

Judge rejects Indiana teachers union request to dismiss case

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U.S. District Court Judge Sarah Evans Barker has rejected a long-pending motion by the Indiana State Teachers Association and its parent that would have allowed them to avoid charges they face from the Indiana Securities Commissioner. / Star file photo

A federal judge has rejected a long-pending motion by the Indiana State Teachers Association and its parent that would have allowed the unions to avoid charges they face from the Indiana Securities Commissioner.

U.S. District Court Judge Sarah Evans Barker refused to grant the unions' summary judgment requests, saying enough material evidence exists to try the case.

U.S. District Court Judge Sarah Evans Barker has rejected a long-pending motion by the Indiana State Teachers Association and its parent that would have allowed them to avoid charges they face from the Indiana Securities Commissioner.

“The parties are instructed to prepare for trial,” the judge said in her 31-page ruling issued Tuesday.

The state seeks damages of more than \$24 million from ISTA over mishandling of its insurance

fund, which went bust in 2009.

The state's lawsuit was filed the same year, alleging that the state's largest teachers union unlawfully sold securities without registering them and engaged in fraudulent misrepresentation in selling its insurance products to school

districts.

ISTA claims its insurance products, which it no longer sells, were not securities under the state's definition and didn't need to be registered. It also says it didn't fraudulently market the insurance. ISTA asked the judge for summary judgment, hoping to get the charges dismissed before trial.

The National Education Association, which bailed out ISTA after it was left with more than \$50 million in liabilities from its insurance trust's bad investments, separately asked the judge for a summary judgment decision on the charges it faces. The judge denied that motion, saying the NEA supervised and partially paid the salaries of ISTA's UniServ directors, who negotiated with school districts and dealt with the insurance fund.

The Washington, D.C.-based NEA has run ISTA since 2009 under a trusteeship.

The trial poses a large financial risk for ISTA. Damages sought by the state are an amount comparable to its annual revenue, most of which comes from member dues.

“Today is a major step forward in our efforts to reclaim teachers' hard earned money

,” Secretary of State Connie Lawson said in a statement.

An attorney for ISTA didn't respond to a request for comment.

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