

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS**

RICKEY CATES,)	
)	
Plaintiff,)	
)	
vs.)	Case No. 21-CV-377-SMY
)	
ALLIANCE COAL, LLC et al,)	
)	
Defendants.)	

MEMORANDUM AND ORDER

This matter comes before the Court on Defendant Hamilton County Coal, LLC and White County Coal, LLC’s Motion to Dismiss Plaintiff’s Complaint in part under Fed. R. Civ. P. 12(b)(6) (Doc. 24), and Defendant Alliance Coal, LLC, Alliance Resource Partners, L.P., Alliance Resources Operating Partners, L.P., and Alliance Resource Management GP, LLC’s (“Alliance Defendants”) Motion to Dismiss under Fed. R. Civ. P. 12(b)(2) for lack of personal jurisdiction, and in the alternative, for failure to state a claim as to Count III under Fed. R. Civ. P. 12(b)(6) (Doc. 25). Plaintiff Rickey Cates responded in opposition (Docs. 45, 46). For the following reasons, Defendants’ motions are **DENIED**.

BACKGROUND

Cates filed the instant collective and class action, individually and on behalf of all other similarly situated persons, alleging violations of the Fair Labor Standards Act (“FLSA”), Illinois Minimum Wage Law (“IMWL”), and Illinois Wage Payment and Collection Act (“IWPCA”) (Doc. 1). He makes the following allegations in the Complaint (Doc. 1): Cates and all putative class members worked as miners in Defendants’ Hamilton Mining Complex in Hamilton County, Illinois and Pattiki Complex in White County, Illinois (“Illinois Mines”) under Defendants’ policies and practices. The Alliance Defendants own and control each of the Subsidiary

Defendants: Hamilton County Coal, LLC (Hamilton Mining Complex) and White County Coal, LLC (Pattiki Complex) and “uniformly established and directed” the “employment policies and procedures” used by Hamilton County Coal and White County Coal (Doc. 1 ¶¶ 17).

Cates and numerous other similarly situated current and former employees at the Illinois Mines are or were in non-exempt positions.¹ Defendants unlawfully failed to pay current and former coal miners for “off-the clock” work, overtime, and non-discretionary bonuses. The uncompensated “off-the-clock” work included: time spent dressing in personal protective clothing and gear; visiting various locations to gather tools; attending safety meetings; and returning personal protective clothing and gear after shifts were completed (Doc. 1 ¶¶ 49-55).

In addition to being paid on an hourly basis at an agreed hourly rate, Cates and other coal miners were entitled to be paid various types of bonuses (Doc. 1 ¶¶ 19, 48). The ‘*Benefits Handbook*’ provided to Cates and other coal miners described the bonus compensation that they would be entitled to as part of their work for Defendants (Doc. 1 ¶ 62). Defendants failed to pay the coal miners at the proper overtime rate for certain non-discretionary bonuses because the bonuses were not included in the “regular rate” for the purposes of determining the appropriate overtime rate (Doc. 1 ¶¶ 60-66). These bonuses included an attendance incentive bonus, a weekly production bonus, a safety incentive bonus, and others (Doc. 1 ¶¶ 63-66). Additionally, Defendants used a “boosted hours” formula that did not compensate the coal miners for the full overtime premium owed (i.e., excluding off-the-clock work in calculating the bonuses) (Doc. 1 ¶ 66).

¹ “Non-exempt” refers to employees who are not exempt from the protections of the FLSA and the Illinois Minimum Wage Law, working in positions entitled to be paid overtime compensation for work performed in excess of forty (40) hours per week.

DISCUSSION

Rule 12(b)(2) – Jurisdiction

The Alliance Defendants contend that they lack the minimum contacts with the State of Illinois necessary for the Court to exercise personal jurisdiction over them. In reviewing a Rule 12(b)(2) motion to dismiss, the Court “take[s] the plaintiff’s asserted facts as true and resolves any factual disputes in its favor.” *uBID, Inc. v. GoDaddy Grp., Inc.*, 623 F.3d 421, 423-424 (7th Cir. 2010). When as here, the Court rules on a motion to dismiss for lack of personal jurisdiction without an evidentiary hearing, “the plaintiff bears only the burden of making a prima facie case for personal jurisdiction.” *Id.* at 423.

A federal court exercises personal jurisdiction over a defendant according to the law of the forum state. *Hyatt Intern. Corp v. Coco*, 302 F.3d 707, 713 (7th Cir. 2002). In Illinois, personal jurisdiction over a nonresident defendant is premised “on any basis now or hereafter permitted by the Illinois Constitution and the Constitution of the United States.” 735 Ill. Comp. Stat. § 5/2-209(a-c) (Long-Arm statute). As such, “due process requires only that in order to subject a defendant to judgment *in personam*, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.” *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945). Personal jurisdiction may be either general or specific.

