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STATEMENT OF

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HUMAN RESOURCES DIVISION

UNITED STATES GENERAL ACCOUNTING OFFICE

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

ON THE GOVERNMENT'S INVESTIGATION

TO REFORM THE TEAMSTERS' CENTRAL STATES,

SOUTHEAST AND SOUTHWEST AREAS PENSION FUND

Mr. Chairman and Members of the Subcommittee:

We are pleased to appear here today to discuss our review of the Government's investigation to reform the Teamsters' Central States, Southeast and Southwest Areas Pension Fund (the Fund)--one of the largest private pension funds in the Nation.

As of December 31, 1980, the Fund had about 505,400 participants and had about $3.1 billion in assets. 1/ In 1980, employer contributions to the Fund totaled about $652 million, and pension payments totaled about $362 million.

Since the Fund's inception in 1955, its trustees have been the subject of controversy and allegations of misuse and abuse of its assets. Allegations have also been made that individuals linked to organized crime had connections with, or actually controlled, the Fund's trustees and that questionable loans had been made by the trustees to people linked to organized crime.

Over the past 14 years, various Federal agencies have investigated the Fund and the alleged misconduct by the trustees. The most recent--and probably one of the most significant and controversial--of the Government's investigations is the Department of Labor's investigation initiated in 1975. This was the first major Federal Government investigation under the Employee Retirement Income Security Act of 1974 (ERISA). At that time, the Internal Revenue Service (IRS) also had an investigation of the Fund in process which it started in about 1968.

1/Fund officials told us that the Fund's assets had increased to $3.4 billion at October 31, 1981.

At the time Labor initiated its investigation, the Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs was considering its own investigation of the Fund, but deferred it because of Labor's investigation. Subsequently, the Subcommittee became concerned about the progress of Labor's investigation and requested the General Accounting Office (GAO) to comprehensively review the adequacy and effectiveness of Labor's investigation and the adequacy of its coordination with the IRS and the Department of Justice.

HIGHLIGHTS OF GAO REVIEW

Labor's investigation of the Fund is over 6 years old and as of December 31, 1981, had cost about $8 million. IRS' and Justice's investigations are older, but the cost figures are not available.

Labor's and IRS' investigations indicated that former Fund trustees and officials had apparently mismanaged Fund assets and failed to prudently carry out their fiduciary responsibilities and had not operated the Fund for the exclusive benefit of plan participants and beneficiaries--as required by ERISA. On June 25, 1976, IRS revoked the Fund's tax-exempt status.

Before restoring the Fund's tax-exempt status, Labor and IRS in April 1977, imposed several demands on the trustees to reform the Fund's operations. The trustees agreed to the demands and made several significant changes such as the (1) appointment of independent investment managers to manage most of the Fund's assets and investments, and (2) adoption of amendments to have the Fund conform to ERISA and the Internal Revenue Code.

Also, Labor's investigation resulted in the Secretary of Labor filing a civil suit in February 1978 against 17 former trustees and two former officials to recover losses that resulted from alleged mismanagement, imprudent actions, and breaches of fiduciary duties. 1/

Our review disclosed that despite apparent benefits from the Government's investigative efforts, the investigation and subsequent dealings by Labor and IRS with the Fund's trustees had significant shortcomings and left numerous problems unresolved, We found that (1) Labor's investigation was incomplete and hampered by staffing problems, poor management and ineffective coordination between the Special Investigations Staff--which was responsible for the investigation--and the Office of the Solicitor and (2) Labor failed to adequately coordinate its investigation efforts with IRS and Justice. Most of these problems were also discussed in an internal Labor management report of May 1979--the so-called Kotch-Crino report. 2/

We also found that Labor and IRS failed (1) in their dealings and agreements with the trustees to gain lasting reforms and improvements in the Fund's operation and (2) to adequately monitor the current trustees' operations and compliance with the conditions for requalification imposed by the Government.

1/Donovan v. Fitzsimmons, et al., C.A. 78C-342, USDC, N-D-ILL.

2/This is a May 11, 1979, report entitled "Special Investigations Staff Review" prepared for the Deputy Assistant Secretary of Labor-Management Services Administration (LMSA) by Mr. John Kotch of the LMSA Pittsburg Area Office and Mr. Richard Crino of the LMSA Cleveland Area Office.

