

News Release



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U.S. Labor Department Sues Connecticut Investment Firm to Restore Millions of Dollars Owed to Pension Plans

BOSTON – The U.S. Department of Labor has sued Circle Trust Company (CTC) of Darien, Conn., to restore millions of dollars in losses on imprudent and risky investments with the Trust Advisors Stable Value Plus Fund (SVF), a collective trust administered by CTC. Circle Trust serves as a trustee to SVF, which had invested approximately \$200 million from 1,500 pension plans nationwide.

“The company’s actions have jeopardized millions of dollars in workers retirement benefits,” said U.S. Secretary of Labor Elaine L. Chao. “The department is aggressively seeking to recover these assets for workers and their families.”

Trust Advisors, LLC, of Westport, Conn., was the investment advisor to the SVF from March 1998 through Oct. 31, 2003. The Labor Department’s suit alleges that, from July 1999 through the present, CTC violated the Employee Retirement Income Security Act (ERISA) by, among other things, causing SVF to invest in a number of speculative and imprudent investments that resulted in millions of dollars in losses to the trust fund. The investments were based on the recommendations of Trust Advisors. On Sept. 30, an independent fiduciary appointed on behalf of SVF filed a petition seeking bankruptcy protection for the SVF. On the same day, the Connecticut Banking Commissioner was appointed as the receiver of CTC.

The Labor Department suit, filed in the U.S. District Court for the District of Connecticut, seeks to permanently bar CTC from serving as a fiduciary to any employee benefit plan covered by ERISA. The suit also asks the court to order CTC to reimburse SVF for all losses, with interest, resulting from its fiduciary breaches.

The Labor Department’s legal action resulted from an investigation conducted by the Boston regional office of the department’s Employee Benefits Security Administration (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 contact the Boston regional office at 617-565-9600 or EBSA’s toll-free number, 1-866-444-EBSA (3272), for more information on the requirements of ERISA or for help with problems relating to private-sector pension and health plans. Additional information can be found at www.dol.gov/ebsa.

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(Chao v Circle Trust Company)
Civil Action Number: 3:05-CV-01679-JCH

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