

News Release



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Labor Department Sues Defunct Minnesota Company Over Abandoned 401(k) Plan

MINNEAPOLIS – The U.S. Department of Labor asked a federal court to appoint an independent fiduciary to manage and terminate the 401(k) plan of Plymouth, Minn.-based Riscomp Industries, Inc.

“The Bush Administration is committed to protecting the retirement security of America’s workers and their families. This case demonstrates that we will take quick legal action to ensure that workers receive the benefits they are promised,” said Ann L. Combs, Assistant Secretary of Labor of the Employee Benefits Security Administration (EBSA).

The department’s suit, filed in district court in Minneapolis, alleges that the company violated the Employee Retirement Income Security Act (ERISA) by abandoning the plan and leaving participants without a way to transact business and communicate with the plan. Riscomp filed for Chapter 11 reorganization bankruptcy in April 2002. The bankruptcy trustee stopped distributing plan assets to participants in July 2003 and asked the court’s permission to abandon the plan on Oct. 28, 2003. As a result, no fiduciary was managing the plan and participants were left without a way to access their retirement benefits.

The suit seeks to remove the company as the plan administrator and appoint Gtrust of Topeka, Kan. as the independent fiduciary to distribute plan assets to the participants and beneficiaries, and to terminate the plan.

Riscomp, a professional employer organization (PEO), leased employees to 91 client organizations in 20 different states including Minnesota, Wisconsin and South Carolina. The company ceased business operations shortly after the conversion to Chapter 7 bankruptcy. As of Sept. 9, 2003, the plan had 345 participants and assets totaling \$2,515,549.

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. The Kansas City regional office of EBSA conducted this investigation. Employers and workers can contact the office at (816) 426-5131 or through EBSA’s toll free number, **1-866-444-EBSA (3272)**, for help with any problems relating to private-sector retirement and health plans.

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(Chao v. Riscomp Industries, Inc.)
Civil Action No. CV 04-608

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