

News Release



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Contact: Gloria Della
Phone: (202) 693-8664

Labor Department Sues Chicago Metallurgical and Profit Sharing Plan Trustee For Failure to Make Employer Contributions to Plan

CHICAGO – The U.S. Department of Labor sued Chicago Spectro Service Laboratory and its profit sharing trustee for failing to remit \$158,000 in employer contributions to the plan and misrepresenting to the plan’s participants that the contributions were made to their individual accounts.

“We are seeking to recover from the defendants purported contributions owed by the employer that have never been made to the plan accounts of Chicago Spectro employees,” said Assistant Secretary of Labor for Employee Benefits Security Administration, Ann Combs. “This Administration has a strong track record in protecting the benefits promised to America’s workers, and this year we achieved record monetary results totaling \$3.1 billion for retirement, 401(k), health and other programs.”

The suit, filed in federal district court in Chicago, alleges that the company and Richard Goldblatt failed to remit any employer contributions to the plan between 1970 and 1989. Each year until 1998, plan participants received account statements showing that promised contributions were made to the plan and that earnings had been generated by those contributions even though they were never made. The company also allegedly filed annual reports with the federal government indicating that contributions had been made to the plan and that the plan’s assets were generating income. At the time of the improper actions, Goldblatt was president of Chicago Spectro and the plan’s trustee.

In addition to restitution, the suit seeks to permanently bar the defendants from serving as fiduciaries to any employee benefit plan covered by the Employee Retirement Income Security Act and to appoint an independent fiduciary to manage the plan.

The company tests metallurgical products manufactured by others to determine the products’ strength. Its plan, to be funded solely with employer contributions, had seven participants and \$13,064.02 in total assets as of Sept. 30, 2001. According to plan annual reports filed as of Jan. 1, 1998, the company had posted participant account balances totaling \$524,698.11.

In 1998 and 1999, two of the plan’s participants retired from the company and sought to have their account balances distributed. To date they have not received their full distributions, according to the department’s lawsuit. The suit also alleges that the plan did not have a fidelity bond as required by federal pension law, at least for plan year 1998, and did not update summary plan descriptions for the plan’s participants and beneficiaries.

The case was investigated by the Employee Benefits Security Administration’s (EBSA) Chicago regional office. Employers and workers can contact the regional office at (312) 353-0900 or can call EBSA’s toll-free number, **866-444-EBSA (3272)**, for help with problems relating to private-sector pension and health plans.

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(Chao v. Chicago Spectro Service Laboratory, Inc.)
Civil Action # 04 C 8058

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