

News Release



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Contact: Gloria Della
Phone: (202) 693-8664

U.S. Labor Department Removes Health Benefit Fund Trustees

ATLANTA — The U.S. Department of Labor has obtained a preliminary injunction removing the trustees of the Paramount, Calif.-based International Union of Industrial and Independent Workers Benefit Fund (IUIIW) and permanently barring them from service to the fund.

The order requires that the fund, which purported to be a union-sponsored benefit plan, be terminated, appoints Jeanne Barnes Bryant as the independent fiduciary to manage the fund and its assets, and directs Bryant to establish a claims procedure for participants. Under the injunction, trustees Geoffrey J. Beltz and David Wright must cooperate with Bryant and are barred from serving as fiduciaries of the benefit fund.

“The trustee of a pension fund is supposed to be someone who is entrusted to protect the workers. When malfeasance is discovered, the Labor Department will vigorously fight to protect the health benefits of workers and their families from fraud, abuse, and mismanagement,” said U.S. Secretary of Labor Elaine L. Chao. “The department’s court action puts the fund under responsible management and will help ensure that the interests of workers and their families are protected.”

The Labor Department filed the lawsuit against IUIIW on April 6, 2004. Other defendants in the suit include former plan administrator Oak Tree Administrators, its owner Cherille Shelp and current and former trustees Beltz, Wright, James Miller, and Henry Solowiej. The suit alleged that the defendants operated the fund in a manner that violated the Employee Retirement Income Security Act (ERISA). The fund’s health benefits were marketed to employers and individuals 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.

The department alleged that from July 2000 to June 2003, the defendants 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 defendants also allegedly 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 its suit, the department is seeking to restore losses and to obtain other appropriate relief.

The injunction was entered in federal district court in Atlanta. The Atlanta regional office of the department’s Employee Benefits Security Administration (EBSA) investigated the case. Tips for small employers on purchasing health benefits may be found at EBSA’s web site at <http://www.dol.gov/ebsa/newsroom/fshlthinstitps.html>. Employers and workers can reach the Atlanta regional office at (404) 562-2156 or EBSA toll-free at 1-866-444-EBSA (3272), for help with problems relating to private-sector retirement and health 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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