

News Release



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Labor Department Obtains Consent Judgment Against Indiana Longshoremen's Local Trustees Over Misuse of Fund Assets

SOUTH BEND – The U.S. Department of Labor obtained a consent order and judgment on May 20, 2003, in which the trustees of the pension and welfare plans of Local 1969 of the International Longshoremen's Association of Portage, Ind. agreed to restore \$497,225.83 to the plans, resign their positions and be permanently barred from serving employee benefit plan governed by the Employee Retirement Income Security Act (ERISA).

“These trustees violated one of the most fundamental rules of ERISA, that assets of employee benefit plans may be used only to pay benefits and legitimate plan expenses,” said Secretary of Labor Elaine L. Chao. “This case demonstrates that the department will aggressively pursue violations of the law to protect the rights of workers and their families.”

The department sued trustees Andre Joseph, Raymond Sierra, David Lynch, and Edward Rentz in May 2002, for authorizing multiple payments to the plans' investment advisors in connection with investments in two Nevada properties, made payments for legal fees to an individual who was not licensed to practice law, and made payments for union and other non-plan expenses. The lawsuit was filed in federal district court in South Bend, Ind.

An earlier default judgment Dec. 30, 2002 required the plans' investment advisor, John Sherwood Dunsmoor, to restore over \$1 million to the plans and permanently barred him from serving any other benefit plan covered by ERISA. On Jan. 22, 2003, the court, in a related criminal prosecution, ordered another investment advisor, Michael A. Daher, to restore over \$1.6 million to the plan and permanently barred him from serving ERISA-covered plans. Daher and Dunsmoor were equal owners of Qualified Investment Limited (QIL), a Nevada corporation formed in connection with the plans' investments in real estate. Both advisors were indicted and pleaded guilty to various criminal charges with respect to the plans' real estate investments.

Employers and workers can contact the Chicago Regional Office at 1-312-353-0900 or EBSA's toll free number, 1-866-444-EBSA (3272), for help with any problems relating to private-sector pension and health plans.

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(Chao v. Joseph)
Civil Action No. 3:02CV0380RM