Also, the Fund's financial soundness has improved by recent investment performance, but it is still thinly funded and had an unfunded liability of $6.05 billion (for current and future plan benefits) at January 1, 1980. 1/

The results of our review are presented in our report issued on April 28, 1982, entitled "Investigation to Reform Teamsters' Central States Pension Fund Found Inadequate" (HRD-82-13).

By letter dated July 13, 1982, you requested our views on the (1) actions of the current trustees vis-a-vis the Fund's assets and the independence of the outside asset managers, (2) need for continuing Government monitoring of the Fund and enforcement of reforms, and (3) importance of continued independent outside asset management following the expiration of the current contract on October 3, 1982. Presented below are highlights from our April 1982 report relating to the above and other issues.

LABOR AND IRS DID NOT REQUIRE A WRITTEN AGREEMENT IN RESTORING THE FUND'S TAX-EXEMPT STATUS AND DID NOT INSURE THE FUND'S NEW TRUSTEES MET STATED QUALIFICATIONS

Labor's objective of having a Government-wide coordinated investigation did not succeed because IRS declined to participate in a joint investigation. IRS' "go-it-alone" attitude and unwillingness to join the investigation did not adversely affect Labor's investigation until IRS decided in June 1976, without prior notice to the Fund or Labor, to revoke the Fund's tax-exempt

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1/The unfunded accrued liability represents a pension plan's liability for pension benefits for all present members, active and retired (and their beneficiaries) and future administrative expenses in excess of the value of the plan's assets.

status. IRS' action disrupted Labor's investigation and, according to Labor officials, created a "chaotic situation."

IRS, after coordinating with Labor, restored the Fund's tax-exempt status in April 1977. Labor and IRS had extensive discussions and considered many options--from a court-enforced "consent decree" 1/ to requiring the trustees to resign and appointing a neutral board of trustees--in reforming the Fund and having IRS restore its tax-exempt status.

But, rather than have the trustees enter into a written agreement with Labor, such as a court-enforced consent decree, IRS--with Labor's approval--based the requalification on the trustees' agreement to operate the Fund in accordance with ERISA and to comply with eight specific conditions prescribed by Labor and IRS, which were included in the IRS' April 26, 1977, determination letter restoring the Fund's tax-exempt status.

We believe that a consent decree would have been a more effective remedy because Labor could have proceeded directly against the trustees in the event that the decree's terms were not complied with. A consent decree is enforceable through the issuance of a court order directing compliance with the agreed-to-terms. The failure to comply with the order may lead to the issuance of a contempt-of-court citation.

1/A consent decree is an order of preliminary or permanent injunction entered by a court of competent jurisdiction on the basis of the Government's complaint, the consent of the defendant to the entry of a decree embodying certain relief (usually without admitting or denying the allegations of the complaint), and an agreed form of judgment.

Furthermore, as a condition for requalification, the Fund agreed to Labor's and IRS' demand that the four holdover trustees resign. Labor and IRS also developed qualifications the new trustees should meet. However, Labor and IRS did not play an active role in insuring that the new trustees had met the qualifications they had developed even though Labor knew some of the former trustees--who allegedly mismanaged the Fund--were members of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America union's organizations that selected some of the new trustees.

CURRENT TRUSTEES TRY TO REASSERT CONTROL OVER FUND'S ASSETS AND INVESTMENTS

As another condition for requalification, in June 1977, the trustees appointed independent investment managers--the Equitable Life Assurance Society of the United States and Victor Palmieri and Company, Incorporated--to handle most of the Fund's assets. Both Equitable and Palmieri appear to be successfully managing the assets and investments. As a result, the Fund's assets, managed by Equitable and Palmieri, grew from $1.6 billion to $2.9 billion at December 31, 1980, and the investment income grew from $73 million to $151 million annually.

Despite Equitable's and Palmieri's performances, the trustees have repeatedly sought to undermine the independence of Equitable and Palmieri and reassert control over the Fund's assets. For example, the trustees have (1) impeded Palmieri's attempts to sell certain Fund real estate in Las Vegas, (2) attempted to terminate Palmieri as an investment manager, and (3) had the Fund hire its own internal staff of real estate

analysts--which, according to Labor, duplicated much of the investment managers' work.

