

News Release



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Labor Department Obtains Decision Replacing Officials of New York Union Plan *Affects Workers in Pennsylvania and New Jersey*

CENTRAL ISLIP, N.Y. -- Former administrators of the International Brotherhood of Industrial Workers' Health and Welfare Fund of Central Islip, N.Y., are permanently barred from serving plans governed by federal employee benefits law, according to a court decision announced today by the U.S. Department of Labor. The decision also appoints an independent fiduciary to terminate the fund, resolve participant claims and distribute plan assets.

"Individuals entrusted with the assets of employee benefit plans have a serious responsibility, and this Administration will take action to protect workers, as in this case, the International Brotherhood of Industrial Workers', whose funds have been mismanaged," said Labor Secretary Elaine L. Chao. "The Department of Labor will vigorously pursue violations to restore plan assets and to safeguard the health benefits of workers and their families."

The decision, entered in federal district court in Central Islip, N.Y., on Aug. 21, resolves a lawsuit against Joseph Merino and Sandra Briand for violating the Employee Retirement Income Security Act (ERISA).

The defendants allegedly hired Clarke Lasky as an employer representative to manage the BIW fund -- despite knowledge of his conviction for embezzling money from another employee benefit plan -- and extended credit to him so he could continue to administer the fund after he failed to remit employee contributions. Lasky, who was charged with embezzling health benefit funds, pled guilty in January 1998. He was subsequently sentenced to 27 months in prison.

BIW fund's trustees Donald Gancio and Helen Williams previously agreed to consent agreements permanently barring them from serving as fiduciaries or service providers to any employee benefit plan governed by federal employee benefits law. The settlement agreement provides for the immediate entry of a judgment for \$352, 271 against Gancio.

The BIW fund was established under a collective bargaining agreement with the International Brotherhood of Industrial Workers' local unions 119 and 835, sanitation workers, and employers. From 1972-1994, the fund provided accident, health care, dental and visual benefits to approximately 1,000 employees in Arizona, Florida, **New Jersey**, New York and **Pennsylvania**. The BIW union formally ceased operations in May 1996.

The case was investigated by Employee Benefit Security Administration's regional office in New York. Employers and workers can reach the New York Regional Office at (212) 607-8600 or through EBSA's toll-free number, 1-866-444-EBSA (3272), for help with problems relating to private-sector pension and health plans.

(Chao v. Joseph Merino) Civil Action No. CV 98-2041 [ARL]