

# **Bond Case Briefs**

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## **PENSIONS & BENEFITS - PENNSYLVANIA**

### **Zampogna v. Law Enforcement Health Benefits, Inc.**

**Supreme Court of Pennsylvania - November 22, 2016 - A.3d - 2016 WL 6873038**

Candidate for union president brought against administrator of union's health and welfare benefit plan for declaratory judgment barring administrator from expending its funds to engage in partisan activities and endorse incumbent president.

Following a bench trial, the Court of Common Pleas dismissed candidate's action, and he appealed. The Commonwealth Court vacated and remanded. Administrator's petition for allowance of appeal was granted.

The Supreme Court of Pennsylvania held that:

- Administrator's act of endorsing incumbent was sufficiently related to administering benefits to union members and, therefore, was sufficiently related to corporate purpose, and
- City's payments to administrator lost public character and were no longer public funds.

Health and welfare plan administrator's act of endorsing police union's incumbent president in election was sufficiently related to administering benefits to union members and, therefore, was sufficiently related to corporate purpose set forth in articles of incorporation and was authorized under Nonprofit Corporation Law (NCL). Because president had direct impact on administrator's ability to function effectively due to president's effect on city funding source, endorsing candidate that administrator believed would better serve its members was not unrelated to corporate purpose.

City's payments to administrator of police union's health and welfare benefit plan lost public character and were no longer public funds, but were in sole control of administrator that spent money to endorse incumbent for union president. City agreed to pay a specific amount of money per police officer to joint trust, not only to pay for the ultimate healthcare benefit that each police officer received, but also to pay for administration of those benefits.