

News Release



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Labor Department Sues Minnesota Company Executives To Protect 401(k) Employee Contributions

MINNEAPOLIS – The U.S. Department of Labor has sued Granse & Associates Inc., Lakeville, Minn., and its trustees for failing to forward contributions withheld from employees' paychecks to the company's 401(k) profit sharing plan. The money was used for operating expenses and remains commingled with the company's general assets.

The department's lawsuit alleges the company and trustees, Gordon E. Granse and Wayne A. Nelson, violated the Employee Retirement Income Security Act by failing to timely remit employee contributions owed to the plan for intermittent periods from April 2003 through April 2005. The suit seeks an order to restore all losses with interest, including offset of the trustees' accounts to repay the plan.

Granse & Associates, a Minnesota corporation, sells and markets plumbing fixtures throughout the north central United States. As of February 2005, there were 288 participants in the 401(k) Profit Sharing Plan and over \$1 million in assets.

"The department is committed to doing everything we can to ensure that plan participants receive the money owed to them," said Steven Eischen, director of the Kansas City regional office of the Employee Benefits Security Administration (EBSA), which investigated the case.

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 (VFCP). Participation in the program requires employers to correct any violations of the retirement law but allows them to avoid EBSA enforcement actions and civil penalties as well as any applicable excise taxes. For more information about the VFCP, see www.dol.gov/ebsa.

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 reach EBSA's Kansas City regional office at (816) 426-5131 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. Granse)
Civil Action No. 05-CV-1345

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