

In the  
United States Court of Appeals  
For the Second Circuit

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August Term, 2020

(Argued: February 22, 2021      Decided: August 19, 2022)

Docket Nos. 20-378, 20-425

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NEW YORK STATE NURSES ASSOCIATION BENEFITS FUND, THROUGH THE  
CHAIRPERSON OF THE BOARD OF TRUSTEES, DENNIS BUCHANAN, AND THE  
SECRETARY OF THE BOARD OF TRUSTEES, NANCY KALEDA,

*Plaintiff–Appellant–Cross–Appellee,*

–v.–

THE NYACK HOSPITAL,

*Defendant–Appellee–Cross–Appellant.*

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Before:

CARNEY and NARDINI, *Circuit Judges*, and LIMAN, *District Judge*.\*

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This case concerns the scope of the audit authority of a multi-employer employee benefit fund covered by the Employee Retirement Income Security Act (“ERISA”). The

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\* Judge Lewis J. Liman of the United States District Court for the Southern District of New York, sitting by designation.

New York State Nurses Association Benefit Fund (the “Fund”) sought an audit of the Nyack Hospital’s (the “Hospital’s”) payroll and wage records. The Hospital objected, claiming that the Fund had the authority to inspect only the payroll records of employees the Hospital identified as members of the collective bargaining unit. The district court (Briccetti, J.) held that the Fund was entitled to the records of all persons the Hospital identified as registered nurses but not to the records of any other employees.

We reverse in part and affirm in part. To the extent the district court granted the Hospital’s cross-motion for summary judgment and denied the Fund’s motion for summary judgment, we reverse. To the extent the district court granted the Fund’s motion for summary judgment and denied the Hospital’s cross-motion for summary judgment, we affirm. We hold that the audit sought by the Fund was authorized by the Trust Agreement, and that the Hospital did not present evidence that the audit constituted a breach of the Fund’s fiduciary duty under ERISA. Accordingly, the audit was within the scope of the Fund trustees’ authority under the Supreme Court’s decision in *Central States, Southeast and Southwest Areas Pension Fund v. Central Transport, Inc.*, 472 U.S. 559 (1985).

REVERSED IN PART AND AFFIRMED IN PART.

Judge Carney dissents in part in a separate opinion.

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JAY P. WARREN (Kyle P. Flaherty, *on the brief*), Bryan Cave  
Leighton Paisner LLP, New York, NY, *for New York  
State Nurses Association Benefits Fund.*

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LIMAN, *District Judge:*

New York State Nurses Association Benefits Fund (the “Fund” or the “Plan”) appeals from an order of the district court (Briccetti, J.), granting in part and denying in part its motion for summary judgment and determining the scope of the payroll records of Nyack Hospital (“Nyack” or the “Hospital”) to which the Fund was entitled in

connection with an audit of Nyack. The district court held that the Fund was entitled to only the payroll records of persons identified by Nyack as potential Plan beneficiaries, i.e., registered nurses (“RNs”), and not to the records of other employees to determine whether they should have been classified as Plan beneficiaries. The Fund appeals, arguing that the district court erred in narrowing the audit and holding that Nyack was required under an agreement governing the Fund (defined herein as the Trust Agreement) to provide only the payroll records of persons Nyack identified as RNs. Nyack cross-appeals, arguing that the district court authorized an audit that was too broad and that the Fund is entitled to audit only the records of those employees Nyack has identified as members of the collective bargaining unit. For the following reasons, the decision of the district court is **AFFIRMED IN PART** and **REVERSED IN PART**.

## **BACKGROUND**

The following facts are taken from the summary judgment record and were undisputed in the district court. They are taken as undisputed for purposes of this appeal.

### **I. The Parties’ Agreement**

The Fund is a multiemployer fringe benefit fund governed by the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.* (“ERISA”). The Fund provides health and welfare benefits to employees of hospitals that are parties to collective bargaining agreements (“CBAs”) with the New York State Nurses Association (“NYSNA”). The Fund is governed by the Second Amended and Restated Agreement and Declaration of Trust Establishing the New York State Nurses Association Benefits Fund (the “Trust Agreement”).

