

News Release



U.S. Department of Labor
Office of Public Affairs
Atlanta, Ga.
Release Number 04-2301-ATL

For Immediate Release
Date: Dec. 15, 2004
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U.S. Labor Department Obtains Court Order Reimbursing California Health Benefit Fund

ATLANTA — The U.S. Department of Labor has obtained a consent judgment and order that ensures payment of \$840,000 in restitution to the Paramount, Calif.-based International Union of Industrial and Independent Workers Benefit Fund (IUIIW), the payment of civil penalties to the federal government and requires two trustees to resign their positions with the fund.

“The Labor Department’s legal action resulted in the return of money to pay benefits to thousands of workers,” said U. S. Secretary of Labor Elaine L. Chao. “This Administration has a strong track record in protecting the benefits promised to America’s workers, and this year we achieved record monetary results totaling \$3.1 billion for retirement, 401(k), health and other programs.”

Under the judgment, Geoffrey L. Beltz and David Wright must resign as fund trustees and along with James Miller and Henry Solowiej, are permanently barred from service in the future as fiduciaries to any plan governed by the Employee Retirement Income Security Act (ERISA). In September 2004, the court appointed Jeanne Barnes Bryant as the independent fiduciary to manage the fund.

On April 6, 2004, the Labor Department sued the IUIIW, former plan administrator Oak Tree Administrators, its owner Cherille Shelp and current and former trustees Beltz, Wright, Miller, and Solowiej. The defendants allegedly operated the fund in a manner that violated ERISA. From July 2000 to June 2003, the defendants were alleged to have 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.

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, ordered the fund’s operators to stop all insurance-related activities.

The consent order 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/fshlthinstitips.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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