News Release

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Labor Department Sues Fiduciaries of Tulsa Health Arrangement Over Excessive Fees and Misrepresentations

TULSA – The U.S. Department of Labor has sued the fiduciaries of Tulsa-based Provider Medical Trust for taking excessive fees and misrepresenting the trust's solvency thereby causing the health trust millions of dollars in losses.

"This Administration is committed to aggressively enforcing the law and protecting the health benefits promised to workers and their families," said Secretary of Labor Elaine L. Chao. "Last year, the Department of Labor achieved record results; more than $1 billion dollars was recovered to pay pension, 401k, health and other benefits promised to America's workers."

The department sued Robert Johnson, Jr., Bernard J. Westhoff , Mark Wright, Johnson Brokers and Administrators LLC and Johnson Benefit Administrators LLC. Johnson, Westhoff and Wright held a variety of positions in the named entities, including serving as fiduciaries to the trust. The plan administrator was owned by the fiduciaries, with Robert Johnson and Johnson Brokers and Administrators LLC being the majority owners.

According to the suit, the defendants caused the trust to pay excessive service fees to the administrator and misrepresented the trust's solvency since Jan. 1, 1996. As the solvency of the trust became impaired, its financial filings identified solvency shortfalls as "prepaid administrative fees," "prepaid administrative expenses" and/or "prepaid actuary fees." The fiduciaries' misrepresentations allowed them to meet state insurance solvency requirements and to continue to market the trust, thus concealing its true financial condition.

Provider Medical Trust is a multiple employer welfare arrangement (MEWA) that covered 6,219 participants and had $7,793,266 in assets, according to the latest financial report available to the department. Johnson Benefit Administrators, which is no longer in business, controlled PMT and managed approximately 45 self-funded single employer group plans.

The suit seeks the removal and a permanent bar against the fiduciaries serving any employee benefit plan governed by the Employee Retirement Income Security Act (ERISA). The suit also asks that the fiduciaries provide an accounting of the excessive fee charges and to restore misused funds. The case was filed in federal district court in Tulsa.

The Dallas regional office of the department's Employee Benefits Security Administration (EBSA) conducted the investigation. In fiscal 2003, EBSA achieved record monetary results of $1.4 billion related to the pension, 401(k), health and other benefits of millions of American workers and their families. Employers and workers can contact the regional office at (214) 767-6831 or through EBSA's toll free number, 1-866-444-EBSA (3272) for help with problems relating to private-sector retirement and health plans.

(Chao v. Johnson)
Civil Action 04-CV-066-EA (M)