

News Release



U.S. Department of Labor
Office of Public Affairs
Dallas, Texas
EBSA-05-1334-DAL

For Immediate Release
Mon., July 18, 2005
Contact: Diana Petterson or Elizabeth Todd
Phone: (214) 767-4776, ext. 222 or 221

Bedford, Texas, Mortgage Company Sued to Restore Pension Losses

DALLAS—The U.S. Department of Labor has filed a lawsuit against a company and its former majority owner, both of whom fiduciaries to the Bedford, Texas, firm’s 401(k) plan. The suit seeks to restore losses resulting from failure to timely remit and forward employee retirement contributions to the plan and for using the contributions for business purposes.

“This action demonstrates our commitment to protect the hard-earned benefits of American workers,” said Roger Hilburn, acting director of the department’s Dallas regional office of the Employee Benefits Security Administration (EBSA), which investigated this case.

The suit, filed in U.S. District Court for the Northern District of Texas, alleges that plan fiduciaries, SFM Mortgage Company and Martin Cantu violated the Employee Retirement Income Security Act (ERISA) when they failed to timely remit \$19,156 in employee contributions to the plan from December 2001 to June 2002. The delinquent contributions for six participants also resulted in lost earnings in the amount of \$3,236. The employer and plan sponsor, SFM Mortgage Co., ceased operations in July 2002.

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 VFCP requires employers to correct violations of the 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 Dallas regional office at (214) 767-6831 or through its toll-free number, 1-866-444-EBSA (3272), for help with problems related to private-sector retirement and health plans.

###

(Chao v. Specialized Financial Services Inc., D/B/A SFM Mortgage Corp.; SFM Mortgage Co. Retirement Plan & Trust and Martin Cantu)
Civil Action No. 4-05CV-443-A

U.S. Labor Department (DOL) releases are accessible on the Internet at www.dol.gov. The information in this news release will be made available in alternate format upon request (large print, Braille, audio tape or disc) from the COAST office. Please specify which news release when placing your request. Call (202) 693-7765 or TTY (202) 693-7755. DOL is committed to providing America’s employers and employees with easy access to understandable information on how to comply with its laws and regulations. For more information, please visit www.dol.gov/compliance.