

News Release



U.S. Department of Labor
Office of Public Affairs
Boston, Mass.
BOS 2003-170

For Immediate Release
Wednesday, July 16, 2003
Contact: John M. Chavez
Phone: (617) 565-2075

Rhode Island Laborers' Union Plan Officials Sued by U.S. Labor Department for Federal Employee Benefits Law Violations

BOSTON – Ronald Coia and three other trustees of the Rhode Island Laborers' Legal Services Plan have been sued by the U.S. Department of Labor for alleged violations of the Employee Retirement Income Security Act (ERISA), the federal law that protects private sector employee benefit plans.

The Rhode Island Laborers' Legal Services Plan is a collectively bargained benefit plan that provides legal services to members of the Rhode Island Laborers' Union and their beneficiaries. It was established Dec. 30, 1974, by the Rhode Island Chapter, Associated General Contractors of America, Inc., the Rhode Island Road Builders Associations, Inc. and the Rhode Island Laborers General Council.

Named in the suit, filed July 14 in the U.S. District Court for Rhode Island, are plan trustees Ronald Coia, Edward DiRissio, Michael Gammino, and David Rampone.

The Labor Department's suit states that since January 1997, the law firm Lepore and Coia, LTD and the law offices of G. Chandler Beals are the two law firms that have provided legal services to plan participants. During 1997, Lepore and Beals each received monthly retainers of \$9,000. From Jan. 1, 1998 through on or about July 1, 2002, Lepore and Beals each received retainers of \$11,000 per month. Throughout this period, the number of plan participant matters handled by Beals was substantially fewer than the number of matters handled by Lepore.

James Benages, Boston regional director for the Labor Department's Employee Benefits Security Administration (EBSA), said the suit alleges the billing systems of the law firms did not track the number of hours worked by staff attorneys on plan cases every year, nor were there written contracts between the plan and the law firms.

The suit charges the defendants with failing to adequately oversee and monitor the quality of legal services provided to plan participants by the law firms; failure to oversee and monitor the number of referrals to and hours worked by the firms, and failure to adequately monitor the cost-effectiveness of services provided by the law firms to ensure that the plan was receiving appropriate value for the money provided to the law firms.

"The law requires those who administer employee benefit plans to make sure that every dollar of plan assets is used wisely and solely for the benefit of the plan's participants and beneficiaries," Benages said.

The suit asks the court to permanently enjoin the defendants from future violations of ERISA, to prevent them from acting in a fiduciary capacity with respect to any employee benefit plan covered by ERISA; to remove the defendants as trustees of the plan and appoint an independent fiduciary to administer the plan; to require the defendants to fully cooperate with the independent fiduciary; and to order the defendants to reimburse the plan for all losses incurred by the plan because of their violations.

This case was investigated by the EBSA's Boston regional office. Employers and workers can contact the regional office at 617-565-9600 or the agency's toll-free number, 1-866-444-EBSA (3272), for help with problems relating to private-sector pension, health plans and other types of employee benefit plans.

#

(Chao v. Ronald Coia, et al)
Civil Action No. 03-293-WS