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September 15, 2009

ALSO ADMITTED IN:
UNITED STATES SUPREME COURT
STATE OF ARIZONA
STATE OF OKLAHOMA
STATE OF TEXAS
WASHINGTON, D.C.

Verizon Management Pension Plan Administrator
Verizon Pension Plan for New York and New England Associates Administrator
Verizon Pension Plan for Mid-Atlantic Associates Administrator
Verizon Master Trust Administrator
Verizon Employee Benefits Committee
c/o Marc Schoenecker, Assistant General Counsel - Employee Benefits
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Idearc Pension Plan for Management Employees Plan Administrator
Idearc Pension Plan for Collectively Bargained Employees Plan Administrator
Idearc, Inc. Master Trust Administrator
Idearc Employee Benefits Committee and Appeals Committee
c/o Joe A. Garza, Jr., Vice President & Associate General Counsel
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Verizon Claims Review Committee
c/o Verizon Claims Review Unit
P.O. Box 1438
Lincolnshire, IL 60069-1438

Re: **Appeal - Class-wide Administrative Claim and
Renewed Request for Documents**

Plan Administrators:

This is an administrative appeal of the July 31, 2009 dated denial of the February 4, 2009 dated claim, as supplemented on May 27, 2009, submitted on behalf of Phillip A. Murphy, Jr., Susan A. Burke, Sandra R. Noe, Joanne Jacobsen, David L. Wibbelsman, and Claire M. Palmer

(hereinafter “Named Claimants”), all active retired plan participants in Idearc’s pension plans and former retired plan participants in Verizon’s pension plans. Although, the administrative claim was submitted as a proposed class-wide claim, both Respondent Verizon and Respondent Idearc refused to treat the claim as a class-wide claim.

Respondent Idearc did not send Named Claimants a formal written response to the merits of their administrative claim. Idearc did not offer Named Claimants any internal avenue to appeal their administrative claim. Anyhow, Named Claimants hereby appeal to Idearc’s Employee Benefits Committee or any other Idearc entity charged with handling appeals of internal claims.

By letter dated July 31, 2009, the Verizon Claims Review Unit (“VCRU”) responded to the merits of Named Claimants’ administrative claim. The VCRU contends that Named Claimants’ complaints about matters the VCRU characterizes as “business decisions” are matters not subject to review under the ERISA claims procedures of the pension plans. To the extent the VCRU treated Named Claimants’ demands that they, together with a proposed class of similarly situated retirees, be restored to their former positions as active retirees enrolled in Verizon’s pension plans, the VCRU denied all claims.

The VCRU states that each Named Claimant was last employed in a “Spinco Business” within Verizon and, for that reason was transferred from a Verizon pension plan into a new pension plan sponsored by Idearc. Named Claimants have neither documents nor statements to submit challenging Verizon’s determination that their last employment was with the Spinco Business within Verizon. The VCRU did not address Named Claimants’ contentions that Verizon pension plan fiduciaries and administrators did not act in their best interest and that there were breaches of ERISA fiduciary duties. Instead, the VCRU opined that all actions taken with respect to Named Claimants were the result of “business decisions” immune from challenge under either the terms of the Verizon pension plans or ERISA’s statutory provisions.

Accordingly, Named Claimants bring this matter to the attention of the Verizon Claims Review Committee. Since the individual members charged with handling appeals for both Respondents have not been identified by either Respondent, a copy of this letter is also sent to the original named addressees with the reasonable expectation that it will be forwarded to the proper decision makers.

In addition, Named Claimants renew their request for the not yet produced documents listed in their February 4, 2009 dated letter.¹ Named Claimants demand that all of that missing and or withheld information and documentation be included in the administrative record for this

¹ To date, Named Claimants have not received documents and information responsive to the following numbered requests set forth in their February 4, 2009 letter: Nos. 1-3 (Verizon’s documents withheld); No. 4 (Final actuarial report not produced by either Respondent); No. 5 (Both Verizon’s and Idearc’s documents withheld); Nos. 7, 8 and 9 (Verizon’s documents withheld); No. 10 (Idearc’s documents not withheld but missing); and Nos. 12 and 13 (Idearc’s documents withheld).

appeal. The failure or refusal to produce the remaining requested documents interferes with Named Claimants' rights to perfect this administrative appeal and, likewise, is another example of non-compliance with applicable pension plan rules. For instance, Section 9.13 appearing on page 99 of the Verizon Management Pension Plan, as amended and restated effective January 1, 2002, states that "[i]n connection with an appeal, the claimant (or his duly authorized representative) may review documents and other information relevant to the claim (copies of which shall be provided free of charge upon request) and may submit evidence and arguments in writing to the VCRC." By not producing the remaining myriad of documents and information Named Claimants deem relevant to this administrative claim, Respondents have effectively made this appeals procedure futile.

