

News Release



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U.S. Labor Department Obtains Settlement with Solon, Ohio, Auto Parts Company to Restore Funds to Workers' Retirement Program

CINCINNATI, Ohio --The U.S. Department of Labor has obtained a settlement requiring that \$3,050,520 in pension assets be distributed to 702 participants of a 401(k) plan abandoned by Forest City Auto Parts Company, Solon, Ohio.

The settlement filed in the Cleveland federal district court appoints an independent fiduciary to distribute plan assets to its participants and beneficiaries and then terminate the plan. Administration of the 401(k) plan was abandoned after the auto parts company ceased operations and filed for bankruptcy in February 2001. Plans become "orphan plans" when they are abandoned by all fiduciaries designated to manage and operate them and their assets. The settlement also bars Timothy Katona, the former fiduciary of the 401(k) plan, from serving as a fiduciary to any plan covered by the Employee Retirement Income Security Act (ERISA).

"We are aggressively enforcing the law to protect the retirement funds of working men and women," said Secretary of Labor Elaine L. Chao. "This settlement will ensure that Forest City Auto Parts workers receive the benefits owed them. Last year, the department achieved on behalf of workers, record monetary results totaling \$3.1 billion for retirement, 401(k), health and other programs."

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. Participation in the program requires employers to correct ERISA violations but allows them to avoid EBSA enforcement actions and civil penalties as well as any applicable excise taxes. For more information see www.dol.gov/ebsa.

The court action resulted from an investigation conducted by EBSA's Cincinnati regional office. Employers and workers can reach the Cincinnati 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. Forest City Auto Parts)
Civil Action No. 1:04-CV-1831