

News Release



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U.S. Labor Department Sues Bay Area Firm to Protect Employees' 401(k) Contributions

SAN FRANCISCO –The U. S. Department of Labor has sued two senior executives of Oakland-based Manna Consultants Inc. for failure to transfer employees' contributions to the company's 401(k) plan.

The Department of Labor suit seeks \$57,451 plus interest for 20 former employees who were plan participants. The defendants allegedly commingled employees' contributions with the general corporate account over a period of several years when the company had insufficient funds to meet other financial obligations.

The defendants named in the suit are Anh-Tuan Le of San Francisco, president and majority shareholder of the company, and Katherine L. Rice of Oakland, operations manager. Rice was a trustee of the plan. The suit seeks to permanently bar Le and Rice from acting as fiduciaries or service providers of employee benefit plans covered by the Employee Retirement Income Security Act (ERISA). The suit was filed in the U. S. District Court for the Northern District of California.

"This sends a strong message to those responsible for employee benefit plans that they cannot misuse their employees' funds," said Francis Clisham, regional director of the Labor Department's Employee Benefits Security Administration (EBSA) in San Francisco, which investigated the case.

Manna Consultants, which had offices in Oakland, San Francisco and San Jose, provided engineering planning and consulting services to Bay Area transportation companies such as BART and CalTrain before discontinuing operations in 2004.

Employers with similar problems who are not yet the subject of an investigation by EBSA may be eligible to participate in the department's Voluntary Fiduciary Correction Program (VFCP). Participation in the program requires employers to reimburse plans and participants but allows them to avoid EBSA enforcement actions and civil penalties as well as any applicable excise taxes. For more information about the VFCP, see www.dol.gov/ebsa.

In fiscal year 2004, EBSA achieved record monetary results of \$3.1 billion related to the pension, 401(k), health and other benefits of millions of American workers and their families. Employers and workers with questions or concerns regarding their private-sector pension and health plans can contact the EBSA regional office in San Francisco at (415) 975-4600 or EBSA's toll free number, 1-866-444-EBSA (3272). Information is also available from the agency's web site at www.dol.gov/ebsa.

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(Chao v. Le)
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