Named Claimants reiterate their contention that the decision to take them out of the well funded Verizon pension plans and master trust and place them into an upstart company's pension plans was not in their best interest. Furthermore, Named Claimants contend that removing them in November 2006 from Verizon's pension plans was a violation of their contractual rights under the pension plans and in violation of controlling plan terms. Accordingly, all Claimants contend there have been violations of ERISA Section 404(a)(1), 29 U.S.C. § 1104(a)(1) and its several subdivisions.

**The Employee Matters Agreement is Not a Plan Amendment and it
Did Not Give Any Authority to Make Retiree Pension Plan Changes in November 2006**

In the VCRU's July 31, 2009 denial letter, there appears to be great reliance placed on the terms of the Employee Matters Agreement ("EMA") executed on November 17, 2006 by a Verizon officer and an Idearc officer. But, the EMA is neither a governing pension plan document nor an amendment to Verizon's pension plans. There are no terms within Verizon's pension plans expressly making the EMA part of the pension plans and there is no incorporation of any EMA. The November 17, 2006 EMA was neither executed by the Verizon Board of Directors nor signed by the "most senior Human Resources officer of Verizon," the person to whom the Verizon Board has delegated authority to amend Verizon's pension plans. Likewise, there is no evidence that Verizon's Board, either by duly adopted written resolutions or by unanimous written consent, delegated the power to amend Verizon's pension plans to EVP John W. Dierckson, the only Verizon officer who executed the EMA. Therefore, the EMA fails to follow the amendment procedure specified in Verizon's pension plans. (See, e.g., Section 11.2 appearing on page 103 of the Verizon Management Pension Plan).

Verizon's pension plan fiduciaries and administrators cannot justify their conduct adverse towards Named Claimants and other retirees by placing reliance on the EMA because previously they took the legal position that the EMA is not a document under which a Verizon pension plan is established or operated within the meaning of ERISA Section 104(b)(4). When Verizon Management Pension Plan participant Michael S. Kucklinca submitted a written request dated September 18, 2007, he specifically requested production of "[a]ll amendments *since September 2006* to the current controlling plan document," . . . and "[a]ll other documents created *since*

September 2006 under which said pension plan [i.e., Verizon Management Pension Plan] is established and operated within the meaning of ERISA Section 104(b)(4).” (bracketed portion added). But, the EMA document was not timely produced in October 2007 within 30 days after receipt of Mr. Kucklinca’s letter. The EMA was produced together with a letter dated March 6, 2009. In his March 6, 2009 dated letter Verizon’s Assistant General Counsel Marc Schoenecker professed that “ERISA Section 104(b) does not require us to produce the EMA.”

Similarly, when Named Claimant Claire Palmer sent her August 13, 2008 dated ERISA document request to Respondent Idearc, there was no timely production of the EMA. The EMA was not produced by Idearc until sent with a letter dated March 9, 2009. Both Verizon and Idearc did not treat the EMA as a plan amendment or other document that governed the terms of the pension plans in November 2006. Both parties to the EMA chose not to characterize the EMA as an ERISA controlled document. Section 12.8 of the EMA states that the laws of the State of Delaware govern the EMA. The EMA is merely a contract between Verizon and Idearc governing their business dealings, not a pension plan document governing retired plan participants’ rights to Verizon pension plan benefits. The EMA specifically states it cannot be construed to serve as a pension plan amendment. (See Section 12.6(c) appearing on page 27 of the “Execution Copy” of the EMA: “Nothing in this Agreement shall amend or shall be construed to amend any plan [e.g., pension plan], program or arrangement described in or contemplated by this Agreement.”) (bracketed portion added).

