

News Release



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U.S. Labor Department Obtains a Court Order Appointing Temporary Independent Fiduciary for Purported Union Benefit Fund

ATLANTA— The U.S. Department of Labor has obtained a consent decree appointing a temporary fiduciary for 45 days to manage the Paramount, Calif.-based International Union of Industrial and Independent Workers Benefit Fund and to conduct an accounting of the plan's finances and claims. The order also temporarily relieves the trustees and the union of their positions and duties as plan fiduciaries.

"The Labor Department's action in the International Union case shows our commitment to protecting the benefits of America's workers and their families. The court's action is designed to put the fund under responsible management until the case is resolved," said U.S. Secretary of Labor Elaine L. Chao.

Under the order, the court-appointed fiduciary will assume control of the fund for 45 days, continue to pay claims incurred by participants and report to the court on the fund's finances and claims.

The Labor Department filed a lawsuit on April 6, 2004, against the purported union, former plan administrator Oak Tree Administrators, its owner Cherille Shelp and current and former trustees Geoffrey J. Beltz, James Miller, David Wright, and Henry Solowiej.

The department's suit alleges that the purported union is a multi-employer welfare arrangement (MEWA) that operates in Alpharetta, Ga., Plano, Texas, and Paramount, Calif. The purported union was part of a MEWA that marketed health benefits to employers in Texas, Georgia, Oklahoma, California and many other states. Several states, including Oklahoma and Georgia, have ordered the fund's operators to stop all insurance-related activities.

In its suit, the department alleged that the defendants violated the Employee Retirement Income Security Act (ERISA) by mismanaging the fund. From July 2000 to June 2003, the defendants allegedly spent millions of dollars of fund assets on administrative expenses – including several hundred thousand dollars paid to the purported union and more than \$1 million to marketers of the arrangement. The department also alleged that the defendants delayed processing health claims, failed to operate the fund in an actuarially sound manner and paid excessive fees for services provided to the fund.

In the court action, which was filed in federal district court in Atlanta, the department seeks to restore losses to the fund and to appoint a permanent fiduciary to manage it. The Atlanta regional office of the department's Employee Benefits Security Administration (EBSA) investigated the case.

In fiscal year 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 reach the Atlanta office at (404) 562-2156 or through EBSA's toll-free number, **1-866-444-3272**, for help with problems relating to private-sector health and pension plans.

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(Chao v. International Union of Industrial and Independent Workers) Civil Action No. 1:04-CV-0934-BBM

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