

News Release



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Labor Department Sues to Appoint Independent Fiduciary For Abandoned New York 401(k) Plan

NEW YORK—The U.S. Department of Labor has sued to obtain court appointment of an independent fiduciary to manage the abandoned 401(k) plan of Maksteel Inc. The suit also asks to distribute \$44,020 to eligible participants and to terminate the plan.

The department's lawsuit alleges the company, its officers and trustee Eugene Karaim failed to carry out their fiduciary duties under the Employee Retirement Income Security Act. The suit states that since Maksteel ceased operations in 2001, the company and its officers failed to appoint a successor trustee to replace Karaim and take steps to give participants and beneficiaries access to their plan accounts. Karaim is cooperating with the Department of Labor.

Maksteel is a Canadian company that sponsored the 401(k) for employees of its subsidiaries in New York and Indiana. The company filed for bankruptcy in Canada and its assets were sold to another company, also named Maksteel, Inc. The new Maksteel Corporation did not take control over the 401(k) plan, which covered as many as 28 participants as of 2001. The assets are invested with the Great-West Life and Annuity Insurance Company in Colorado.

Plans become "orphan plans" when they are abandoned by all fiduciaries designated to manage and operate them and their assets.

"The department took legal action to ensure that the participants in Maksteel's 401(k) receive their promised benefits," said James Benages, director of the Boston regional office of the department's Employee Benefits Security Administration (EBSA), which investigated the case.

In fiscal year 2004, EBSA achieved record monetary results of \$3.1 billion related to the pension, 401(k), health and other benefits of millions of American workers and their families. Employers and workers can contact the Boston regional office at (617) 565-9600. Help with problems relating to private-sector retirement and health plans can also be obtained by calling EBSA's toll free number at **1-866-444-EBSA (3272)**.

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(Chao v. Maksteel, Inc. 401(k) Plan)
Civil Action No. 1:05-cv-174

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