LITHOGRAPHERS AND PHOTOENGRAVERS
LOCAL 285 WELFARE FUND

CONTRIBUTION AND DELINQUENCY POLICY

The Board of Trustees (the "Trustees") of the Lithographers and Photoengravers Local 285 Welfare Fund (the "Fund") has adopted the following Policy regarding the collection of employer contributions, which is applicable to all contributing Employers (including those previously contributing to the Bookbinders Welfare Fund).

I. Remittance of Contributions

A. Contributions to the Fund are considered to be due and owing as of the end of the month during which the hours for which the contributions are owed are worked.

B. Contributions to the Fund shall be accompanied by a Remittance Advice Form that accurately shows the period for which contributions are due, and shall be in a form acceptable to the Trustees. Alternatively, an Employer may submit its report electronically through a procedure approved by the Fund, provided such report is timely submitted.

C. Contributions to the Fund shall be considered delinquent if they are not received by the 10th day of the month following the month during which the hours for which the contributions are due are worked.

D. Interest on delinquent contributions shall be assessed at the rate of 18% per year (1 ½ % per month), compounded monthly. Interest shall be assessed from the date the contributions are first due and owing through and including the date contributions (and any outstanding interest charges) are actually received, and shall be compounded monthly.

E. Liquidated damages shall be assessed if contributions are not actually received as of the 15th day of the month following the month during which the hours for which the contributions are due are worked. The amount of liquidated damages shall be the greater of

1. $15 for each employee for whom the contributions are due for each month the outstanding contributions are not paid by the 15 day of the month or

2. The amount of interest, as determined in paragraph D.

Interest, as determined under paragraph 4, shall be assessed on any outstanding liquidated damages.

F. An employer that is delinquent in paying its contributions shall be sent a written notice on or about the fifteenth day of the month it becomes delinquent advising it of the delinquency, of the assessment of interest and liquidated damages, and that benefits will be terminated for its employees effective as of the first day of the following month unless the delinquency is satisfied. Copies of the letter shall be made available to Local 285, GCC/IBT (the "Union") and to the shop delegate for the delinquent employer. The Union and/or the shop delegate shall post the notice on the delinquent employer's premises in a manner designed to provide notice to the delinquent employer's employees of the delinquency and of the impending termination of health benefits. Additionally, the affected employees shall be sent written notice by first class mail (or such other appropriate alternate form of communication)

G. On or prior to the 26th day of the month, the covered employees of the delinquent employer shall be sent a second written notice of their employer's delinquency and that their benefits will be terminated at the end of the month if the delinquency has not been resolved.

H. If an employer delinquency is not resolved by the end of the month, benefits for the employees of the employer shall be terminated as of such end of the month, and shall not be resumed until all outstanding delinquencies have been resolved. The termination of benefits for the employees of a delinquent employer shall not relieve the employer of its continuing legal obligation to make contributions, nor of its obligation to pay all outstanding delinquencies, including interest and liquidated damages. For good cause, as determined exclusively by the Trustees, benefits may be continued at the Trustees' discretion, notwithstanding the Employer's delinquency.

I. Underpayments

1. An employer that only remits its withheld employee contributions shall be treated as delinquent. An employer that fails to remit substantially all of its contributions (or such lesser amount as determined by the Trustees) shall be treated as delinquent. Notwithstanding the foregoing, an employer shall owe interest and liquidated damages (as provided for in subsections D and E) on any underpayments from the date due until the date paid.

2. An employer with known underpayments or other deficiencies shall be sent a bill each month specifying the amounts known to be owed.

J. When it is determined to be in the best interests of the Fund's participants and beneficiaries, and consistent with Prohibited Transaction Class Exemption ("PTE") 76-1, as determined exclusively by the Trustees, interest and liquidated damages may be compromised or waived.

II. Payroll Audits

A. The Funds shall retain the services of an accounting firm (the "Auditor") to provide comprehensive, systematic and periodic reports of participating Employers as may be directed from time to time by the Trustees. The purpose of the audits is to determine whether the Employer has paid contributions as required by the applicable Collective Bargaining Agreement.

B. The Administrative Manager or the Auditor shall submit to the Trustees a proposed schedule for the audit of each participating Employer with the aim that each such Employer will be audited once each three year period. The Trustees may direct the Auditor not to audit a particular Employer on the proposed schedule during an audit cycle or to delay such audit if the Trustees determine that such action is in the best interests of the Fund. The Trustees may also determine which Employers, if any, should be subjected to an expedited audit.

C. Prior to undertaking any audit, the Auditor shall review the Employer's Collective Bargaining Agreement, the current Trust Agreement and Collection Policy and any other documents necessary to determine whether the audited Employer has made the required contributions. If the Auditor is uncertain as to any audited Employer's obligation to make contributions, he or she shall discuss such matter with the Administrative Manager, Fund Counsel and the appropriate Union official. Fund Counsel shall assist the Auditor concerning the interpretation of Collective Bargaining Agreements and other documents at the Auditor's request.

