

News Release



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Labor Department Obtains Settlement with California Company of 401(k) Plan Reporting Violations

WASHINGTON -- The U.S. Department of Labor reached an agreement with Perris, Calif.-based Modtech Holdings Inc. in which the company will pay a \$75,000 civil penalty for failing to file required annual reports for its 401(k) plan for two plan years and for filing a deficient annual report for a subsequent year. This settles the department's reporting compliance enforcement action against the company for plan years 2000 through 2002.

"This action underscores the Labor Department's commitment to ensure that plan administrators account for plan assets and comply with federal law governing retirement plans," said Ann L. Combs, assistant secretary of the Employee Benefits Security Administration.

The consent order also required the company to ensure that its board of directors' audit committee reviews the plan audit and the independent qualified public accountant's report for 2004 through 2008 before filing the plan's annual reports with the department. This will ensure the integrity of the oversight process and improve the quality of the audit.

The settlement agreement was the result of an administrative appeal of penalties assessed by the department against Modtech on March 15, 2004, for failing to file annual reports in 1999 and 2001. The company was also fined for filing an annual report in 2000 that did not contain a report of an independent qualified public accountant conforming to generally accepted accounting principles and auditing standards required by the Employee Retirement Income Security Act. Modtech subsequently submitted its 2003 annual report as well as corrected reports for the 1999 through 2002 plan years.

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(U.S. Department of Labor, EBSA, v. Modtech Holdings, Inc.)
Case No.2004-RIS-0025

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