

News Release



U.S. Department of Labor
Office of Public Affairs
Chicago, Ill.
Release Number: 05-934-Chi

For Immediate Release
May 26, 2005
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Labor Department Sues Officer of Michigan Business To Restore Lost Interest to Company's 401(k) Plan

DETROIT--The U.S. Department of Labor has sued an executive of The International Group, Sterling Heights, Mich., for failing to forward employee contributions to the company's 401(k) plan in a timely manner, to segregate plan contributions from the general operating assets of the now defunct company, and to insure that required distributions were made to plan participants.

"The department will act when plan fiduciaries fail to carry out their duty to protect the retirement plan assets held on behalf of participants," said Joseph Menez, director of the department's Cincinnati regional office of the Employee Benefits Security Administration (EBSA).

The lawsuit alleges that Constantine Alexander failed to remit to the company's 401(k) plan, within the time required by law, contributions deducted from workers' paychecks from June 1, 1999 through June 30, 2001. He also allegedly co-mingled the contributions with the assets of the company in violation of the Employee Retirement Income Security Act (ERISA). Alexander owned The International Group and its predecessor, Alpha Construction & Development Corp., and was a plan trustee.

The suit seeks to require Alexander to restore to the plan interest lost due to the late contributions and correct any prohibited transactions. The suit also asks that the court order the defendant to purchase a fidelity bond for the plan as required by ERISA and permanently bar him from acting as a plan fiduciary or service provider in the future.

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 VFCP requires employers to correct violations of the law 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.

The suit, filed in federal district court in Detroit, resulted from an investigation conducted by the Detroit district of EBSA's Cincinnati regional office. Employers and workers can reach the Cincinnati regional office at (859) 578-4680 or through EBSA's toll-free number, 1-866-444-EBSA (3272), for help with problems relating to private-sector retirement and health plans. 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.

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Chao v. Alexander
Civil Action No. 2:05CV71927

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