

News Release



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Contact: Michael Shimizu
Phone: 206-553-7620

U.S. Department of Labor Sues Utah Corporation, Board and Officers to Restore Retirement Assets

SALT LAKE CITY, Utah – The U.S. Department of Labor has sued Learnframe, Inc., its chief executive and financial officers, and its board of directors for failing to deposit more than \$100,000 in 401(k) contributions into the employees' pension accounts.

“This Administration is committed to protecting the retirement security of America's workers, and we won't hesitate to act when retirement plan officials mismanage workers' benefits,” 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 benefits.”

The lawsuit, filed in federal district court in Salt Lake City, alleges that the company, CEO Michael Memmott, Sr.; Chief Financial Officer L. LeGrand Price; and the board violated the Employee Retirement Income Security Act (ERISA) when they failed to remit \$109,675 in employee contributions between June 5, 2001 and Sept. 10, 2001, and commingled those contributions with those of the company. In addition, the participants' accounts were frozen after the defendants allegedly failed to pay the 401(k) administration costs, preventing participants from changing their investment allocations or taking withdrawals/rollovers.

The suit seeks to require the defendants to restore all plan assets plus approximately \$14,000 in lost earnings, pay costs associated with appointing an independent fiduciary to properly administer the plan, and permanently bar the defendants from serving as fiduciaries to any plan covered by ERISA.

Learnframe, Inc., develops and markets e-learning software. The company terminated most of its staff in 2002, but continues to operate out of its office in Draper, Utah. As of Dec. 31, 2001, prior to the freezing of the participants' accounts, the plan had 128 participants and \$174,654 in assets.

The suit resulted from an investigation conducted by the San Francisco regional office of the Employee Benefits Security Administration (EBSA). Employers and workers can reach the regional office at 415.975.4600 or through EBSA's toll-free number, 1.866.444.EBSA (3272), for help with questions about private-sector retirement and health plans.

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Note to editors: (Chao vs. Michael D. Memmott, Sr.)
Civil Action File No: 2:04cv00871

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