News Release

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Contact: Rita D. Ford
Phone: (202) 693-8671

W.K. Industries to Restore $630,000 To Profit Sharing Plan

DETROIT, Mich. – The president of W. K. Industries Inc. of Sterling Heights, Mich., and the trustee of the company's profit sharing plan have restored $630,000 to the plan as repayment for a prohibited loan from the plan to the company's president, according to a consent order and judgment obtained by the U.S. Department of Labor.

"This Administration is committed to protecting the retirement security of America's workers, and our legal action in this case recovered $630,000 for this company's employees," said Secretary of Labor Elaine L. Chao. "Last year, the Administration achieved record monetary results, recovering a total of $1.4 billion for retirement, 401(k), health and other programs."

The lawsuit and judgment, filed simultaneously in the federal district court in Detroit, allege that Werner Kleinert borrowed $600,000 from the plan in February 1995, in violation of the Employee Retirement Income Security Act (ERISA). At the time of the improper loan, Kleinert was company president and trustee of the plan.

Kleinert also allegedly failed to make principal and interest payments on the loan from September 1997 through June 2003, and he failed to secure the loan with real estate as required by the promissory note until eight years after entering into the loan agreement. Trustee Walter Patzker violated ERISA by failing to take action to correct the fiduciary breaches of Kleinert.

The judgment also removes Kleinert and Patzker as plan fiduciaries and permanently bars them from serving as fiduciaries to any employee benefit plan covered by ERISA. It also appoints David G. Garth as trustee and gives him authority terminate the plan and distribute its assets to the participants and beneficiaries and to merge the plan into a defined contribution plan sponsored by W.K. Industries.

W. K. Industries Inc., designs and manufactures quality molds, tooling aids, and prototype and production molds. The profit sharing plan had 76 participants and $1,598,956 in assets, as of September 2002.

The case was investigated by the department's Cincinnati regional office of the Employee Benefits Security Administration (EBSA). 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 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. Kleinert) Civil Action No. 04-73667