



OSHA calls this Montgomeryville factory a 'severe violator'

by Bob Fernandez, Updated: June 8, 2019 - 5:01 AM

The day in May 2015 that the feds fined serial violator William “Billy” Lloyd \$822,000 for numerous infractions, the Montgomeryville company owner said he shut himself in his office, mixed himself a vodka screwdriver, and “went berserk.”

The cause of that run-in: Ten months earlier, Lloyd Industries factory worker Josh Elbode, then 21, had lost parts of three fingers on his right hand when they were “crunched off” by a steel-bending press. The Upper Pottsgrove man said the press malfunctioned and complained to the Occupational Health and Safety Administration.

Judge sends Jeremy Hare, banned Philly stockbroker, to prison and fines him \$411,000
Lloyd collected his thoughts in his office and then walked out in search of his factory manager who had testified under oath to OSHA about safety issues and who was Elbode’s grandfather. “Hey, Dino?” Lloyd called out.

“Yes, Mr. Lloyd,” the Sicilian-born Dino Sanna responded.

“I’m firing you.”

Sanna’s termination, described in court documents, culminated 15 years of warnings, inspections, citations, agreements, and fines between Lloyd’s company and OSHA. Lloyd also fired Elbode for the injury that severed three fingers, claiming that Elbode was “playing chicken” with the press — darting his fingers in and out of it.

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Josh Elbode lost parts of three fingers on his right hand working at Lloyd Industries and participated in an OSHA investigation into the business practices of owner William Lloyd. Lloyd also fired Elbode’s factory colleague and friend Matthew Spillane, who had photographed the Lloyd Industries equipment with his mobile phone for Elbode’s workers’ compensation claim. “I didn’t want anybody else hurt on that machine,” Spillane explained in an interview. Elbode gave the photos to OSHA.

Lloyd, 67, says that he had good reasons to fire his employees and that OSHA has been picking on him. But the firings were the last straw for the federal health-and-safety agency.

OSHA had inspected or fined Lloyd Industries in 2000, 2002, 2005, and 2008, along with 2014, generating more than 7,000 pages of documents that The Inquirer obtained under the Freedom

of Information Act. They show that Lloyd failed to comply with safety precautions that he agreed to in settlements with OSHA, such as testing for factory and noise and installing guards on machines, even as amputations and related injuries were a growing concern. OSHA uncovered 40 serious injuries at Lloyd Industries since 2000 and tagged the firm as a national "severe violator." In 2016, OSHA cracked down harder and sued Lloyd for retaliatory firings of Sanna and Spillane, who had cooperated with the OSHA investigation -- launching a separate legal action from the fines. The whistle-blower suit was unusual for an agency that typically seeks to negotiate settlements and has brought only 44 such suits nationally over the last five years.

In April, a Philadelphia jury found Lloyd guilty of retaliation. And on May 29, Lloyd -- an entrepreneurial tool-and-die maker from Doylestown who launched his manufacturing firm in his mother's garage in the early 1980s -- returned to court for U.S. District Judge Mitchell S. Goldberg to assess financial damages. Three high-powered Morgan Lewis attorneys accompanied him, one a former top OSHA official, as Lloyd stepped from the backseat of a black SUV dressed in blue jeans, a blue blazer, and blue-reflector sunglasses. Because the jury found him guilty, Lloyd could owe Sanna and Spillane back pay of \$429,563 -- \$337,000 for the factory manager Sanna and \$92,563 for Spillane -- a Labor Department expert told the judge. Goldberg also will decide whether Lloyd should pay Sanna and Spillane punitive damages.

Lloyd's attorneys claimed that Sanna, 69, sexually harassed a female employee, though the information came to light only two weeks after Sanna's firing and the alleged harassment was said to have happened several years earlier. If Lloyd had known about the alleged harassment, he could have fired Sanna well before 2015, and Sanna would not be eligible for back pay. Sanna denied sexually harassing the woman.

Both sides have dug in and Lloyd has spent millions of dollars defending himself, according to testimony.

Bruce J. Kasten, partner at Duane Morris in Philadelphia who litigates OSHA cases, said the Lloyd case was "probably the outrageous exception. I have never heard, or experienced, a case of allegations and citations over such a long period of time."

Peg Seminario, director of safety and health for the AFL-CIO, said that typically OSHA adjusts fines for smaller firms such as Lloyd, but "they threw the book at this company. He definitely is a flagrant violator."

Seminario added that "smaller concerns don't think they are accountable to anyone. They think [the plant] is their kingdom and fief, and they will run it as they want to run it."

Lost his eye

The year was 1988. Lloyd was in his mid-30s and dressed in blue factory overalls. And he was having some fun on a grainy, amateur video telling the story of his humble beginnings as a manufacturer.

