

News Release



U.S. Department of Labor
Office of Public Affairs
Washington, D.C.
USDL 03-597-PHI (ebsa166)

For Immediate Release
Wed., Oct. 22, 2003
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Labor Department Sues to Restore Assets to Pension Plan Of Pennsylvania Health Services Firm

PHILADELPHIA – The U. S. Department of Labor has sued Pittsburgh-based HMG Healthcare Claims Auditing, Inc. and its executives to recover assets diverted from the firm’s 401(k) plan to pay corporate expenses. The department also sued plan trustee Raymond G. Kolb in federal bankruptcy court to ensure that he repays any debts owed to the plan.

The lawsuit alleges that trustees Kolb and Patrick L. Loeprich violated the Employee Retirement Income Security Act (ERISA) when they liquidated the plan on April 30, 2001, and used the assets to pay corporate operating expenses. The suit also alleges that the trustees failed to forward employee contributions to the plan in a timely manner and the company failed to monitor the actions of the trustees.

The suit seeks a court order requiring the defendants to restore all losses to the 401(k) plan. The department also is seeking to replace the defendants as fiduciaries with an independent fiduciary to manage the plan, and to permanently bar the defendants from serving other ERISA plans in the future.

HMG Healthcare, formerly a bookkeeping and auditing firm, was sold in 2002. Kolb was the chief executive officer and treasurer of HMG, and Loeprich was vice president. On Feb. 28, 2003, Kolb filed for personal bankruptcy. The 401(k) had 14 participants and assets totaling \$457,253 on April 30, 2001.

“Corporations and executives who are designated retirement plan fiduciaries have a responsibility to protect the pension assets of its participants,” said Mabel Capolongo, director of the Philadelphia office of the Employee Benefits Security Administration (EBSA). “These defendants used the plan assets for pay corporate expenses instead of distributing the money to participants.”

The court actions were filed in federal district court and U. S. Bankruptcy Court in Pittsburgh. This case was investigated by EBSA’s regional office in Philadelphia. Employers and workers can contact the office at (301) 713-2000 or EBSA’s toll free number, 1-866-444-EBSA (3272) or see www.dol.gov/ebsa, for help with problems relating to private-sector pension and health plans.

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Chao v. Kolb Civil Action No. 03-1540
In Re Kolb Case No. 03-3067 (MBM)

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