IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

LORI CHAVEZ-DEREMER, SECRETARY OF LABOR, U.S. DEPARTMENT OF LABOR,

Plaintiff,

v.

SUFFOLK ADMINISTRATIVE SERVICES, LLC, et al.,

Defendants.

CIVIL NO. 24-1512 (CVR)

ORDER

The present case was brought by the Secretary of Labor Lori Chavez-DeRemer[1] (the "Secretary") against Defendants Suffolk Administrative Services, LLC ("Suffolk"), Providence Insurance Co., I.I. ("PIC"), Alexander Renfro ("Renfro), William Bryan ("Bryan") and Arjan Zieger ("Zieger") (collectively "Defendants"). Suffolk and PIC are companies headquartered in Puerto Rico which market, sell, and service employer-sponsored health benefit plans governed by the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, 29 U.S.C. § 1001. Renfro, Bryan, and Zieger are officers and indirect owners of both companies. The Secretary brings this case against Defendants alleging violation of their fiduciary duties of prudence and loyalty. She seeks to restore losses of the plans administrated by Defendants and to obtain other equitable

1 Julie Su was Acting Secretary of Labor in 2024 when this case was filed. Secretary of Labor Lori Chavez-DeRemer is automatically substituted as Plaintiff. See Fed. R. Civ. P. 25(d).

relief, including enjoining Defendants from future management of other employee benefit plans.

Before the Court is Defendants' "Motion to Transfer Venue and Memorandum in Support" (Docket No. 26) and "Motion to Stay and Memorandum in Support" (Docket No. 27), as well as Plaintiff's combined Opposition thereto. (Docket No. 49). Defendants were granted leave to reply to the combined opposition, but did not timely file a Reply. (Docket No. 51).

Defendants seek to transfer this action to the U.S. District Court for the Northern District of Texas, where a separate but related lawsuit is pending against the Secretary, to wit, Data Marketing Partnership, LP v. U.S. Department of Labor, Civil No. 19-0800-O (N.D. Tex.) (the "Data Marketing case"). Defendants proffer that the present case was improperly brought against them as part of a concerted effort by the Secretary to dismantle Defendants' plans because they compete with Affordable Care Act insurance. Defendants aver the Secretary, thorough her actions in the Data Marketing case and in filing the present case, is attempting to pressure them by disparaging their services, opening investigations into the vendors providing services to the plans, and to force the withdrawal of the Texas lawsuit in which the Secretary has already suffered a loss. Defendants proffer that the Department of Labor's actions against them, which are the subject of their Counterclaim against the Secretary in this case, are the same as those contained in a proposed "Supplemental Complaint" before the Texas court to amend those allegations. Defendants admit both cases involve separate parties with the only

constant being the Secretary, but argue that the operative allegations are the same, whereby the Secretary threatens or causes such damage to Defendants that they cannot provide the necessary services to run their benefit plans. Defendants ask this Court to transfer the present case to Texas where the Data Marketing case is pending or in the alternative, to stay this case until the Texas court rules on the pending motion to amend the pleadings or this Court rules on their transfer petition.

The Secretary proffers in opposition that Defendants have not met their burden of demonstrating that a transfer or a stay should be granted. She argues both cases are distinct, as are the parties and the causes of action, so the request to transfer should be denied. The Secretary also posits that the Texas court recently denied the Data Marketing Plaintiffs' leave to supplement the allegations, holding it did not have the power to hear those claims, which renders hollow Defendants' reason to transfer this case to that district. For that same reason, the request for stay, which was contingent upon that ruling, is likewise not warranted.

After a careful review, Defendants' "Motion to Transfer Venue and Memorandum in Support" (Docket No. 26) is DENIED for substantially the same reasons espoused by the Secretary.

Under § 1404(a), a district court may transfer any civil action to any other district where it may have been brought "[f]or the convenience of parties and witnesses, in the interest of justice." 28 U.S.C. § 1404(a). The Court of Appeals for the First Circuit has identified the following factors for district courts to consider when evaluating a motion for

transfer, to wit: "(1) the convenience of the parties and the witnesses, (2) the availability of documents, (3) the possibility of consolidation, and (4) the order in which the district court obtained jurisdiction." Coady v. Ashcraft & Gerel, 223 F.3d 1, 11 (1st Cir. 2000). "Where identical actions are proceeding concurrently in two federal courts, entailing duplicative litigation and a waste of judicial resources, the first filed action is generally preferred in a choice-of-venue decision." Cianbro Corp. v. Curran-Lavoie, Inc., 814 F.2d 7, 11 (1st Cir. 1987).

Before reaching the § 1404(a) elements, the Court notes that no claims or parties other than the Secretary overlap. The Data Marketing case was brought by Data Marketing Partnership, LP and LP Management Services, LLC against the Secretary regarding an advisory opinion as to whether certain plans were covered under the Employee Retirement Income Security Act ("ERISA"). These are the plans Defendants currently administrate in the present case, but Defendants herein are not parties in the Data Marketing case.

In contrast, the case at bar alleges that Defendants, as fiduciaries to those plans, breached their fiduciary duties and violated federal law by engaging in self-dealing and charging disproportionately high fees to their plan clients. As candidly argued by the Secretary, the cases involve different parties, different claims, and harms, and are not the types of "identical actions" that militate a finding in favor of a transfer for purposes of judicial economy. This issue alone mitigates against the transfer petition.

