§ 4413. Prohibitions. (a) The trustees of every employee welfare fund shall be responsible in a fiduciary capacity for all assets received, managed or disbursed by them, or under their authority, on behalf of such fund.

(b) (1) No such fund and no employer or labor organization representing any employees eligible for employee benefits thereunder, and no trustee or other officer or employee of any such fund, employer or labor organization shall receive, directly or indirectly, any thing of value from any insurance company, insurance agent, insurance broker or any hospital, surgical, dental or medical service plan, in connection with the solicitation, sale, service or administration of a contract providing employee benefits for such fund. No such employer, labor organization, trustee, officer or employee shall receive any thing of value from such fund, or which is charged against such fund or would otherwise be payable to such fund, either directly or indirectly, except that any such person may receive any employee benefits to which he is otherwise entitled, and any such trustee or other officer or employee of a fund, may receive from such fund reasonable compensation for necessary services and expenses rendered or incurred by him in connection with his official duties as such. Nothing in this subsection shall affect the payment of any dividend or rate credit or other adjustment due under the terms of any insurance or annuity contract.

(2) No insurance company, insurance agent or insurance broker, hospital, surgical, dental or medical service plan, shall directly or indirectly, pay any commission, make any loan or give any thing of value to any employee welfare fund or to any employer or labor organization representing any employees eligible for employee benefits thereunder or to any trustee or other officer or employee of any such fund, employer or labor organization, in connection with the solicitation, sale, service or administration of a contract providing employee benefits for such fund.

(3) The superintendent may, after notice and a hearing, prohibit the trustees of an employee welfare fund from employing or retaining or continuing to employ or retain any person upon finding that such employment or retention involves a conflict of interest which is not in the best interests of the fund or adversely affects the interests of covered employees.

(4) The superintendent may, by regulation or order, and upon such terms and conditions as he requires, authorize or approve any transaction or transactions otherwise prohibited by this subsection upon his finding that the transaction or transactions promote or will promote the best interests of the relevant employee welfare funds, and do not or will not adversely affect the interests of the covered employees.

(c) (1) No person who has been convicted by a court of the United States or by a court of any state or territory thereof of a felony, or of any crime or offense involving fraudulent or dishonest practices, shall serve, be appointed, designated or employed as a trustee, administrator, officer, agent or employee of any employee welfare fund (other than an employee performing non-discretionary clerical or building maintenance duties exclusively) during or for five years after such conviction or the suspension of sentence therefor or from the date of his unrevoked release from custody by parole, commutation or termination of sentence, whichever event occurs later, unless prior to the expiration of said five year period the conviction is finally reversed by a court of competent jurisdiction or he has been pardoned therefor by the governor or other appropriate authority of the state or jurisdiction in which he was convicted or he has received a certificate of relief from disabilities or a certificate of good conduct pursuant to the provisions of article twenty-three of the correction law which specifically removes the disability herein provided.

(2) If the superintendent, after notice and a hearing, finds that a person has been or is currently serving, appointed, designated or employed in violation of the provisions of this subsection, he shall enter an order removing such person from his position and directing that such person shall be disabled from service, appointment, designation or employment in any of the capacities hereinabove described for a period of five years following the entry of such order. The superintendent may, in addition, impose the penalties provided in subsection (e) of this section for the wilful violation hereof.

(d) (1) No insurance company shall pay any dividend or retrospective rate credit on any covering policy except by check payable to the affected employee welfare fund or by credit memo forwarded to such fund.

(2) No employee welfare fund shall pay any premium on a covering policy except by check payable to the insurance company directly.

(3) No political contributions shall be made directly or indirectly by or from any employee welfare fund.

(e) The superintendent may impose a penalty of not to exceed twenty-five hundred dollars upon any trustee or other officer, agent or employee of any employee welfare fund subject to this article or may remove such trustee, officer, agent or employee from office or employment, or both such penalty and removal, if after notice and a hearing he shall find that he has wilfully failed to comply with the requirements of this article.

(f) In any case where, after notice and a hearing, the superintendent finds that any employee welfare fund has been depleted by reason of any wrongful or negligent act or omission of a trustee or of any other person, he may transmit a copy of his findings to the attorney general. The attorney general may bring an action in the name of the people of the state, or intervene in an action brought by or on behalf of an employee, to recover the monies of the fund for the benefit of the employees and other persons as may have an interest in the fund.

(g) (1) Any person who wilfully violates or causes or induces the violation of any provision of this article or any regulation issued under it shall be in violation of the provisions of this chapter.

(2) Any person who makes a false statement or representation of a material fact, knowing it to be false, or who knowingly fails to disclose a material fact in any registration, examination, statement or report required under this article or the regulations thereunder shall be guilty of a misdemeanor.

(3) Any person who makes a false entry in any book, record, report, or statement required by this article or any regulation thereunder, to be kept by him for any employee welfare fund, with intent to injure or defraud such fund or any beneficiary thereunder, or to deceive any one authorized or entitled to examine the affairs of such fund, shall be guilty of a misdemeanor.

(4) Nothing in paragraph two or three of this subsection shall be construed in any manner to limit the effect of paragraph one hereof.