m stuck here in St. Louis,” “I’m stuck here in Kansas,” “I’m stuck here in Baltimore,” “I called the job, no one’s answering, my fuel card is still not working,” “If you can give me a lift to get me back home, that would be well appreciated.”

“People are stranded,” said another driver. “There are people that are broke down on the side of the road. Some of them didn’t have enough gas, some of them were told that they could put gas in out of their own pocket.”

More than 1,300 office and administrative personnel at the company’s Indiana headquarters were abruptly told to clear out their belongings and informed that their accrued vacation time would not be paid. They were also told their medical insurance was terminated.

A Celadon driver, Scott Riley, told the *Guardian*, he’s not sure if he has enough of his diabetes medication to get through the next 90 days. Scott was also unsure whether he would be paid the $1,000 pay owed to him. The company estimates, at the time of bankruptcy, that it owes $4.4 million in pay and $1 million in termination bonuses to its employees.

One of Celadon’s largest creditors is the US Department of Justice. The company has $33 million in outstanding debt for a $42.2 million settlement for securities fraud allegations. Two company officials, Bobby Lee Peavler and William Meek were indicted in connection to fraud allegations from overvaluing trucks that had mechanical problems and overstating company income from 2014 to 2016.

There has been an upsurge in the number of trucking companies, which have closed this year. Despite the record stock market bubble and continued fall in the official unemployment rate—chiefly due to the growth of low-paid part-time and other precarious jobs—there are many signs of a broader economic slowdown in the US and world economy, which has been worsened by Trump’s trade war policies.

Other larger trucking companies that have closed include New England Motor Freight (NEMF) based in Elizabeth, New Jersey, which covers the Northeast and Mid-Atlantic regions. NEMF was a less-than-truckload (LTL) carrier that had Amazon and other large retailers as customers. According to industry analyst Evan Armstrong, “NEMF was burdened by several large under performing contracts, including Amazon.com,”

The company had 3,746 total employees, and 1,385 drivers who were members of International Association of Machinists and Aerospace workers (IAM) union, when NEMF filed for Chapter 11 bankruptcy last February. The company and IAM were in contract negotiations in 2018 and deep concessions were sought by the company, according to a press report.

Falcon Transport, based in Youngstown, Ohio, closed its operations in April, leaving 577 employees and 488 drivers unpaid and without work. Some of the drivers were informed while still en route and forced to find alternate means to return home. The shutdown of Falcon is largely due to the closing of the General

Motors Lordstown, Ohio factory, which was sanctioned by the United Auto Workers union after its sellout of the 40-day GM strike. The executive safety officer for Falcon Transport, Andy Straley, told *Overdriveonline*, “We were losing millions [of dollars] in expediting freight for GM.”

Truck manufacturers are also laying off workers because of falling demand for freight haulers. “We expect the total North American truck market to be down nearly 30 percent, or about 100,000 trucks, next year,” Volvo spokesman John Mies told the online trade publication *Freightwaves*. “And we expect one of Volvo’s core segments, the long-haul truck market, to represent a significant part of that reduction.”

Volvo Trucks North America will lay off about 700 workers in January, extending an industry pullback in production to match slowing orders of new Class 8 trucks, *Freightwaves* reported. The November 22 announcement by the Swedish-based truck maker followed the 12-day strike by 3,500 workers at six Volvo-Mack facilities that was also sold out by the UAW.

Daimler Trucks North America laid off 900 workers at two plants in North Carolina and several hundred workers in Mexico in October. Navistar International Corp. trimmed production at US and Mexican facilities by about 15%, reversing additions made in late 2018. Kenworth Truck Co., a unit of Paccar Inc. (NASDAQ: PCAR), cut about 100 workers at the beginning of November.

The American Trucking Association (ATA) estimates 70 percent of all freight in the US is transported by truck, and that there is an annual shortage of 60,000 qualified drivers due to inadequate starting pay, the negative effects on family life of being absent for long periods, and the difficult conditions and physical dangers that are faced on the road.

According to the US Occupational Safety and Health Administration (OSHA) figures show that transportation and warehousing sector jobs have the second highest total of fatalities with 882 in 2017. The US trucking industry is a large segment of the US economy with $796.7 billion in gross freight revenues in 2018.

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