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## WCSI Local News

### State's Case Against the Indiana State Teachers Association Will Proceed

Judge Sarah Evans Barker of the United States District Court in Indianapolis ruled Wednesday in favor of the Secretary of State's litigation against the Indiana State Teachers Association (ISTA) and the National Education Association (NEA) alleging violations of Indiana securities law resulting in losses of over \$24 million to Indiana schools.

The ruling was the second time that Judge Barker has denied ISTA's and NEA's motions to dismiss the litigation. The Secretary of State's Securities Division believes ISTA unlawfully took money from its members' schools when it offered securities in the form of a health plan.

"Today is a major step forward in our efforts to reclaim teachers' hard earned money," said Secretary of State Connie Lawson. "Keeping both the NEA and ISTA in this lawsuit means the major parties involved in this health plan must stand trial. Our team at the Securities Division and our litigation partners at Frost Brown Todd will continue in their tireless efforts to litigate this case and prepare for trial. We look forward to the opportunity to present the evidence supporting the allegations of wrongdoing by ISTA and the NEA in our pursuit of full recovery of the losses suffered by the victims."

The Securities Division initiated its investigation and lawsuit under then-Secretary Todd Rokita when information was presented showing losses to various school districts that exceeded \$24 million that was allegedly a direct result of ISTA's (The ISTA Insurance Trust and ISTA) sale of a health plan that had no regulatory approval of any kind.

The State alleges that the health plan was designed so that schools would pay more than expected claims, with ISTA promising that the excess funds would be invested with a guaranteed rate of return. Instead, they allege that money was commingled and used by ISTA for other purposes. The Securities Division's lawsuit against ISTA and the NEA alleges that money was taken from schools in the course of what was an unlawful offer of securities arising out of the operation of the health plans to approximately 26 schools.

A trial date has been set for Oct. 28. Judge Sarah Evans Barker will hear the case.

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