BENEFITS AND ADMINISTRATION ACCOUNT NOT ADEQUATELY MONITORED

Although the Fund transferred substantial funds to Equitable for investments, the Fund's trustees retained a significant amount of the Fund's income in the Benefits and Administration account (B&A account). For example, the account had $142 million at December 31, 1979. The trustees were supposed to use the B&A account to record the employers' contributions, pay the employees' benefits and the Fund's administrative expenses, and maintain an appropriate reserve for the Fund. The remaining moneys were to be given to the independent managers for investments.

Labor and IRS were responsible for monitoring the B&A account to assure the funds were prudently managed. Despite Labor officials' assurances to a congressional subcommittee, we found that Labor, as well as IRS, has not adequately monitored the trustees' control over the B&A account. As a result, in one case, the trustees apparently attempted to use the moneys to make a $91 million questionable loan to settle a court suit brought by the M&R Investment Company, Inc. which is controlled by Morris Shenker.

LABOR AND IRS DID NOT INVESTIGATE UNRESOLVED PROBLEM AREAS OF ALLEGED MISMANAGEMENT

During its original onsite work at Fund headquarters, Labor's investigators identified patterns of apparent abuse of the Fund by former trustees which went uninvestigated. Also, IRS was not

able to adequately investigate the Fund's compliance with the eight conditions of the April 1977 requalification letter. As a result, in April 1980 Labor renewed its investigation at the Fund, and IRS, after securing a court order, renewed its investigation in July 1980. We noted, however, that the investigations will not cover all of the potential areas of alleged abuse and mismanagement by the former trustees.

PENSION PLAN IS STILL THINLY FUNDED

The Fund's last actuary's valuation report--prepared by Dan McGinn & Associates, Inc.--in April 1981 stated that the current funding should satisfy ERISA's minimum funding standards. Our review of the report showed that the Fund's financial soundness has improved, but it still had an unfunded liability, for current and future pension benefits, of $6.05 billion at January 1, 1980.

We also believe that the plan is thinly funded and that continued annual improvements--based on gains in investment income--cannot be expected to the extent indicated by the actuary's valuation. Because the plan is apparently already liberal and because of the potential effect of events beyond the trustees' control, such as the deregulation of the trucking industry 1/ and the Multiemployer Act of 1980 (Public Law 96-364, September 26, 1980), the actuary recommends a conservative posture regarding any liberalizing of benefits.

1/On July 1, 1980, "The Motor Carrier Act of 1980" (Public Law 96-296) was enacted which partially deregulated the trucking industry by reducing substantially Federal economic regulation over the industry.

GAO RECOMMENDATIONS

In our April 1982 report, we recommended that the Secretary of Labor and the Commissioner of Internal Revenue direct their respective investigation staffs to more closely cooperate to prevent coordination problems and duplication between the investigations. We also recommended certain actions that the Secretary and the Attorney General should take to help maintain effective coordination between Labor's and Justice's investigative staffs.

To assure that the Fund is managed prudently, we recommended that Labor, in consultation with IRS, among other things, (1) obtain an enforceable commitment (e.g., consent decree) from the trustees to consider a reorganization of the way the Fund handles and controls the employers' contributions and other income to remove the trustees' control over any of these funds and (2) retain veto power over selection of future trustees to assure they meet the Government's selection criteria and qualifications.

To help assure the financial soundness of the Fund, we recommended that the Commissioner direct IRS officials to closely monitor the Fund's financial operations to ascertain that the Fund meets the minimum funding standards of ERISA in 1981 and in the future and, if not, take whatever action is needed to assure that the Fund meets the act's requirements.

AGENCY AND FUND COMMENTS

Labor and IRS generally agreed with the thrust of our report and recommendations and described actions taken and being taken since early in calendar year 1981 which are in general

consonance with our views and recommendations on what needs to be done. Justice and Labor also generally agreed with our recommendation on improving coordination between the two agencies.

Labor pointed out, however, that the investigation and matters covered in the report essentially deal principally with events of the mid-1970s and were essentially concluded by mid-1980. Labor also pointed out--and we agree--that the report does not purport to fully describe or evaluate the recent or current undertakings by the current administration.

