

News Release



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U.S. Labor Department Sues to Appoint Independent Fiduciary For Retirement Plan of Grand Rapids Mortgage Company

GRAND RAPIDS, Mich. — The U.S. Department of Labor has filed a lawsuit to obtain a court order appointing an independent fiduciary to manage the retirement savings plan of Commonpoint Mortgage Company in Grand Rapids, Mich. The department also is seeking to replace the trustee and the company with an independent fiduciary that has authority to terminate the retirement plan and distribute more than \$400,000 in assets to 74 participants.

Commonpoint Mortgage, the plan's administrator, and trustee Michael D. Anderson allegedly violated the Employee Retirement Income Security Act (ERISA) when they abandoned the plan. The suit alleged the defendants failed to carry out their fiduciary obligations to the plan after Commonpoint Mortgage filed for bankruptcy on Oct. 21, 1998. Anderson was also the president and owner of the company.

Plans become "orphan plans" when they are abandoned by all fiduciaries designated to manage and operate them and their assets.

"The law states that plans must be managed and operated by employers or plan fiduciaries," said Joseph Menez, director of the Cincinnati regional office of department's Employee Benefits Security Administration (EBSA). "The department took legal action to ensure that the participants receive the benefits the company promised them."

In fiscal year 2003, EBSA achieved record monetary results of \$1.4 billion related to the pension, 401(k), health and other benefits of millions of American workers and their families. Employers and workers can reach EBSA's Cincinnati regional office at (859) 578-4680 or through its toll-free number, **1-866-444-EBSA (3272)**, for help with problems relating to private-sector retirement and health plans.

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(Chao v. Anderson).
Civil Action No. 1:04CV0629

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