From:	Beth Saindon
To:	Alicia Cochran; "mike bull"; "Jason Paradis (jparadis@twincirclesconsulting.com)"; "Mohamed Kamara"; "Roland Davis Jr"; "Scott Clark"; "Wayne Settles"; "Brandi Petway"; Henry, Nichelle; Gray, Debra; Frank Stegman; Jodie Kans
Cc:	Rachel Grant
Subject:	Quality Custom Distribution -- 639 and 730 Legal Funds
Date:	Wednesday, July 1, 2026 1:09:15 AM
Attachments:	Summary 6.27.2026.docx

All,

I believe I have spoken with most of you regarding the QCD contribution issue involving the Local 639 Legal Fund and the 730 Legal Fund, both of which I serve as sole counsel.

Attached is a brief summary of the issue that has resulted from contributions being incorrectly remitted to the 730 Legal Fund following the July 28, 2025 successor CBA which provided for participation in the 639 Legal Fund only. (Prior to the July 2025 CBA, the Company contributed to both legal funds). The matter came to light when a QCD employee recently attempted to access benefits through the 639 Legal Fund and was advised that he was not eligible.

As stated in the memo, the 730 Legal Fund Trustees are meeting on Thursday, July 2, and will be discussing this matter. I am providing the memo to both Boards in advance so that everyone has the same background information and can begin considering the various issues.

Please let me know if you have any questions. Thank you.

Best,
Beth

Elizabeth A. Saindon
Mooney, Green, Saindon, Murphy & Welch, P.C.
1620 Eye Street, NW, Suite 700
Washington, DC 20006
(202) 783 - 0010
bsaindon@mooneygreen.com

BACKGROUND

- QCD was signatory to a CBA with Local 730 (warehouse employees) and Local 639 (drivers) for the period July 28, 2020 – July 28, 2025. Under that agreement, the Company was required to contribute:
  - $0.07 per hour and to the Local 730 Legal Fund; and
  - $0.08 per hour to the Local 639 Legal Fund.

  The Company does not participate in any other Taft-Hartley funds on behalf of these employees. It provides its own health insurance and 401(k) Plan.

- The Locals merged in January 2023.
- In July 2025, Local 639 negotiated a successor CBA effective July 28, 2025 which eliminated references to the former separate unions and recognized Local 639 as the bargaining representative for warehouse employees and drivers. The successor CBA also provided for all QCD employees to participate in the 639 Legal Fund at a rate of $0.08 per hour.
- Despite the revised contract language, the Company continued to contribute to the Local 730 Legal Fund for the warehouse employees. (For reasons unknown, Associated Administrators, who administers the 730 Legal Fund, had an unsigned contract on file providing for the continuation of two legal funds.)
- As a result, during the approximately 11 months following the implementation of the successor agreement, QCD has contributed a total of $5,518.60 to the 730 Legal Fund.
- This issue came to light last week on June 24, 2026, when a QCD employee sought to utilize his legal fund benefits through the 639 Legal Fund, but was advised that he was ineligible.
- The participant had worked sufficient hours to satisfy the eligibility requirements of both legal funds.
- In light of these circumstances, the Local 639 Legal Fund attorney who met with the participant agreed to represent him while the parties worked to resolve the contribution issue.
- Only one other QCD employee has utilized benefits in the 730 Legal Fund after the effective date of the successor CBA (July 28, 2025). For purposes of this memo, that individual will be referred to as Mr. Smith.
- Mr. Smith has six claim dates – four occurred before the successor CBA became effective (two dates in February, and one date in each April and May 2025) and two claim dates occurred in August 2025. Although we have the total amount of benefits paid by the 730 Fund on his behalf, we have not yet determined the portion attributable solely to the August 2025 services.

- The Company acknowledges the contribution error and has agreed to begin making contributions to the 639 Legal Fund prospectively, although its email to Local 639 stated it would contribute at a rate of $0.07 and not $0.08 cents. The Local replied and corrected the rate, but the Company has not confirmed that it will remit at the contractual the rate.

ANALYSIS AND NEXT STEPS

- I believe this is a relatively straightforward matter, as all parties share the same goals of ensuring the participants have uninterrupted access to legal benefits and correcting the mistake in a practical and equitable manner.
- Initially, I had considered that the most direct solution would be for the 730 Legal Fund to transfer the mistaken contributions to the 639 Legal Fund. Under that approach, the parties would also need to determine how to account for any benefits paid by the 730 Legal Fund during the past 11 months since the new contract was effective.
- Upon further review, however, a different approach may prove simpler and more consistent with the participants' actual benefit eligibility.
- Specifically, the bargaining parties could consider revising the CBA to establish a later effective date for the legal fund change, say June 1, 2026 or July 1, 2026. This possibility arises because participant eligibility under the two legal funds is determined differently, and a review of the eligibility rules suggests that employees may have remained properly eligible under the 730 Legal Fund during all of the period in question.
- Under the 639 Legal Fund, a participant must work at least 120 hours during a calendar month, and eligibility starts on the first day of the third month following the month for which contributions were made. As a result, even if a QCD employee worked the required hours in August 2025, his eligibility under the 639 Fund would not have begun until November 2025.
- The 730 Legal Fund's eligibility rules operate differently. Eligibility is based upon hours worked during a Benefit Quarter, and the Fund provides continued eligibility during the Benefit Quarter following a participant's cessation of covered employment (assuming they have 300 hours).
- Accordingly, it appears that Mr. Smith's August utilization of benefits may have been supported by eligibility that had already been earned under the 730 Legal Fund before the successor agreement became effective.
- If this analysis is confirmed by the 730 Legal Fund administrator, it may be appropriate to leave both the contributions and the benefits paid to date as they currently stand. As a result, there would be no need for a transfer of the

contributions, as the contributions would effectively have supported coverage that participants were otherwise entitled to receive.

- The complication, of course, is that we did not know any of this when the issue first arose on Thursday and immediate steps were required to ensure the employee seeking legal assistance received representation. One possible alternative would be for the parties to consider a limited transfer of three months' of contributions to the 639 Legal Fund in order to address immediate eligibility concerns and align participant eligibility with the parties' expectations under the successor agreement.
- With all of this said, because I serve as sole counsel to both Legal Funds, I want to ensure that any potential conflict of interest issues are addressed appropriately. Although I believe any conflict associated with this matter may be waivable by both Boards, the 730 Legal Fund may nevertheless wish to consider engaging Jim Kimble to represent it for purposes of this matter. This would protect both Boards, eliminate any appearance of divided loyalties, and create a clean record.
- The 730 Legal Fund Trustees are meeting on July 2, 2026 and this matter will be discussed then. Following that discussion, the parties can determine:
    - Whether the eligibility analysis outlined above is correct;
    - Whether any transfer of contributions is necessary or appropriate;
    - Whether the bargaining parties should amend the effective date of the legal fund provisions of the CBA; and
    - Whether either Fund wishes to engage separate counsel for purposes of evaluating and approving a resolution.