



News Release

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Contact: Michael Shimizu
Phone: (206) 553-7620

L. A. Creative, Inc., and Its Owners Make Restitution to 401(k) Plan, Barred From Dealing with Plans

LOS ANGELES – L. A. Creative, Inc., and the company's owner have restored \$40,000 to the L. A. Creative, Inc., 401(k) plan of Santa Monica, Calif., for losses suffered when the employer failed to forward employees' contributions to the plan.

A judgment entered April 2 in U.S. District Court for the Central District of California ordered the company and Francis L. Coiro, who also served as the plan administrator, to be permanently enjoined from serving as a fiduciary or as a service provider to any employee benefit plan subject to the Employee Retirement Income Security Act (ERISA). Under the judgment, the plan will be terminated and its assets distributed to the participants.

The judgment resolves a lawsuit filed Nov. 10, 2002, based on an investigation by the department's Los Angeles Regional Office of the Employee Benefits Security Administration into violations of ERISA. According to EBSA Regional Director Billy Beaver, the alleged violations of ERISA occurred when the company failed to remit \$34,330 in withheld employee contributions to the plan.

Beaver noted that plan sponsors with similar problems who are not yet the subject of an investigation by the 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 applicable excise taxes.

For more information about the VFCP, visit www.dol.gov/ebsa.

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Note to editors: Civil Action File No. 02-8869-GAF
(Chao v. L. A. Creative, Inc.)