# Wall Street ramps up looting of Yellow freight as Apollo pulls out of bankruptcy deal

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*Attend the online public meeting, “The ‘No’ vote at UPS and the next stage of the battle against the Teamsters bureaucracy,” hosted by the UPS Workers Rank-and-File Committee, this Sunday, August 20, at 7:00 p.m. Eastern. Register for the event here.*

Two weeks after the bankruptcy declaration by Yellow, Wall Street is accelerating its efforts to loot the company for all its worth. Major Wall Street firms are vying for control over how Yellow’s estimated $2 billion in assets will be sold off.

The nearly 100-year-old freight company filed for Chapter 11 bankruptcy earlier this month after years of struggling to pay off its $1.6 billion in debt. Apollo Global Management, a private equity firm with nearly $600 billion in managed assets, seemed to be in pole position to operate as the lead financier of Yellow’s debtor-in-possession bankruptcy. By issuing a loan to keep the company in operation during its liquidation, Apollo could take control over how Yellow’s assets were sold and ensure that its $500 million loan to Yellow is satisfied first.

Apollo reportedly offered Yellow a refinancing deal worth $142.5 million. This loan would be accompanied by a 22-34 percent fee, worth up to $42 million with an interest rate of 17 percent with a 90-day period to complete its liquidation. However, the company said it would wait for “more favorable” conditions.

These terms came from two major hedge funds, MFN and Citadel. MFN had bought up 40 percent of Yellow’s shares prior to its bankruptcy declaration as a financial bet that Yellow may survive liquidation. MFN has a large stake in freight rival XPO and has moved to seize the initiative from Apollo.

MFN and Citadel also offered a $142.5 million loan but with only a 4 percent fee and a 15 percent interest rate. Seeing an opportunity to cash out, Apollo sold its $485 million of Yellow’s debt to Citadel.

Rival freight company Estes Express had also offered a $230 million bankruptcy deal but backed down in favor of making a direct $1.3 billion bid for Yellow’s 169 terminals. The bid is a “stalking horse bid,” which sets the floor on how low other bids can be made. If Yellow agrees to another offer at a high value, the company will have to pay a 2 percent break fee, or about $26 million.

In a statement to *Transport Topics*, Estes said that it “felt it was important to try to bring a proposal to the Yellow bankruptcy estate and its creditors that would add some value for the benefit of all case constituents and reduce some of the uncertainty surrounding this bankruptcy process.”

These “case constituents,” of course, do not include the 30,000 employees of Yellow who were put out of work by the company’s closure. Wall Street was more than happy to destroy 30,000 jobs in its pursuit of profit.

Yellow has blamed the Teamsters’ unwillingness to renegotiate its collective bargaining agreement for the bankruptcy, while the Teamsters have argued that it was Yellow’s mismanagement that is to blame.

In reality, Yellow made several high-value purchases that pushed it into its billion dollar debt, from which it never recovered. Meanwhile, the Teamsters gave up billions of dollars in concessions, surrendering a 30 percent wage cut and a massive reduction in Yellow’s benefit obligations.

In an interview with *Sourcing Journal*, Yellow’s chief restructuring officer, Matthew Doheny, said that Yellow had worked with Teamsters Freight Division Director John Murphy on implementing its One Yellow restructuring plan, which would have merged its subsidiaries, sold off terminals, and changed job descriptions to force drivers to work on warehouse docks whenever the company demanded it. According to Doheny, it was only when new Teamsters President Sean O'Brien was elected in 2022 that progress on the plan stalled.

However, O'Brien did not stall One Yellow because the Teamsters were opposed to the plan. When it came to actually defending workers from the assaults of Wall Street, O'Brien did nothing. When Yellow refused to make benefit contributions, the Teamsters threatened a strike only to call it off at the last minute. This was to pave the way for the union to announce a sellout tentative agreement only a few days later at UPS. When Yellow announced that it was shuttering operations, putting 22,000 Teamsters out of work, O'Brien had nothing to say except that it was "unfortunate."

O'Brien's inaction was deliberate and fell into line with the policy of the federal government to allow Yellow to implode, in order to drive up unemployment and drive down wages. Doheny claims that Yellow reached out to several leading political figures, including Senator Bernie Sanders and former Secretary of Labor Marty Walsh, in addition to members of the Biden administration, in efforts to intervene and force the union to comply with the company's demands. The Biden administration said it would "encourage" the Teamsters to negotiate, according to Doheny, but nothing came of it.

Heavily integrated into the Democratic Party establishment, the Teamsters are willing participants in this policy. They have acted as loyal keepers of labor peace for the Democratic Party, working to prevent strikes and pushing through sellout contracts at major employers such as UPS. By allowing Yellow to lay off 22,000 members without protest, the Teamsters were able to satisfy the demands of Wall Street for profit and of the Biden administration for an attack on jobs, as well as keep UPS workers isolated to head off a rank-and-file rebellion.

The actions of the Teamsters have paved the way for Wall Street's pillaging of Yellow. After more than a decade of union-endorsed concessions totaling an estimated $5 billion, the Teamsters bureaucracy has sold out Yellow workers one last time to satisfy the demands of Wall Street and the capitalist class as a whole that workers pay for their profits.