

# News Release



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## **U.S. Labor Department Sues New York Aviation Firm and Owner For Alleged Misuse of More Than \$1.6 Million in 401(k) Assets**

**NEW YORK** – The U. S. Department of Labor has sued Lawrence Aviation Industries Inc. of Brookhaven, N.Y. and its owner for making undocumented loans from the plan to themselves and failing to collect on the unpaid loans.

“This Administration has a strong track record in protecting the benefits promised to America’s workers; last year we achieved record monetary results totaling \$1.4 billion for retirement, 401(k), health and other programs,” said U.S. Labor Secretary Elaine L. Chao. “Our legal action in the Lawrence Aviation case makes it clear that those who manage funds cannot use plan assets for personal gain.”

The lawsuit alleges that Gerald Cohen, the company’s owner, president and 401(k) trustee, and Lawrence Aviation violated the Employee Retirement Income Security Act (ERISA) by making over \$1.6 million in loans to themselves between 1993 and 1995. The defendants allegedly failed to collect on the loans, which have never been repaid. The lawsuit also claims that the defendants failed to collect employee contributions owed to the plan.

Lawrence Aviation is a manufacturer of titanium products for the aerospace industry. The 401(k) plan covers 47 participants.

The suit seeks to require that Cohen and Lawrence Aviation restore all losses to the plan with interest, correct any transactions with the plan that are prohibited by law and permanently bar them from serving ERISA plans in the future. The suit also asks the court to remove Cohen as a plan fiduciary and to appoint an independent fiduciary to manage the 401(k) plan.

The lawsuit resulted from an investigation by the Labor Department’s Employee Benefits Security Administration (EBSA). Employers and workers can reach the New York regional office of the EBSA at (212) 607-8600 or through its 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. Cohen)  
Civil Action No. CV-04-1921

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