Even if Verizon’s pension plan fiduciaries and administrators now choose to qualify the EMA as an ERISA governed plan amendment granting them authority in November 2006 to manipulate certain retirees’ accrued pension plan rights, the July 31, 2009 claims denial letter at page 5 confirms that 16 days before the EMA document was properly executed pension assets, together with selected management retirees, were prematurely “transferred” on November 1, 2006. Likewise, an actuarial spreadsheet prepared by Hewitt & Associates entitled “Idearc Asset Transfer Amount” reports that on November 1, 2006, \$119 million together with 584 retirees and beneficiaries in pay status were transferred to Idearc from the Verizon Management Pension Plan and on November 18, 2006, \$250 million together with 1,278 retirees and beneficiaries in pay status plus 743 deferred vested pensioners were transferred to Idearc from the Verizon Pension Plan for New York and New England Associates. Hewitt & Associates’ spreadsheet discloses nothing about the amount of “liabilities,” if any, transferred to Idearc.

Therefore, when pension plan fiduciaries and administrators acted in November 2006 and “transferred” Named Claimants and other retired plan participants together with pension plan assets, they acted without authority and did not act in accordance with the terms and rules of Verizon’s pension plans as existing during November 2006.

In November 2006, Verizon Pension Plan Fiduciaries and Pension Plan Administrators Violated the ‘Plan Documents Rules’

The VCRU’s July 31, 2009 claim denial letter strongly suggests that Verizon's transfer of

pension plan assets to Idearc was not an ERISA fiduciary act, but rather it was a “business decision” that cannot be challenged under federal law ERISA. To the contrary, even if the transaction is deemed to be the result of a “business decision,” Verizon representatives still had to comply with ERISA which dictates there be strict compliance with the plans’ rules and terms. When the involuntary transfer occurred during November 2006, there was simply no modification, amendment or termination of the transferred retirees’ rights to receive benefits under Verizon’s pension plans under which the involuntarily transferred retirees previously retired and initially received benefits. When Verizon transferred pension plan assets and all of the selected retired plan participants during November 2006 there was a failure to abide by the ‘plan documents rules’ and, therefore, a violation of ERISA Section 404(a)(1)(D), 29 U.S.C. § 1104(a)(1)(D).

Named Claimants contend that as of the date the spin-off was concluded - November 17, 2006 - and their rights to receive payment from Verizon’s pension plans were involuntarily terminated, none of the then existing terms and rules of the applicable Verizon pension plans authorized such activity. Although, during November 2006, Verizon’s pension plans contained a specific provision contemplating there could be mergers, consolidations of the pension plans, and transfers of “assets” or “liabilities,” there were no plan terms or rules that either specifically allowed the curtailment of payment of accrued pension plan benefits and the simultaneous involuntary transfer of Named Claimants and other retired pension plan participants into Idearc’s pension plans. To be sure, Name Claimants are neither “assets” nor “liabilities,” they are real persons, plan participants with rights to vested accrued benefits. At least throughout November 2006, Verizon’s pension plan fiduciaries and plan administrators continued to owe all Named Claimants and other similarly situated retired plan participants and their beneficiaries the highest duty of care.

The VCRU denial letter does not dispute Named Claimants’ contention that Verizon amended several of its pension plan documents *after the fact*, more than a month after the spin-off creation of Idearc and the transfer of pension plan assets together with selected retired plan participants. The pension plan amendments were executed and adopted on December 22, 2006. At least during the seven week period November 1, 2006 through December 21, 2006, pension plan fiduciaries and plan administrators were not excused from their obligation to continue paying retired pensioners and their beneficiaries on pay status their accrued benefits directly from Verizon’s pension plans. Likewise, during November 2006 there was no existing plan amendment giving anyone any authority to send millions of dollars of plan assets over to Idearc.

The fact that Verizon’s pension plans might allow amendments to be effective on any given date, did not relieve the plan fiduciaries and administrators of their responsibility, obligation, or duty imposed by or under ERISA’ statutory provisions. See, e.g., Section 14.4 appearing on page 128 of the Verizon Management Pension Plan stating “[n]othing in the Plan shall relieve or be deemed to relieve any Plan fiduciary, obligation, or duty imposed by ERISA.” One of ERISA’s duties imposed on plan administrators is that they must act in strict conformity with existing rules and plan terms, not later adopted rules.