Our analysis and evaluation of Labor's, IRS', and Justice's comments show that for the most part the agencies have taken or are taking actions on what we believe needs to be done. For example, IRS stated that coordination problems we discuss in our report have been addressed by Reorganization Plan No. 4 of 1978 and administrative actions taken by IRS and Labor. Accordingly, IRS concluded that some actions taken by its officials at that time, such as disqualifying the Fund without prior notice to Labor, would not be repeated now or in the future. We agree with IRS that its coordination problems with Labor would probably not be repeated provided Reorganization Plan No. 4 is properly implemented by both agencies.

Our analysis also shows Justice and Labor have apparently taken significant actions to improve their coordination efforts on their parallel investigations and that, if the actions and procedures are properly implemented, they should help resolve or alleviate the major coordination problems of the past and answer the recommendations in our report and the Kotch-Crino report

IRS also said that the ERISA minimum funding standards will not become applicable to the Fund until the end of 1981, the Fund's annual report will not be due until July 1982, and the employers' contributions necessary to satisfy the minimum funding standards are not required to be made until September 15, 1982. The Commissioner said that, upon receipt, IRS expects to thoroughly examine the Fund's reports to ensure compliance with the minimum funding standards.

As a part of its monitoring, we stated our belief that IRS should review the latest actuarial report on the Fund, ascertain whether the Fund should adopt the actuary's proposal on revising or liberalizing the benefits at this time and, if so, take action to assure that the Fund implements the proposal. IRS should also monitor the progress of the various lawsuits and potential losses pending against the Fund--involving hundreds of millions of dollars--taking into consideration the possible adverse impact on the ability of the Fund to meet the minimum funding standards.

Labor and IRS concurred with the goals in our recommendations regarding selection of independent trustees, assuring that the Fund is operated and managed prudently, and reorganizing the way the Fund handles and controls the employers' contributions and other moneys to remove the trustees' control over any of these funds. Labor said, for example, it is attempting to achieve the goals in our recommendations through a comprehensive court-enforced consent decree agreeable to the Fund. Labor said, unfortunately the Fund has declined to enter into the decree unless the Government agrees to settle and terminate

all civil suits against the Fund. Labor said this was unacceptable to the Government.

Labor also said it has instituted and will continue to pursue litigation to achieve the aims set forth in the recommendations. Labor said substantial resources have been and continue to be invested in the cases which surround the Central States Teamsters' Pension and Health and Welfare Funds. Labor said litigation is generally a protracted process and it is particularly so here where the present and former trustees and the Fund are represented by experienced counsel, who have missed no opportunity to contest every claim, request, or motion (including those seeking discovery) brought by Labor.

IRS and Labor stated also that they continue to believe in the importance of having most Fund assets subject to the control of independent asset managers. IRS said that, after coordinating with Labor, on November 11, 1981, IRS issued a new determination letter to the Fund that included a condition requiring the continuation of an independent asset manager arrangement. IRS also said that its November 11 letter contains a condition limiting assets retained by the Fund to those the Fund actually determines are necessary for benefits and administrative expenses in the B&A account considering assets available from the independent managers. IRS said that the Fund has agreed to this determination letter.

The Fund also commented on our draft report and it said that the trustees have stated an unequivocal intent to enter into a consent decree which would institutionalize the concept of retaining an independent investment manager for at least a

10-year period. The Fund also stated that it is currently attempting to carry out our recommendation that it continue to use an independent investment manager as evidenced by the fact that the trustees on August 19, 1981, executed a proposed new 5-year successor agreement with Equitable.

We agree with Labor and IRS that a voluntary undertaking by the Fund's trustees, incorporated in a consent decree enforceable in court, would provide the Government with an effective remedy to reform the Fund. This course would also avoid litigation which probably would be protracted, costly, and time consuming for both sides. We fully agree with and support Labor's efforts.

We are encouraged by the Fund's expressed intent to continue using an independent asset manager for 10 years and its actions in proposing to renew its contracts with Equitable. However, we are concerned about some of the changes the trustees propose to make in the new agreement with Equitable and Palmieri. (See the appendix for a comparison of the 1977 and proposed new agreements.)

GAO CONCERNS ABOUT PROPOSED NEW INVESTMENT MANAGER AGREEMENTS

In our opinion, the adoption of some of the provisions of the proposed agreement would weaken the investment managers' current agreements and could create areas of potential abuse by the trustees. For example, the proposed agreements would return the trustees to a substantial role in determining and developing the Fund's investment policy and objectives.

