

News Release



U.S. Department of Labor
Office of Public Affairs
Chicago, Ill.
Release Number: 04-1542-CHI

For Immediate Release
Date: Aug. 12, 2004
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U.S. Labor Department Sues Former Michigan Plan Trustee For Failing to Forward 401(k) Plan Contributions

GRAND RAPIDS, Mich. -- The U.S. Department of Labor has sued the former trustee of the Grand Rapids Plastics Inc. 401(k) Profit Sharing Plan of Grand Rapids, Mich., for failing to remit employee contributions to the plan and retaining the contributions in the company's general assets.

"This action demonstrates the department's commitment to protect the retirement benefits of America's workers," said Joseph Menez, director of the Cincinnati regional office of the department's Employee Benefits Security Administration (EBSA), which investigated the case.

The suit alleges that Jessie R. Jefferson failed to remit contributions withheld from employees' paychecks to the 401(k) plan from June 26, 2003, to July 10, 2003, in violation of the Employee Retirement Income Security Act (ERISA). At the time of the violation, Jefferson was the plan trustee and president of Grand Rapids Plastics, Inc.

The suit, filed in the federal district court in Grand Rapids, seeks to restore all losses to the plan, including lost opportunity costs; require Jefferson to correct all prohibited transactions, and permanently bar him from serving as a fiduciary to any employee-benefit plan covered by ERISA. In a related action, the department filed an adversary complaint in federal bankruptcy court in Detroit to prevent Jefferson from discharging any debt he owes to the plan.

Grand Rapids Plastics Inc. ceased operations in July 2003 after General Motors Acceptance Corporation seized and liquidated all of its assets. The plan had 65 participants and \$289,303 in assets as of February 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 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 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 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.

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(Chao v. Jefferson)
Civil Action No. 1:04CV0502
Adversary Complaint No. 04-04652

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