

# News Release



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## **Labor Department Settlement With Rhode Island Laborers' Plan Officials To Restore \$318,181 to Employee Benefit Plan**

**BOSTON** -- Trustees of the Rhode Island Laborers' Legal Services Plan have agreed to restore \$318,181 to the plan to settle a lawsuit filed 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.

"This is a victory for workers who need the legal services these funds provide, and it's an example of this Administration's commitment to ensure that such plans are not over-charged for the benefits they provide to American workers," said Secretary of Labor Elaine L. Chao.

In addition, the consent judgment and order requires changes in plan procedures to ensure appropriate oversight of plan operations and the hiring of an independent consultant with expertise in the prepaid legal services field to oversee the task. The judgment also requires the trustees to review, monitor and evaluate the operation of the plan on an ongoing basis, including the quality and cost-effectiveness of services provided to plan participants.

Named in the suit, filed July 14, 2003, were plan trustees Ronald Coia, Edward DiRissio, Michael Gammino, and David Rampone. The Rhode Island Laborers' Legal Services Plan provides legal services to members of the Rhode Island Laborers' Union and their beneficiaries. The Rhode Island Chapter-Associated General Contractors of America, Inc., the Rhode Island Road Builders Associations, Inc. and the Rhode Island Laborers General Council established the plan.

According to the suit, the law firms Lepore and Coia, LTD and G. Chandler Beals provided legal services to plan participants since January 1997. 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.

The department's suit alleged, among other things, that the trustees failed to oversee and monitor the number of referrals and time worked by the firms and to monitor the cost-effectiveness of services provided by the law firms.

The judgment, entered in U.S. District Court in Rhode Island, resulted from an investigation by the Labor Department's Employee Benefits Security Administration's (EBSA) 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. In fiscal year 2003, EBSA has 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.

(Chao v. Ronald Coia) Civil Action No. 03-293-S