

Money

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Spencecliff suit settled; benefits go on

By Walter Wright
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A lawsuit that pitted aging retirees of a Hawaii restaurant chain against a wealthy Japanese buyer was settled on the eve of trial yesterday with an agreement to restore retiree insurance benefits.

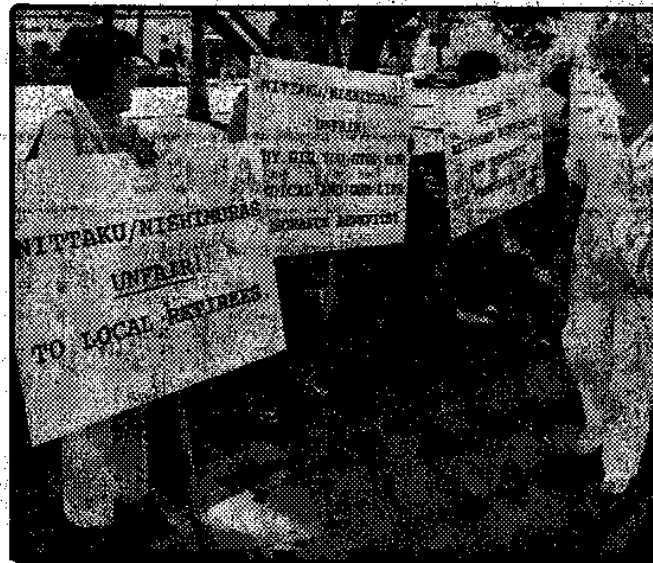
More than 90 retirees of the former Spencecliff restaurant chain had sued its new owner, Nittaku Investment Inc., and its principals on the grounds that Nittaku in 1988 broke promises to maintain various insurance benefits.

U.S. District Judge Martin Pence heard an outline of the proposed settlement yesterday and set a further hearing for May 30 to give about 170 living Spencecliff retirees — certified as a class in the case — a chance to review the terms.

According to attorneys for the parties in court yesterday, the settlement will include a \$1.5 million up-front payment to cover attorneys' fees and the amounts lost by retirees since 1988.

Several million more dollars will be paid out by Nittaku to provide life insurance and medical coverage for the retirees in the future.

A \$80,000 contempt of court fine levied against Nittaku principal Akiyoshi Nishi-



Advertiser file photo

Retirees of the former Spencecliff chain took to the picket line last December to protest the new owner's cancelation of their insurance benefits.

Nishimura for failing to show up for a Jan. 15 interview under oath by attorneys will be rolled into the settlement, according to information revealed before Pence.

A joint press release issued by attorneys for the two parties last night said that both were satisfied with the settlement.

"The retirees have gotten back the cash to buy their medical and life insurance benefits and the Nishimuras have done much to renew their standing in the community," Jerry Hiatt, one of the attorneys for the retirees, said.

The company's representatives said that they were pleased to have the lawsuit settled amicably so that the company "can get on with its business of restoring a viable business in Hawaii."

Nittaku bought Spencecliff in mid-1986 and two years later ceased paying premiums for group health insurance, Medicare and life insurance for retirees. Nishimura said in a letter at the time that the move was needed to save Spencecliff from danger of bankruptcy.

The retirees' lawyer contended that the failure to pay premiums was a violation of federal legislation governing employee benefit plans.

Nishimura two years before had assured the Spencecliff "family" of workers in another letter that benefits they were receiving would be continued.

Defendants, represented by attorney Stefan Reinke, contended that the letter was meant only for current employees, not retirees.