

News Release



U.S. Department of Labor
Office of Public Affairs
Chicago, Ill.
Release No. 03-882-CHI

For Immediate Release
Date: December 9, 2003
Contact: Gloria Della
Phone: (202) 693-8664

Labor Department Sues Executive of Defunct Illinois Corporation To Prevent Avoidance of Debts Owed to Welfare Plans

CHICAGO, Ill. -- The U.S. Department of Labor sued an executive of Omni Circuits, Inc., in Glenview, Ill., to prevent him from avoiding debts he owes to the company's welfare plans during his personal bankruptcy proceeding.

"This action underscores Labor Secretary Elaine L. Chao's commitment to protect the benefits that employers promise to their employees," said Ken Bazar, director of the Chicago regional office of the Employee Benefits Security Administration (EBSA), whose office investigated the case.

The plans provided health, dental and supplemental life insurance benefits to 70 employees of the company. Omni Circuits, which was the plans' administrator, ceased operations on Feb. 21, 2002.

The adversary complaint alleges that James E. Schwarz violated the Employee Retirement Income Security Act (ERISA) by failing to remit \$23,996 in premiums and payments contributed by employees between Dec. 1, 2001, and Feb. 21, 2002, to insurers and using the money to pay corporate operating expenses. Schwarz was president and chief executive officer of the family-owned company. The adversary complaint was entered in the U.S. Bankruptcy Court for the Northern District of Illinois in Chicago.

In a related action, the department filed a civil lawsuit against Schwarz and his daughter, Corinne Moderhock, over the delinquent premium and payments of employees. The suit seeks to require that the defendants restore all losses plus interest to the plan and be permanently barred from serving as a fiduciary to any ERISA-covered plan.

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 make workers whole but allows them to avoid EBSA enforcement actions, civil penalties and any applicable excise taxes. For more information see www.dol.gov/ebsa.

Employers and workers can reach the Chicago regional office at (312) 353-0900 or through EBSA's toll-free number, **1-866-444-EBSA (3272)**, for help with problems relating to private-sector retirement and health plans.

###

(Chao v. Schwarz) Civil Action No. 03 C 7430
(In Re: Schwarz) Adversary Case No. 03 A 04384

U.S. Labor Department releases are accessible on the Internet at <http://www.dol.gov/ebsa>. 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) 693-7773 or TTY (202) 693-3911.