Nyack is a hospital serving the Rockland County area. It has approximately 1,400 full- and part-time employees. It is a party to a CBA with NYSNA that covers

certain of its employees and was signed on October 5, 2016.<sup>1</sup> The CBA “covers all full-time, regular part-time and per diem registered professional nurses employed by [Nyack], including every person lawfully authorized by permit to practice as a registered professional nurse” with certain exclusions set forth in the CBA. A-150. Three other unions also have CBAs with Nyack; these CBAs cover other groups of its employees.

Several provisions of the CBA are relevant here. Section 9 of the CBA makes regular full-time and part-time employees eligible for coverage under the Fund. Per diem employees and temporary employees are not eligible for health benefits.<sup>2</sup> No persons other than those represented by NYSNA are eligible for participation in the Fund. Section 9 of the CBA also requires Nyack to “contribute to the [Fund] an annual sum paid in monthly increments uniformly required by the Fund to provide health and welfare benefits for covered employees.” Section 9.01(A)(4) of the CBA requires Nyack to provide to the Fund trustees (the “Trustees”) “such documentation with respect to the Employees covered by the . . . Fund as may reasonably be necessary to establish the validity of claims made on the . . . Fund or the number of and identity of such Employees for whom contributions were made during the term of this [CBA].” A-171. The CBA also provides that (1) the Fund Trustees have “[t]he sole and exclusive

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<sup>1</sup> On April 29 and April 30, 2014, NYSNA and Nyack entered into a Memorandum of Agreement (“MOA”) stipulating that, effective June 30, 2014, Nyack would begin making contributions to the Fund to provide health and welfare benefits for covered employees. A-65–A-66, A-301–A-308. The “Scope” provision of the MOA stated that the agreement covered “all full-time, regular part-time and per diem registered professional nurses employed by the Hospital, including every person lawfully authorized by permit to practice as a registered professional nurse and every person employed in a position which requires a registered professional nurse,” excluding “supervisory, managerial and administrative employees” and “all other employees employed by the Hospital” (the “Bargaining Unit”). A-150.

<sup>2</sup> The CBA defines regular full-time, regular part-time, and per diem employees.

authority . . . to determine the benefits to be provided to . . . Fund participants and to make changes thereto”; (2) the Fund “shall be held and administered under the terms and provisions of the existing Trust Fund Agreement and any amendments thereof”; and (3) nothing in the CBA is to be construed to be inconsistent with the provisions of the Trust Agreement, “except as otherwise specified in the Acknowledgment of Trust Agreement provided by the . . . Fund Trustees.” A-173.

The Trust Agreement sets forth the rights of the Trustees and certain corresponding obligations of employers who are bound by it. Nyack agreed “to be bound by the [Trust Agreement], as amended from time to time.” A-232. It did so in an acknowledgment of Trust Agreement [A-171] (the “Acknowledgment”), which the CBA required it to sign.

There are no qualifications or amendments to the Trust Agreement. Article V of the Trust Agreement requires Nyack (like other Employers), to “contribute to the Fund the amount required by the collective bargaining agreement” between NYSNA and Nyack including Employee Contributions “consistent with the employee premium option adopted by [Nyack] and [NYSNA] in bargaining.” A-119. The rate of “Employer Contributions” is governed by the CBA.

The Trust Agreement gives the Trustees of the Fund broad authority. They have discretion to interpret the terms of the Trust Agreement: “The Trustees shall have power to construe the provisions of this Agreement and Declaration of Trust and the terms used herein and any construction adopted by the Trustees in good faith shall be binding upon [NYSNA], [Nyack], and the Employees and their families and dependents.” A-113. The Trustees are authorized to “do all acts, whether or not expressly authorized herein, which the Trustees may deem necessary or proper for the protection of the property held hereunder” or “necessary to accomplish the general

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