In addition, the proposed agreements provide for the Fund,

through Equitable, to embark on a new program of real estate, mortgage and construction loans, and investments. Theoretically, Equitable could invest 40 percent of the Fund's assets in such investments. Moreover, the proposed fee arrangemen with Equitable make it almost inevitable that Equitable will emphasize real estate investments over other types, such as securities, since its fees depend on the real estate it controls.

The Fund appears to be returning to real estate mortgage type investments, the area in which most of the alleged abuses by former trustees occurred. Also, the trustees will be able to more readily influence Equitable because of its greater role in setting investment policy.

However, the provision which gives us the most concern is the one allowing the trustees to terminate Equitable or Palmieri with or without cause and without the consent of Labor or IRS. In view of the attempts by the trustees to compromise Equitable's independence and their attempts to terminate Palmieri--as documented in our report--this provision, if allowed to stand, could seriously impede long-lasting reforms at the Fund. Despite the trustees' and Fund officials' cooperative attitude, the possibilit exists that the Fund's assets could again be subjected to misuse or mismanagement to the detriment of the pension plan participants

We believe, therefore, that Labor, in consultation with IRS, should, in its negotiations with the Fund, continue to insist on reforms which will remove the trustees' control over and influence on all the moneys the Fund receives. We also believe Labor should insist that the Fund revise the

proposed agreements with Equitable to prevent the weakening of the 1977 agreements.

Labor officials recently told us that the Secretary of Labor has advised the Fund's counsel that he would not approve the proposed contract with Equitable unless two key arrangements are amended. These relate to the (1) trustees' participation in modifying or replacing the Fund's investment policy objectives and (2) exclusion of the provision that the trustees could terminate Equitable and Palmieri only for cause and only with the consent of the Secretary of Labor.

PROPOSED LEGISLATION TO PROVIDE ADDITIONAL ERISA REMEDY TO SAFEGUARD THE FUND'S ASSETS

You requested our views, Mr. Chairman, on the July 2, 1982, letters from the Departments of the Treasury and Labor requesting that the Committee on Ways and Means enact legislation to provide an additional ERISA remedy to better safeguard the Fund's assets.

In these letters Labor and the Treasury stated that Labor has sought the Fund's agreement, through use of a judicially enforceable consent decree, to require future asset safeguards that would assure that the professional independent managers will continue to manage the Fund's assets. The letters stated that the trustees, notwithstanding their assurances to continue to retain independent asset managers and their agreement to such a condition in IRS' November 11, 1981, determination letter, have steadfastly refused to incorporate such a condition into a judicially enforceable consent decree. The Departments' letters stated therefore, it appears that when Equitable's contract expires in October 1982 the Fund's

assets will likely revert back to the direct management of the Fund's trustees.

Also, in commenting on our draft report, Labor said it must be understood, that neither Labor nor any other Federal agency may unilaterally require--through regulation, order, or otherwise--the safeguards we recommended such as an independent asset manager. Labor said that there are only two ways to achieve enforceable requirements regarding such reforms: (1) a voluntary undertaking by the trustees incorporated in a consent decree or (2) the imposition of a court order following successful litigation.

IRS commented that while it is clear that a consent decree would provide the Government with a more effective remedy against the Fund, IRS has no authority under the Internal Revenue Code to secure such decrees. In addition, IRS has determined that it does not have authority to (1) enter into an enforceable contract related to the qualification requirements under the Code or (2) commence other litigative action against the Fund. IRS' remedies against the Fund are limited to disqualification and the imposition of excise taxes in cases of violations of the minimum funding or prohibited transaction requirements.

In their July 2 letters, Labor and Treasury stated that IRS' potential disqualification of the Fund's tax-exempt status may not be effective in deterring the trustees from regaining control over the assets when the Equitable agreement expires. In view of the abuses in the management of the Fund's assets that led to the disqualification of the Fund in 1976, the Departments believe that action is needed to prevent the

trustees from gaining control over the $3.4 billion in assets until the trustees can demonstrate that the reversion will not be harmful to the interests of participating employees.

