

News Release



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Cambridge, Mass., Employer Agrees to Restore \$130,000 to Retirement Plan to Settle U.S. Labor Department Lawsuit

BOSTON – Charles J. Mailman and Chasma Scientific Inc., Cambridge, Mass., will restore \$130,000 to the company's profit sharing plan to resolve a U.S. Labor Department lawsuit alleging violations of the Employee Retirement Income Security Act (ERISA).

Under the court order, Mailman agreed to repay \$130,000 to the plan; the company will ensure that the restitution is allocated to the accounts of all eligible plan participants, except Mailman. He also will appoint a successor trustee and administrator and will be permanently barred from serving in a fiduciary capacity to any plan governed by ERISA.

The department sued the defendants for violating their fiduciary duties between Jan. 1, 1997 and Dec. 31, 2000. Mailman, as trustee, allegedly failed to obtain appropriate execution prices for plan investment transactions, causing the plan to pay needlessly high costs. He also failed to follow an appropriate and prudent investment strategy, resulting in losses to the plan. Chasma Scientific, the plan sponsor, failed to take any actions to ensure that plan expenses and costs were reasonably defrayed and minimized.

“Plan trustees have an obligation to prudently assess the costs paid for plan investments and to follow the investment strategy of the plan,” said Ann L. Combs, assistant secretary for employee benefits security.

This case was investigated by the Boston regional office of the Employee Benefits Security Administration (EBSA). Any individuals who participated in the plan between Jan. 1, 1997 and Dec. 31, 2000, who have not been contacted about restitution, should call the regional office at (617) 565-9600. Employers and workers seeking help with problems relating to private-sector retirement and health plans may also contact that office through EBSA's toll-free number, 1.866.444.EBSA (3272).

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.

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(Chao vs. Mailman)
Civil Action File Number: 05-CV-11744