D. The Auditor shall notify the audited Employer in writing of the time and place of the audit as well as the documents the audited Employer must produce. If the Employer refuses to permit the Auditor to conduct an audit and/or refuses to furnish the necessary records as requested by the Auditor, the Auditor shall immediately notify the Administrative Manager and Fund Counsel in writing. In such a case, Fund Counsel shall attempt to secure the Employer's voluntary compliance. If the Employer refuses to comply, Fund Counsel shall notify the Trustees and take appropriate legal action as directed by the Trustees.

E. In conducting an audit, the Auditor shall prepare such worksheets as are deemed necessary and advisable in such form as is consistent with ordinary professional accounting/auditing standards. The extent of the review will also be determined based upon ordinary professional accounting/auditing standards, such that, for example, if the payroll records appear to be properly prepared and adequately supported by time records, less detailed checking may be appropriate.

F. The Auditor shall complete the audit, if practicable, in accordance with the schedule adopted by the Trustees. Upon completion of the audit, the Auditor shall conduct an exit interview with the Employer explaining any deficiencies found. The Auditor shall thereafter transmit a draft report, together with a "ten day letter" to the Employer. The "ten day letter" shall specify that the Employer should contact the Auditor within ten days if the Employer disputes any of the discrepancies contained in the draft report. The letter shall also state that the Audit Report will be forwarded to the Board of Trustees for its review and action if the Employer does not contact the Auditor within ten days. If contact is not made within the ten day period, the auditor shall send the Administrative Manager the final Audit Report and shall report any explanations or defenses presented by the Employer.

G. Should the Employer raise any disagreements or disputes with the Auditor, the Auditor shall endeavor to resolve such disputes prior to preparing a final Audit Report, if necessary, in consultation with Fund Counsel, the Administrative Manager and/or the appropriate Union official. Once all such disputes are either resolved or determined to be irresolvable, the Auditor shall send the final Audit Report to the Administrative Manager, who shall report to the Trustees any unresolved issues raised by the Employer, including any explanations or defenses.

H. If the Audit Report reveals a discrepancy or delinquency, interest shall be assessed back to the date the underpayments were originally due. The Administrative Manager shall, within five work days of receipt of the Audit Report, transmit a copy to the audited Employer and notify the Employer of the amount due. The notification to the Audited Employer shall advise the audited Employer:

1. That it has 30 days to present evidence refuting the Auditor Report;

2. That all amounts due that are not subject to a good faith dispute (as determined by the Trustees in their sole discretion) must be paid within 30 days from receipt of the Report or they shall be assessed audit fees and liquidated damages on the amounts due. If an audited Employer only disputes a portion of the Audit Report, it is required to pay any undisputed deficiencies while any disputed issue is being considered by the Trustees.

I. If the Employer pays the undisputed amount determined to be owed within the 30 days, the Trustees may waive interest on the portion paid if they determine that the underpayment was the result of a good-faith mistake.

J. Notwithstanding the forgoing, the Employer shall be required to pay the cost of the audit if the amount of the underpayment exceeds 10% of the Employer's total contributions for the audit period, except for good cause shown as determined by the Trustees in their discretion.

K. The Administrative Manager shall review each Audit Report and Employer response and, in consultation with Fund Counsel and the Auditor, make recommendations to the Trustees. The Trustees shall review the Administrative Manager's recommendations concerning each Audit Report and any evidence furnished by an Employer refuting an Audit Report. The Trustees shall make such determinations as are necessary to resolve any such disputes.

L. If a payroll audit discloses no amounts due, the auditor shall send the Administrative Manager a letter indicating no discrepancies or delinquencies. The Administrative Manager shall inform the Employer that the audit is complete and no amounts are due. If the report discloses an overpayment, the auditor shall send the Administrative Manager the final Audit Report. The Administrative Manager shall check the Employer's status on the delinquency list and accounts receivable list and shall seek instructions from the Trustees prior to contacting the Employer regarding the overpayment. In general, any overpayments will be applied against any outstanding deficiencies before an Employer will be provided a refund or credit.

M. The Administrative Manager is responsible for reviewing all completed Audit Reports received from the Auditor.

III. Litigation

A. In the event that an Employer delinquency or other deficiency is not resolved, the Trustees, through Fund Counsel, may commence litigation against the delinquent Employer to collect all outstanding delinquencies, including interest and liquidated damages.

B. In the event that such litigation is commenced, the delinquent employer shall be liable for the Fund's costs and expenses of litigation, including attorneys' fees, as well as all audit costs.

IV. Compromise, Settlement and Waiver

A. For good cause shown, when it is determined to be in the best interests of the Fund's participants and beneficiaries, and consistent with Prohibited Transaction Class

Exemption ("PTE") 76-1, the Trustees may compromise or settle any amounts otherwise considered due and owing by an Employer.

B. When consistent with PTE 76-1, the Trustees may discontinue collection efforts in any case in which they determine that it is in the best interest of the Fund's participants and beneficiaries to do so.