The first two (2) elements of § 1404(a), the convenience of the parties and the witnesses and availability of documents, do not favor Defendants' request to transfer.

According to the Complaint, which the Court must accept as true at this stage of the litigation, co-Defendant Suffolk is a limited liability company registered in Puerto Rico, and co-Defendant PIC is an insurance company incorporated in Puerto Rico. The crux of the action in this case, that Defendants breached their fiduciary duties towards the ERISA plan assets, occurred in Puerto Rico. Therefore, and for that same reason, the witnesses and documentation supporting Defendants' claims and defenses should also be located in Puerto Rico.

Element number three (3), consolidation, is not feasible either, as the District of Texas has already rejected Defendants' attempt to amend the pleadings before that court. (Docket No. 49, pp. 3-4). Moreover, Defendants' argument that the case should nevertheless be heard in Texas because the Secretary has somehow "inextricably connected" the cases together by previously attempting a global settlement of all claims, is unavailing. Although the cases may be loosely related, as already discussed, the Data Marketing case involves wholly different claims, parties, and defenses than the ones raised in the case at bar.[2]

Additionally, the fact that the Secretary attempted to settle all claims together cannot be construed as somehow linking the cases for purposes of proper venue. Pursuant to federal law, a civil action may only be transferred to a district "where it might have been brought." 28 U.S.C. § 1404(a); Atl. Marine Const. Co. v. U.S. Dist. Ct. for W. Dist. of Tex., 571 U.S. 49, 59, 134 S. Ct. 568, 579 (2013). Defendants argue that Texas constitutes proper

2 This also addresses Defendants' argument of the possibility of conflicting judgments. If the parties and claims are different, it is hard to argue that the two (2) cases will somehow result in conflicting judgments.

venue because "a substantial part of the events or omissions giving rise to the claim" occurred in Texas, and argue that the Secretary explicitly connected the cases. (Docket No. 26, pp. 6-7). The record however, belies this assertion. The only "substantial event" they mention are the "global settlement" talks to settle both the Texas case and the investigation that eventually gave rise to the instant case. A review of the exhibits accompanying the request further shows those talks entailed back and forth communications via email, video calls, and letters sent via U.S. Postal Service, and the attorneys involved where located in Tennessee, Georgia, and Florida, while the Secretary was acting out of offices in Washington, D.C., and Illinois. On this record, it is hard to argue that these actions can be construed as having all "occurred" in Texas. (Docket No. 25, Exhibits 5, 7, 10, 17, 18 and 19). In fact, the only link to Texas seems to be that it was the venue where the Data Marketing case was filed.

Conversely, Puerto Rico has a significant nexus to this action, since at least both corporations run their businesses from Puerto Rico and the activities complained of took place in Puerto Rico. Therefore, proper venue for *the instant* case is Puerto Rico, notwithstanding any related claims Defendants might have against the Secretary in a related case. See Stewart Org., Inc. v. Ricoh Corp., 487 U.S. 22, 29, 108 S. Ct. 2239, 2243 (1988) (venue is proper in judicial district in which a corporation is doing business).

Element number four (4), that the Texas cases was filed first, only helps Defendants marginally. While Texas did indeed win the race to the courthouse in the Data Marketing case, that litigation has been ongoing for five (5) years, and is in a substantially more

advanced stage than this case, which is only beginning.

Defendants' additional argument in support of transfer, that Texas courts have more experience in ERISA cases, is likewise unavailing. The fact that Texas may have seen more ERISA cases is not a sufficiently valid reason for transfer, insofar as "a court with jurisdiction has a 'virtually unflagging obligation' to hear and resolve questions properly before it." Fed. Bureau of Investigation v. Fikre, 601 U.S. 234, 240, 144 S. Ct. 771, 777 (2024) (quoting Colorado River Water Conservation Dist. v. United States, 424 U.S. 800, 817, 96 S.Ct. 1236 (1976)).

In sum, Defendants bring nothing to the Court to tilt the pendulum in favor of transferring the case at bar to the Northern District of Texas. Therefore, the Court declines Defendants' invitation and DENIES the Motion to Transfer. (Docket No. 26).

Lastly, Defendants ask the Court to stay the present case until one of two (2) things happen, namely, either a ruling by this Court on their Motion to Transfer in the present case, or a ruling by the Texas court allowing the Data Marketing case plaintiffs to file a Supplemental Complaint. In other words, Defendants' request to stay is contingent on either one of those conditions happening. Both conditions have been addressed above. The District Court for the Northern District of Texas recently denied the motion to amend the pleadings, finding it did not have the power to hear the additional claims those Plaintiffs wanted to present. Thus, Defendants' reason to transfer this case to that district has vanished. Additionally, this Court has denied herein Defendants' Motion to Transfer for the reasons explained above. Hence, Defendants' Motion to Stay (Docket No. 27) is

DENIED as moot.

For the foregoing reasons, Defendants' "Motion to Transfer Venue and Memorandum in Support" (Docket No. 26) is DENIED and "Motion to Stay and Memorandum in Support" (Docket No. 27) is DENIED as moot.

IT IS SO ORDERED.

In San Juan, Puerto Rico, this 10th day of June of 2025.

s/ CAMILLE L. VELEZ-RIVE
CAMILLE L. VELEZ-RIVE
UNITED STATES DISTRICT JUDGE