

Tuesday, January 31, 2012

Hollywood unions' merger far from a done deal

By Brian Sumers

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LOS ANGELES - Leaders of two influential entertainment unions have moved one step closer to merging, even as many key issues remain unresolved.

The boards of the Screen Actors Guild and the American Federation of Television and Radio Artists agreed last weekend to combine to form SAG-AFTRA. The new entity would represent more than 100,000 actors, singers, dancers and journalists and could become Hollywood's most powerful union.

In public statements, officials have suggested the deal is almost sealed. But experts caution it is difficult to predict the final tally until more details emerge. The sides have neither announced a new leader nor told members how health and pension plans would be joined.

An open letter from the presidents of SAG and AFTRA suggested members will learn more on a website debuting Friday, and what's online could be vital in influencing the vote. For the entities to merge, 60 percent of voters in each union must approve it. Ballots will be mailed around Feb. 27, and votes will be tabulated by March 30.

Just like in 2003 - when a proposed merger failed amid leaked documents and nasty allegations - the election process could be ugly. A group of SAG members behind the anti-merger website, [ru4sagmerger.com](http://ru4sagmerger.com), has retained law firm Wasserman, Comden, Casselman & Esensten, LLP as it explores possible legal options.

Robert A. Cantore, a union lawyer at Gilbert & Sackman in Los Angeles, said a few dissidents can delay the process. Cantore, who supports the merger, said that no matter how careful the unions are, an enterprising lawyer might find problems with the voting process, arguing the ballot language was too confusing or that members did not receive adequate notice of election.

"You could give me one of these things and give me a day to study it, and I'd find 12 things wrong with it," he said. "I could drive SAG and AFTRA crazy."

Pension plans could be a point of contention, experts say. Leaders have not released information about retirement plans, but Texas-based pension expert Mark Johnson said the merged entity will probably choose one pension plan. Members of the other plan would keep their accrued benefits but switch plans for the future, Johnson said.

The unions could also operate two separate plans, but that's not a good long-term fix, Johnson said.

"Operating a two-tiered environment, which you frequently hear about, usually only works for a short period of time," said Johnson, a consultant for corporate and union pension plans. "The tensions that develop between the lower tier and the upper tier eventually cause these things to have to be changed."

Scott J. Witlin, a management attorney at Barnes & Thornburg LLP in Los Angeles, said some members may fear major studios will use the opportunity to reduce pension and health plan contributions.

"The unions have put themselves in an odd situation," Witlin said. "If I'm on the other side of the table and I know that the people I'm bargaining against need to achieve a certain objective, they have given me a great bargaining chip. If I know SAG and AFTRA need to merge their plans, that's going to cost them something."

Witlin said studio representatives are carefully watching the merger. By law, employers can't influence the process. But they're still interested in the result.

"A lot of labor relations is a relationship driven business," Witlin said. "If you have invested years in a relationship, you don't want to have to reinvent the wheel with someone new and hope that person is not impossible to do deal with."

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