

# News Release



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## **U.S. Labor Department Sues Trustees of Union Health Plan For Over Payment of Administrative Services**

**NEWARK** – The U.S. Department of Labor has sued the trustees and service providers to the H.E.R.E. Local 4-69 Health Fund in Secaucus, N.J., for misusing plan assets to pay excessive and unreasonable compensation for services provided to the health fund, resulting in losses to the fund in excess of \$2 million.

“This Administration is committed to protecting the employee benefits of America’s workers, and we won’t hesitate to act when plan officials are not managing their workers’ benefits responsibly,” said U.S. Secretary of Labor Elaine L. Chao. “Last year, we achieved record monetary results, recovering \$1.4 billion in retirement, 401(k), health and other benefits.”

Named in the lawsuit are trustees David Feeback, Theresa Alfano, Steven Silverberg and Stuart Elfenbein; and service providers Jersey Integrated Health Network LLC (JIH), Jersey Integrated Health Practice, Inc. and their owner, Manmohann Patel. The suit alleges that the defendants violated the Employee Retirement Income Security Act (ERISA) by paying excessive fees and commissions to Patel and his companies to provide a network of medical providers and administrative services to the fund. The service providers received the excessive commissions and fees from 1998 to 2002. The suit also alleges that the trustees permitted the fund to reimburse Feeback for more than \$50,000 in unreasonable expenses.

The suit seeks to require that the defendants restore all losses with interest, undo any transactions prohibited by law and to remove the defendants from their positions with the fund. The department also is seeking to require that Patel and his companies return any illegal profits they received and to permanently bar all the defendants from service to any plan governed by ERISA in the future.

In a criminal case involving the same health plan, David Feeback was indicted in August 2004 by a federal court in New Jersey for embezzling more than \$130,000 in assets from the union and the health fund. Feeback was the former president of the union local.

The health fund provided medical, prescription drug and dental benefits to as many as 3,059 union members throughout New Jersey and had assets of \$1,803,743 as of Dec. 31, 2001.

The suit, filed in the federal district court in Newark, resulted from an investigation conducted by EBSA’s New York regional office. Employers and workers can reach EBSA’s New York office at (212) 607-8600 or through EBSA’s toll-free number at **1-866-444-EBSA (3272)**, for help with problems relating to private-sector retirement and health plans.

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(Chao v. Feeback)

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