Named Claimants' position is that before December 22, 2006 all action taken with respect to all pension assets and all retired plan participants had to be in exact accordance with then existing governing plan terms and rules. Named Claimants invoke the teachings and pronouncements by the United States Supreme Court in the case of *Kennedy v. Plan Administrator for DuPont Savings and Investment*, 129 S.Ct. 865 (2009), wherein the Supreme Court confirmed that ERISA provides no exception to the plan administrator's duty to act in accordance with then existing plan documents:

The plan administrator is obliged to act "in accordance with the documents and instruments governing the plan insofar as such documents and instruments are consistent with the provisions of [Title I] and [Title IV] of [ERISA]," § 1104(a)(1)(D), and the Act provides no exemption from this duty when it comes time to pay benefits.

(*Id.*, at 875). Verizon cannot escape liability for failure to comply with plan terms and rules existing during November 2006 by focusing on the company's intent when it transferred assets to Idearc during November 2006. In *Kennedy*, the Supreme Court also confirmed that ". . . ERISA forecloses any justification for enquiries into nice expressions of intent." (*Id.*). Due to ERISA preemption, and the Supreme Court's recent ruling in *Kennedy*, Verizon cannot rely upon any argument that, notwithstanding the express governing terms of the pension plans, there was an understanding between Verizon and Idearc as set forth in the EMA, an extraneous non-plan document. *Kennedy* mandates that pension plan benefits should have been paid out to Named Claimants and all other similarly situated plan participants during November 2006 in accordance with the unamended rules presently in effect. At no time during November 2006 were there any plan terms or rules which effectively extinguished any retired plan participant's right to continued payment of his or her accrued service pension benefits. At least prior to the December 22, 2006 adopted plan amendments, Verizon's pension plan fiduciaries and administrators were required to continue to act as they had before in exact compliance with then existing governing pension plan terms.

Named Claimants acknowledge that Verizon's pension plans contemplated that when liabilities would be transferred to another plan the benefits linked to those liabilities would cease to be payable under the transferor plan. See, e.g., Section 11.3 appearing on page 104 of the Verizon Management Pension Plan which states, "[a]ny liability transferred from the Plan to another plan pursuant to this Section 11.3 shall result in the extinguishment of such liability immediately upon such transfer, and no benefit previously payable under the Plan on account of such liability shall be payable under the Plan following such transfer." But, there are no plan provisions which segregate certain assets or identify certain liabilities as being associated with either a single plan participant or group of plan participants. When hundreds of millions of dollars in pension assets were transferred to Idearc during November 2006 there were no plan terms that identified and traced the transferred monies to particular plan participants. Since Verizon's pension plans were over funded during November 2006, the transferred assets can just as easily be deemed to be surplus monies not associated with any liabilities.

It is to no effect that Verizon's pension plan fiduciaries and administrators violated their strict duties and created new rules to excuse the violations seven weeks after the fact when, for instance, the 'Fourteenth Amendment to the Verizon Management Pension Plan' was executed on December 22, 2006 by Marc C. Reed, EVP-Human Resources. That belated plan amendment provides, in pertinent part:

3. Effective November 17, 2006, the following new Schedule XLV is hereby added to the Plan:

SCHEDULE XLV

SPECIAL PROVISIONS FOR PARTICIPANTS WHOSE
BENEFITS WERE TRANSFERRED TO AN IDEARC, INC. PENSION PLAN

A. **For each former Employee** who:

(1) on November 1, 2006 or the date on which the shares of Idearc Inc. were spun-off to the shareholders of Verizon Communications, Inc. (The "spin-off date"), was employed by Idearc Inc. or an entity that after the spin-off date is an "Affiliate" as defined in Article II with respect to Idearc Inc., or

(2) is not described in (1), but **whose employment with an Affiliate before the spin-off date has been determined by the Committee [i.e., Plan Administrator] to have been with Idearc, Inc.**, an entity that after the spin-off date is an "Affiliate" as defined in Article II with respect to Idearc, Inc., **or a predecessor** of either, **and**:

(a) had an accrued benefit under the Plan that had been fully cashed-out before the spin-off date, or

(b) **had an accrued benefit under the Plan as of the spin-off date which he was eligible to receive as a retirement or early retirement pension (i.e., other than as a deferred pension)** and which had not previously been paid in full (whether or not payments had begun to the individual or his beneficiary),

assets and liabilities for benefit obligations under the Plan, if any, for employment before the spin-off date, including the related Net Credited Service and Pension Accrual Service and any right to restoration of such service following a break in employment, cash-out, forfeiture, or otherwise under any provision of the Plan, **shall be transferred from the Plan to the Idearc Pension Plan for Management Employees** (the "Idearc Plan").

