

News Release



U.S. Department of Labor
Office of Public Affairs
Philadelphia, Pa.
Release Number: 05- 1106-PHI (ebsa 071)

For Immediate Release
Thurs., June 23, 2005
Contact: Kate Dugan
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CORRECTION TO THIS RELEASE (July 1, 2005)

Company owner Dennis Kelly has been removed from the first paragraph. This action did not freeze his assets, only those assets of Plan 3 Inc. and Plan 3 Technologies

U.S. Labor Department Halts Rockville, Md., Companies From Administering Benefit Plans Nationwide

PHILADELPHIA – The U.S. Department of Labor has obtained a temporary restraining order that freezes the assets of Plan 3 Inc. Plan 3 Technologies Inc. The order also temporarily bars them from serving as fiduciaries and administrators to employee benefit plans sponsored by employers throughout the United States. Approximately 25 health and welfare plans, covering 1,000 workers, receive services from the Rockville, Md.-based, companies.

The temporary restraining order also appoints Brooks Hamilton & Partners of Santa Fe, N.M., as an independent fiduciary to manage the plans and their assets. The order will remain in effect until the federal district court in Greenbelt, Md., holds a July 7 hearing in the case.

“Our legal action stops the pattern of abuse of plan assets by defendants in the Plan 3 Inc. case,” said Ann L. Combs, assistant secretary of labor for employee benefits security. “This Administration has a strong track record of 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 Labor Department’s lawsuit alleges that the Plan 3 defendants violated the Employee Retirement Income Security Act by failing to properly administer the plans. These defendants failed to put the plans’ assets in trust and co-mingled plan monies with corporate assets, thereby putting the assets at risk of garnishment by creditors of the corporations. The department further alleges that the Plan 3 defendants improperly sold more than \$370,000 in receivables of some plans as a means of raising corporate capital.

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(Chao v. Kelly)
Civil Action No.: PJM 05-cv-1646

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