Lloyd waved toward his mother's mailbox on a residential street in Huntingdon Valley, calling it his corporate headquarters. He walked to his "factory area" -- a garage. The video panned out

to a backyard, with a blue Corvette parked under the trees. Grinning with pride, Lloyd stood beside an old drill press that he says he bought for \$20.

Lloyd made the video as he was about to move out of the garage and into his first factory, in Philadelphia.

Over time, Lloyd used his tool-and-die skills to transform his company into a manufacturer of smoke and fire dampers for ducts in big buildings and HVAC equipment. Dampers inside ducts protect buildings against spreading smoke or fire with louvers that snap shut. A damper innovator, Lloyd developed his first one using the springs that helped open the hood of his F-150 pickup truck. A big building such as the new Comcast tower -- or an airport -- may use hundreds or thousands of Lloyd Industries products.

As Lloyd expanded his HVAC steel-fabricated product line, the company grew to 100 employees at its Montgomeryville headquarters, and added a subsidiary plant in Florida along with a factory in Hong Kong.

The Lloyd Industries manufacturing plant on Commerce Way in Montgomeryville. It has faced repeated OSHA investigations.

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Among Lloyd's big customers are the West Point Military Academy and Philadelphia International Airport, its website says. Contractors purchase dampers for a construction or renovation project. Lloyd's big customers are HVAC equipment distributors.

Lloyd testified that he treats his employees well, handing out Phillies tickets and paying \$12 to \$30 an hour. He said he pays for health insurance and its \$3,000 deductible. "As a factory worker myself, I realize the importance of safety," Lloyd told OSHA in 2002. "Thirty years ago I lost my right eye in a worker-related accident. The disruption to my family cannot be explained in words."

Morgan Lewis attorney Jason Mills, of Los Angeles, described Lloyd as "authentic. ... You will find that Mr. Lloyd tells you exactly what is on his mind. You will learn that Mr. Lloyd makes decisions quickly. Sometimes those decisions are harsh, but he does what he thinks is right." 'Return with a gun'

Lloyd's company came on the agency's radar because of noise and unguarded equipment shortly after he relocated his plant to Montgomeryville in 1999.

While Lloyd agreed to make changes to settle OSHA investigations, follow-up inspections showed that Lloyd failed to heed those agreements and the relationship grew hostile.

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Jean Kulp, area director in OSHA's Allentown office, which inspects the Lloyd plant, testified about one incident in 2008 when Lloyd would not let inspectors into the facility.

"Mr. Lloyd indicated to us in that conversation that if we came back, we had better return with a gun," she said. OSHA returned with armed U.S. marshals.

Elbode's injuries in 2014 and his subsequent complaint drew OSHA to the plant again. This time the agency came down hard on "willful violations" that had not been fixed from prior investigations and assessed \$70,000 per violation, or \$822,000.

Lloyd appealed the fines, retaining Morgan Lewis partner Jonathan Snare, a former top official at the Labor Department and OSHA. An administrative law judge cut OSHA's fine to \$210,000 after a two-week trial in Washington. Lloyd testified that "no two inspections have been alike. One guy will come in and say, 'That's not correct, who told you to do that?' And I would tell him, and I get fined for it. I had two inspections in Florida and didn't get fined at all." 'Get the hell out'

Lloyd paid the fine for the safety violations but still faces penalties from the jury verdict on retaliatory firings.

At that trial, Elbode testified that Lloyd would make him stand beside a life-size Three Stooges poster and call coworkers over "so they could laugh because I looked like Curly, [Lloyd] would say."

Asked if Lloyd called him anything else belittling. Elbode responded: "Yes, F--- face. It was pretty much my name."

Bleeding badly from his injury on the factory floor, Elbode said, he saw Lloyd give him a dirty look. His grandfather and plant manager, Sanna, drove him to the hospital. Doctors had to amputate three of his fingers above the first knuckle.

Dino Sanna, the former plant manager at Lloyd Industries in Montgomeryville.

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Because Elbode was not allowed back in the factory, his friend Spillane helped him out, photographing equipment with his mobile phone. In court, Spillane testified that another Lloyd employee "told me he talked to Mr. Lloyd and he said that Mr. Lloyd said, 'There's a rat and I'm going to get rid of him.' "

Lloyd confirmed that he told one of his employees that there was a rat. But Lloyd testified that he didn't care that Spillane was taking photos. He fired Spillane because he was a terrible worker, he said.

On Nov. 18, 2014, five days after OSHA visited the factory to investigate Elbode's complaint, Spillane, 34, of Chalfont, went to work and did as he normally did.

"I walked in to my department," Spillane said. "I clocked in ... sat down at the chair I usually sit at to change my shoes, put my lunch in the little mini fridge and before I could even get up out of the chair, Mr. Lloyd walked up to me and told me to get my stuff and get the hell out."