

Fund Trustees Lose Challenge to Alleged Union 'Power Grab'

By Jacklyn Wille

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- *Fund amendment limiting trustee rights OK'd*
- *Union holds 'whip hand,' judge says*

Two trustees of a health plan for postal workers lost their lawsuit challenging a plan amendment they described as a "power grab" by the Local 305 National Postal Mail Handlers Union.

Although the amendment may be "unsettling" to these non-union trustees, it was validly passed under the plan's terms, a federal judge in Virginia ruled Dec. 4. The union holds the "whip hand" and is the one funding the plan for the benefit of its members, the judge reasoned.

Trustees William Hobgood and Thomas Manley, who weren't otherwise affiliated with the union, said the amendment limited the power of unaffiliated trustees by limiting trustee terms, ending their ability to select successors, and requiring a certain number of union-affiliated trustees. The amendment also empowered the union to remove trustees at will, which Hobgood and Manley said could have a "chilling effect" on their ability to exercise independent judgment without fear of removal.

Depriving trustees of the power to name their successors doesn't affect the integrity of their fiduciary obligations, the judge said.

"Removal and replacement may affect the identity of the individuals exercising that power, but not the ability of a trustee to do so," the judge said.

Senior Judge Henry E. Hudson of the U.S. District Court for the Eastern District of Virginia wrote the decision.

Hunton Andrews Kurth LLP represented Hobgood and Manley. O'Donoghue & O'Donoghue LLP represented the union.

The case is *Hobgood v. Local 305, Nat'l Postal Mail Handlers Union*, 2018 BL 446136, E.D. Va., No. 3:18-cv-00131, 12/4/18.

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