

News Release



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U.S. Labor Department Obtains Default Judgment Against Plan Trustee For Misusing Retirement Contributions and Loan Repayments

GRAND RAPIDS, Mich. – The U.S. Department of Labor has obtained a default judgment requiring the owner and trustees of the retirement plan of St. Joseph, Michigan-based American Tool & Mold Inc. to pay \$61,928 as restitution for failure to forward employee contributions and loan repayments to the plan. The department also obtained an order that prevents trustee Jeffrey M. Grenke from discharging any debts owed to the plan in bankruptcy proceedings.

“The Department of Labor will aggressively enforce the law to protect the retirement funds of this nation’s hardworking men and women,” said Joseph Menez, director of the Cincinnati regional office of the Employee Benefits Security Administration (EBSA). “Our legal action will ensure that these workers receive the future benefits owed to them.”

The suit alleges that the owner, Jeffrey M. Grenke, violated the Employee Retirement Income Security Act (ERISA) by failing to forward employee contributions and loan repayments withheld from employees’ paychecks from Jan. 4, 2002, to Aug. 28, 2002. From January 2001 to December 2001, he failed to timely remit employee contributions to the plan. The plan held approximately \$388,754 in assets as of February 26, 2003.

The suit, filed in the federal district court in Grand Rapids, resulted from an investigation conducted by EBSA’s Cincinnati regional office.

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 make workers whole 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 2003, EBSA achieved record monetary results totaling \$1.4 billion for retirement, 401(k), health and other programs. Employers and workers can reach EBSA’s Cincinnati regional office at (859) 578-4680 or through EBSA’s toll-free number at **1-866-444-EBSA(3272)**, for help with problems relating to private-sector retirement and health plans.

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(Chao v. Grenke)
Civil Action No. 52-011259(48)
Bankruptcy Case No. 03-01231

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