General Jurisdiction:

To set out a prima facie case for general jurisdiction, Cates must show that the Alliance Defendant’s contacts with Illinois are such that they are essentially taking up a physical presence in this state. *Tamburo v. Dworkin*, 601 F.3d 693, 701 (7th Cir. 2010). The Alliance Defendants are a multi-tiered system of partnerships and limited liability companies organized in the State of

Delaware with their principal places of business in Oklahoma (*see* Doc. 1 at ¶¶ 8-11). More specifically:

- Alliance Resource Partners, L.P. heads up the organization and is operated by its general partner, Alliance Resource Management GP, LLC. (Doc. 46-5 at p. 4).
- Alliance Resource Management GP, LLC operates in Illinois through its direct operation of Alliance Resource Partners, L.P. and has been registered to do business in the State of Illinois since 1999. (Doc. 46-8).
- Alliance Resources Operating Partners, L.P. is a wholly-owned subsidiary of Alliance Resource Partners, L.P. and acts as the holding company for Alliance Coal. (*Id.* at p. 6).
- Alliance Coal, LLC is a wholly-owned subsidiary of Alliance Resources Operating Partners, L.P. and acts as a holding company for the various LLC's (including Hamilton County Coal ("Hamilton") and White County Coal ("Pattiki")) that own the coal mines in seven states, including the Illinois mines (Hamilton and Pattiki). (*Id.* at pp. 6, 9, 10). Alliance Resource Partners, L.P. identifies Alliance Coal as "the holding company for the coal mining operations of Alliance Resource Operating Partners, L.P." (*Id.* at p. 4). Alliance Resource Operating Partners, L.P. facilitates the mining operations by providing significant working capital, as well as a \$100 million accounts receivable securitization facility used to purchase trade receivables of the coal mining operations. (*Id.* at pp. 19-20). Alliance Coal holds 100% direct ownership in the various mining operations in Illinois and other states. (*Id.* at pp. 30-31). Alliance Coal is responsible for administration of payroll, human resources, employment benefits, accounts payable, and other managerial and operational support activities for the mining operations.
- Essentially the same group of people manage and operate all of these interrelated entities. (Docs. 46-5 at pp. 22-27; 46-6).

Regarding the extent of the Alliance Defendants' operations in this state, the exhibits and evidence provided reveal the following:

- Tom Wynne is the Senior Vice President and Chief Operating Officer for *Alliance Resource Partners, L.P.* "In his new role, Tom's strong leadership skills and vast experience will serve us well *as he assumes the responsibilities of directing the day-to-day operations for all of Alliance's coal mines.*" (Doc. 46-9) (emphasis added).
- Payroll and human resources for the mines are based in Tulsa under the offices of Layne Herring (the Vice President of Compensation and Payroll) and Paul Mackey (Vice

President of Employee Health & Benefits)²; and, both are administered through Alliance’s Oracle E-Business Suite which includes applications for human resources, payroll, purchasing and accounts payable, to coordinate operations at each of the mine sites with the Tulsa home office. (Doc. 46-10 at ¶12; Doc. 46-21). A Payroll Clerk at each mine was responsible for collecting timekeeping data for the time worked by miners and transferring that data to the Alliance Coal office in Tulsa. (Doc. 46-10 at ¶5). Tulsa would then process the miners’ and office personnel’s time records and pay them via direct deposit. (*Id.*). All mine employees could access their paystubs online using Alliance Resource Partners, L.P.’s website or Alliance Coal’s website. (*Id.*). These same timekeeping and payment practices were followed by all of the mines operated by Alliance Coal, including those in Illinois. (*Id.* at ¶7). Any pay raises or terminations of employment (for either miners or office personnel) were not made without the Tulsa office’s approval. (*Id.* at ¶17). The miners received clothing and uniforms that depicted the word ‘Alliance’ and/or a large ‘A’ company logo. (*Id.* at ¶16; Doc. 46-15 at ¶13). The office personnel all used work email addresses with the ‘ARLP.com’ domain name. (Doc. 46-10 at ¶16; Doc. 46-15 at ¶13).

- Alliance Resource Operating Partners, L.P. maintains the bank accounts for the Alliance entities; and, it is also responsible for borrowing from lending institutions to fund the operations of the Alliance coal mine operations and subsidiaries. (Doc. 46-7 at pp. 21-23). The regional office in Lexington was responsible for “operations management, land management, legal, worker’s comp, engineering and permitting, government affairs, information technology and accounting services.” (Doc. 46-35). It was generally the Lexington office that provided, maintained, and approved for payment the invoices and purchase orders for the various mines. (Doc. 46-15 at ¶¶ 3-4).
- Tom Wynne, the Senior Vice President and Chief Operating Officer for Alliance Resource Partners, L.P., is also one of the executive primarily responsible for regulatory filings, including, but not limited to, his correspondence with the Mine Safety and Health Administration to support the passage of Mine Improvement and New Emergency Response Act of 2006. (Doc. 46-36). Mr. Todd Beavan, Manager of Permitting & Environmental Compliance, has also been involved in the regulatory activities for the Illinois mines when he corresponded to the Illinois Department of Natural Resources in 2019 requesting a modification to White County Coal’s permit. (Doc. 46-37; Doc. 46-38).
- The Alliance Movants are also dedicated to their Illinois business interests in that they have engaged in lobbying and spending significant amounts in campaign contributions through the offices of Alliance Resource Partners, L.P.’s Heath Lovell, Vice President of Public Affairs and a direct reporter to Joseph W. Craft III, the President and CEO. (Doc. 46-39). In total, the Alliance Movants have handed out nearly \$24 million in federal campaign contributions and nearly 70-90% of the coal industry spending in the Illinois gubernatorial and legislative races. (Doc. 46-48). In connection with the campaign contributions,

² Paul Mackey reports to R. Eberly Davis. Mr. Davis is responsible for the day-to-day business decisions for the Alliance Movants and is an officer of Alliance Resource Management GP, LLC. He is also responsible for health benefits and workers’ compensation, including for Alliance Coal and its subsidiaries. (Doc. 46-7 at pp. 15-17).

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