As a result, except as provided in the paragraph below, **former Employees described in the immediately preceding sentence shall cease to be eligible for a Pension or any other benefit from the Plan based upon employment before the spin-off date.** (emphasis in bold added and bracketed portion added). ²

² There is a nearly identically worded December 22, 2006 dated plan amendment for the Verizon Pension Plan for New York and New England Associates, now set forth in Article 5.11 on page 51 of the newly restated governing document, since some of those retiree plan participants were transferred into the Idearc Pension Plan for Collectively-Bargained Employees.

Named Claimants contend the December 22, 2006 dated plan amendments made retroactive so as to provide cover for the fiduciaries' and administrators' breach of the 'plan documents rules' during November 1, 2006 through December 21, 2006 should be declared null and void. At the very least, Named Claimants and all other similarly situated retired pension plan participants should be paid all pension plan benefits they were entitled to receive from the Verizon pension plans during November 1, 2006 through December 21, 2006.

**Verizon Pension Plan Fiduciaries and Administrators
Breached Their Duty of Loyalty to Retired Plan Participants**

ERISA Section 404(a)(1) provides that fiduciaries must discharge their duties "(B) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." 29 U.S.C. § 1104(a)(1)(B). Various federal cases provide more information about the nature of these fiduciary duties. One court referred to ERISA's fiduciary duty standards as "the highest known to the law." *Donovan v. Bierwirth*, 680 F.2d 263, 272, n. 8 (2nd Cir. 1982). "As this section suggests, the duties of an ERISA fiduciary are not limited by that statute's express provisions but instead include duties derived from common law trust principles. "[R]ather than explicitly enumerat[e] all of the . . . duties [of ERISA fiduciaries], Congress invoked the common law of trusts to define the general scope of their . . . responsibility." *Eddy v. Colonial Life Ins. Co.*, 919 F.2d 747, 750 (D.C. Cir. 1990), quoting *Cent. States, SE & SW Areas Pension Fund v. Cent. Transp., Inc.*, 472 U.S. 559, 570, 105 S.Ct. 2833, 2840 (1985) (additional citations omitted). Courts have ruled this statutory provision imposes an unwavering duty on an ERISA plan fiduciary "to make decisions with single-minded devotion to a plan's participants and beneficiaries and, in so doing, to act as a prudent person would act in a similar situation." *Adams v. Avondale Indus., Inc.*, 905 F.2d 943, 946 (6th Cir.1990) (quoting *Morse v. Stanley*, 732 F.2d 1139, 1145 (2d Cir.1984)).

Just last year, the United States Supreme Court referred to ERISA's fiduciary duty standards as requiring "higher-than-marketplace" standards of conduct. *Metropolitan Life v. Glenn*, 128 S.Ct. 2343, 2350 (2008). This echoes the language of Justice Benjamin Cardozo many years ago when he described fiduciary duties in this way:

Many forms of conduct permissible in a workaday world for those acting at arms length, are forbidden to those bound by fiduciary ties. A trustee is held to something stricter than the morals of the marketplace. Not honesty alone, but the punctilio of an honor the most sensitive, is then the standard of behavior.

Meinhard v. Salmon, 164 N.E. 545 (N.Y. 1928).

Named Claimants contend a prudent plan fiduciary charged with a duty of loyalty and having responsibility to act in the best interests of Named Claimants and all other retired plan participants and beneficiaries would want to take whatever action was necessary to protect their rights to remain within the better maintained Verizon pension plans. The duty to take action is well rooted in the common law of trusts, as reiterated by the distinguished appellate panel in *Eddy*:

as Judge Cardozo noted more than 70 years ago: “The trustee is free to stand aloof, while others act, if all is equitable and fair. He cannot rid himself of the duty to warn and to denounce, if there is improvidence or oppression, either apparent on the surface or lurking beneath the surface, but visible to his practiced eye.”

