

OMNICABLE

PRESS RELEASE

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OMNI CABLE PROMOTES ESOP BENEFITS TO CONGRESS

Washington D.C., May 12, 2010 - Omni Cable, an ESOP (Employee Stock Ownership Plan) company from West Chester, PA, met with Congressman Jim Gerlach (Republican PA 6th District) to promote ESOP Legislation.

During the 33rd Annual ESOP Association Conference in Washington D.C., representatives from the local Philadelphia Area ESOP Community met with Congressman Jim Gerlach of the PA 6th District to promote Employee Ownership, and inform the Congressman of pending legislation that would enhance the viability of ESOPs.

On May 6, 2010, Congressman Charles W. Boustany, Jr. (R-LA-7) and Congressman Earl Pomeroy (D-ND-ATL) introduced H.R. 5207, the ESOP Promotion and Improvement Act of 2010. The legislation is the House counterpart to S. 1612, the Senate version of the ESOP Promotion and Improvement Act of 2009 which was introduced by Senator Blanche L. Lincoln (D-AR) on August 6, 2009.



L to R: Brian Wurpts; SES Advisors, Sean Mooney; Omni Cable; Gerry Vigdor; CBIZ, Congressman Jim Gerlach; (R) PA 6th District and George Mooseburner; PA Capital Advisors

This legislation would achieve the following:

- H.R. 5207 improves the 1042 ESOP tax deferred rollover provisions by permitting sellers to the ESOP of an S corporation to utilize the ESOP tax benefit referred to as the tax deferred rollover, or the so-called 1042 treatment. The bill also makes needed clarifications and technical amendments to the section 1042 provision related to how proceeds from a sale to an ESOP may be reinvested, and who are not permitted to participate in a 1042 ESOP.
- H.R. 5207 would clarify that dividends paid by C corporations on ESOP stock are not a preference item in calculating the corporate alternative minimum tax.
- H.R. 5207 would repeal the punitive 10% penalty tax on S corporations distributions from current earnings, also referred to as dividends, which are passed through to ESOP participants in cash.
- H.R. 5207 would eliminate a bias against majority owned ESOP companies by making clear that a non-ESOP small businesses currently eligible for any Small Business Administration program is still eligible for the SBA program if becoming a majority owned ESOP company with the same characteristics it had before becoming a majority owned ESOP company. (A majority owned ESOP company is 50% plus owned by the ESOP on behalf of the employees.)

Following the visit with Congressman Gerlach, it was noted that he would support efforts of ESOP companies by signing on to co-sponsor this legislative effort.

“It was a great experience to be able to tell our story about Employee Ownership at Omni Cable, and the value an ESOP company can provide to employees, the community and the future of U.S. based companies” said Sean Mooney; HR Director of Omni Cable.

Omni Cable, an ESOP company, is a master distributor of specialty wire and cable sold exclusively through electrical and electronic distribution. Stocking locations include Philadelphia, PA; Atlanta, GA; Boston, MA; Chicago, IL, Denver, CO, Houston, TX; Los Angeles, CA; St. Louis, MO; San Francisco, CA and Tampa, FL.

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