Labor and Treasury stated it is quite possible that similar situations could arise in the future. The Governmment must be able to enforce conditions which are deemed of sufficient import to be contained in these determination letters, especially if the conditions have been affirmatively accepted by or on behalf of a plan as was the case with the Fund.

Labor and Treasury have proposed that a new prohibited transaction section be enacted in both the tax and labor provisions of ERISA. Prohibited transactions refer to areas where there is considerable potential for abuse and harm to plan participants. Labor's and Treasury's proposal would provide that where a plan accepts conditions in an IRS qualification letter--relating to the independent management of plan assets and where the trustees or administrators of the plan later violate the conditions--that such a violation would be a per se prohibited transaction. This would allow IRS to levy a tax on the amount involved in the violation against the culpable trustees and administrators, and enable Labor to seek an immediate injunction to prevent the violation.

When IRS disqualifies a plan through revocation of its tax-exempt status, the employer, the participating employees, and the plan itself lose the tax benefits of participating in a pension plan qualified under ERISA.

IRS recognized that its revocation of the Fund's tax-exempt status in June 1976 had the potential for a substantial adverse

effect on the Fund's estimated 500,000 participants and beneficiaries. IRS testified at congressional hearings in August 1980 1/ that, if the provisions of the revocation had been fully implemented, each of the employees and/or beneficiaries would have been taxed retroactively, on their individual tax returns, for some of the benefits received.

ERISA was enacted to encourage establishment of employee retirement plans and to protect the interests of plan participants. In view of the adverse consequences of disqualification on the innocent employee participants, the possible use by IRS of pension plan disqualification for ERISA abuse is not, in our opinion, the most effective remedy.

We, therefore, strongly support the intent and objective of the Departments of Labor's and Treasury's proposal to provide IRS and Labor an additional enforcement tool under ERISA to safeguard multiemployer plan assets.

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Mr. Chairman, this completes my statement. We would be happy to respond to any questions you or members of the Subcommittee may have.

1/See "Teamsters Central States Pension Fund" hearings, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, 95th Cong., 2nd sess. (Aug. 25 and 26, and Sept. 29 and 30, 1980).

COMPARISON OF THE 1977 AGREEMENTS AND THE PROPOSED NEW AGREEMENTS BETWEEN THE FUND AND INDEPENDENT ASSET MANAGERS--EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES AND VICTOR PALMIERI AND COMPANY, INCORPORATED

We noted that the proposed new agreements take essentially the same form as the 1977 agreements. However, the new master agreement is between only the trustees and Equitable, with Palmieri consenting thereto in writing, and the new Palmieri investment management agreement is between Equitable and Palmieri, with the trustees consenting thereto in writing.

Under the 1977 agreements, essentially all existing Fund real estate-related assets located east of the Mississippi River are managed by Equitable and those located west of the Mississippi are managed by Palmieri. Further, 25 percent of all securities-related assets and all new funds becoming available for investment are allocated to Equitable for management, and the remaining 75 percent of such assets and new funds were allocated by Equitable to other securities-related investment managers. However, under the proposed new agreements:

--All real estate cash flow (i.e., essentially the excess of cash proceeds from Fund real estate investment activities over cash disbursement to such activities) plus 25 percent of new funds (funds derived from employer contributions and made available for investment) will be allocated to Equitable to make new investments in equity real estate, construction and long-term mortgage loans, and interests in real estate joint ventures and partnerships.

--Equitable will continue to manage the securities-related assets of the Fund currently under its control and an additional 15 percent of all new funds will be allocated to Equitable for investments in securities-related assets.

--Equitable will have full discretionary authority to transfer funds under its management between the securities and real estate investment accounts that it will maintain for the Fund.

--Equitable's (and Palmieri's) real estate management fees will be percentage fees based upon the values of the assets under their management as compared to fixed fees under the current agreements.

--The trustees and Equitable will jointly develop investment policies and objectives of the Fund. Under the 1977 agreements, Equitable has exclusive responsibility for developing the Fund's investment policies and objectives.

Finally, any party to any of the new agreements--the trustees, Equitable, or Palmieri--will be permitted to terminate it, with or without cause, by giving a 180-day notice to the other parties. The proposed agreements do not mention obtaining the Government's consent to terminate. Under the 1977 agreements, before October 2, 1982, the trustees could terminate Equitable and Palmieri only for cause and only with the consent of the Secretary of Labor.

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