Eddy, supra, 919 F. 2d at 752 (citing *Globe Woolen Co.*, 224 N.Y. at 489, 121 N.E. at 380). In that regard, Named Claimants hereby renew their request for disclosure of any opinion given to Verizon’s pension plan fiduciaries by an independent pension plan fiduciary and opinions provided by legal counsel. Named Claimants reasonably suspect that Verizon pension plan fiduciaries failed in their responsibilities to seek the unbiased opinion of an independent pension plan fiduciary to guide them in the decision whether or not to transfer retired plan participants. If such opinion does exist, Named Claimants demand it be made part of the record for this administrative appeals procedure.

Idearc, Inc. reported in its Form 10-K filed with the United States Securities Exchange Commission that the company “was formed as a Delaware corporation in June 2006 in anticipation of the spin-off from Verizon.”³ There is direct evidence that Verizon’s pension plan fiduciaries and plan administrators had over ½ year to think about the consequences of involuntarily switching retired plan participants over to Idearc. There are internal email communications dated April 6, 2006 reflecting there were yet to be decided decisions about “the treatment of pension obligations and assets.” (See, e.g., April 6, 2006 email from David L Beik to Ed Withrow and Marc Schoenecker stating, “I’ll forward pension details to you when senior management signs off on a definitive plan.”). Named Claimants demand the follow-up undisclosed written communications about the “pension details” be included in the record for this administrative appeal.

Named Claimants contend the Verizon pension plan fiduciaries did not promote the best interests and protect the welfare of retired plan participants. ERISA fiduciaries are “. . . obliged at a minimum to engage in an intensive and scrupulous independent investigation . . . to insure that they act in the best interests of the plan beneficiaries.” *Fought v. UNUM Life Ins. Co. of Am.*, 379 F. 3d. 997, 1013 (10th Cir. 2004) (citing *Hightshue v. AIG Life Ins. Co.*, 135 F.3d 1144, 1148 (7th Cir. 1998). When Verizon pension plan fiduciaries began selecting retired plan participants to be transferred, they were faced with a true conflict of interest and, consequently, the plan fiduciaries should have (1) resigned and quit serving as plan fiduciaries and they should

³ Idearc, Inc. Form 10-K for year 2007 at p. 1.

have secured the appointment of persons or an entity free from a conflict of interest, and (2) informed the soon to be transferred retirees that Idearc might not be a reliable source of pension and welfare benefits and that they might need to make alternative arrangements for the welfare benefits they had become accustomed to receiving as participants in Verizon's employee benefit plans. See *Holdeman v. Devine*, 474 F.3d 770, 782-83 (10th Cir. 2007) (remanding and instructing trial court to consider those issues). By not taking any such action, all Verizon pension plan administrators and fiduciaries involved in the decision to transfer retirees violated their duty of loyalty to Named Claimants and all other retired plan participants.

**ERISA Section 510 Discriminatory Treatment and
Interference with Vested Benefits; Violation of ERISA's Anti Cut-Back Provision**

Named Claimants reassert their contention that there was discriminatory treatment with respect to transferring retirees. No management retiree with a deferred vested pension benefit was transferred, as they were exempt as shown in the above quoted language in the 14th plan amendment to the Verizon Management Pension Plan. Yet, nonmanagement retirees with deferred vested pension benefits were involuntarily transferred to Idearc's pension plans. Named Claimants ask the members of the Verizon Claims Review Committee to explain why deferred vested management pensioners were left secure in Verizon's pension plans with the usual panoply of welfare benefits while retired plan participants and deferred vested nonmanagement retirees were transferred to their detriment over to the less financially secure Idearc organization. This discriminatory selection demonstrates an intent to interfere with several thousand plan participants' rights to attainment of future pension and welfare benefits.

Certainly, by getting rid of so many active pay status retirees, Verizon was relieved of on-going responsibilities to pay welfare benefits (i.e., medical, dental and life) which enormous expenses are charged to Verizon's operating revenues. Name Claimants contend there has been a violation of ERISA Section 510, 29 U.S.C. § 1140.

Named Claimants are concerned that Verizon pension plan fiduciaries and plan administrators, some of whom were very high level Verizon officers, were motivated by company interests, or self-dealing consideration. Obviously, the outcome of the transfer soon proved to be imprudent and manifestly adverse to Named Claimants' financial interests. Not long after being transferred into Idearc pension plans, Named Claimants and all other transferred retirees suffered loss of retirement benefits not witnessed by those who stayed behind in the more secure Verizon employee benefit plans. The evidence proves that Idearc is a much less stable or secure sponsor of its employee benefit plans. Certainly, Named Claimants cannot expect any improvement in their welfare benefits and they have good reason to look forward to further cuts in benefits and they believe their pension benefits may be in jeopardy.

Named Claimants were vested in their accrued pensions and no one obtained their consent to be transferred out of the better funded and well maintained Verizon pension plans into the care of a novice plan sponsor. Cutting off Named Claimants' rights to receive earned benefits from Verizon's pension benefits during November 2006 violated ERISA Section 204(g)(1), 29 U.S.C. § 1054(g)(1) which statutory provision protects accrued benefits. ERISA's anti-cutback rule states: "The accrued benefit of a participant under a plan may not be decreased by an amendment of the plan, other than an amendment described in section §302(d)(2) [i.e., approved by the United States Secretary of Treasury] or 4281 [benefits under certain terminated plans]." (bracketed portions added). Certainly, in this situation there was not a pension plan termination. And there is no evidence that the Secretary of Treasury approved of Verizon's conduct to cut-off payment of pension plan benefits before there was any authority by way of plan amendment.

**Demand For Payment of Verizon Pension Plan Benefits
and Other Appropriate Equitable Relief**

The facts prove that both Verizon and Idearc acted hastily during November 2006 by involuntary transferring several thousand retired pension plan participants without first putting in place the necessary pension plan terms and rules that would allow Named Claimants' and retired pensioners' accrued benefits to be affected. Since Verizon acted during November 2006 without authority to involuntarily transfer retirees to Idearc's pension plans, Named Claimants request enforcement of the rules and terms of Verizon's pension plans as existing during November 2006. Named Claimants request other appropriate equitable relief, including injunctive relief rescinding the transaction, a declaration that the *post hoc* December 22, 2006 plan amendments are null and void, and a decision requiring all involuntarily transferred retiree plan participants be restored to their former status in Verizon's pension plans. Named Claimants and other similarly situated retirees should be considered participants with colorable claims to benefits from Verizon's pension plans. Since at least during the seven week period November 1, 2006 through December 21, 2006 there was no plan rule allowing Named Claimants and others to be involuntarily transferred into Idearc's pension plans, Named Claimants request that they and all other similarly situated retired persons be paid all earned Verizon retirement benefits retroactive to November 1, 2006, plus appropriate accrued interest.

Named Claimants are certain that leaders at both Verizon and Idearc have received written demands from scores of other involuntarily transferred retirees stating they wish join in Named Claimants' internal claim and be included in this administrative claims procedure. Named Claimants demand that all those written demand letters received by Respondents, together with all written response letters, be made part of Named Claimants' internal claim and the same documents be included in the administrative record for this internal claims appeal.

All of the documents referenced in this appeal of the denial of Named Claimants' February 4, 2009 proposed class-wide administrative claim, as supplemented by Named Claimants' May 27, 2009 letter, are already in Respondents' possession. Named Claimants

demand that all such referenced documents be included in the record for this administrative appeal. Named Claimants further demand that all documentation of legal counsel's communications advising the VCRU members and the Verizon Claims Review Committee members, along with all other documentation and information reviewed when deciding the first step claim and this second step appeal be included in the administrative appeals record. Named Claimants demand a complete copy of the administrative claims record and appeals record promptly be produced to their counsel, Curtis L. Kennedy, at the address shown above.

Please promptly email me to acknowledge receipt of this administrative appeals claim letter and advise me of the cost of photocopying the not yet produced but previously requested documentation, as well as the cost of photocopying the complete administrative record as explained in the foregoing paragraph. All reasonable photocopying charges will promptly be paid. Of course, all requested documentation can be electronically formatted and emailed to CurtisLKennedy@aol.com, as that is the preferred manner of delivery/receipt.

Sincerely,



Curtis L. Kennedy

c: BellTel Retirees, Inc., and
Named Claimants

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