

NEWS RELEASE



Monmouth County Prosecutor's Office
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Luis A. Valentin, Prosecutor

MILLSTONE CONTRACTOR CONVICTED OF THEFT FROM EMPLOYEES' PENSION FUND

On November 2, 2006, a Monmouth County jury convicted Frank Knight, 55, of Millstone Township New Jersey, of second degree theft by failure to make required disposition. The trial was conducted before The Honorable Patricia Del Bueno Cleary, J.S.C. on October 31 through November 2, 2006. Sentencing has been scheduled for February 16, 2007. Knight faces up to ten years in New Jersey State Prison.

Knight was the president and sole shareholder of Knight Contracting Inc. located in Millstone, NJ. In 1999, he established a pension program for his employees and designated himself as the trustee of their pension fund. All employees were required to participate in the pension program. Money was deducted directly from employees' wages each pay period for deposit into the pension fund. Federal law required that the money be deposited into the pension fund within 15 days. However, from July 26, 2002 through December 20, 2003, Knight failed to deposit any of the money that he withheld from his employees into their pension. During this period, he failed to deposit \$606,762.37 of withheld employee wages. A total of 122 current and former employees enrolled in the pension plan were affected by Knight's failure to deposit the money.

In March 2004, the United States Department of Labor opened an investigation when it received complaints from Knight Contracting employees and plan participants. In July 2004, the Monmouth County Prosecutor's Office, Special Prosecutions Bureau opened a separate investigation after receiving complaints from several current and former employees. After a cooperative investigation by the Monmouth County Prosecutor's Office and the United States Department of Labor, Knight was indicted on August 8, 2005 by a Monmouth County Grand Jury for second degree theft by failure to make required disposition.

At trial, Knight contended that he failed to make the pension fund payments because he was never paid for change order work performed on a contract for the New Jersey School Construction Corporation in Camden, New Jersey. However, public records revealed that he received \$6,552,548.24 in payments from the New Jersey School Construction Corporation between October 2001 and April 2004. This included \$1,841,271.24 on the disputed Camden contract. While Knight has made direct payments to ten of the plan participants, the United States Department of Labor has determined that the pension plan is still underfunded by approximately \$560,770.99.

Monmouth County Prosecutor Luis A. Valentin stated "Knight not only violated his employees trust and the fiduciary obligation that he owed to them, but he committed an egregious theft of the employee retirement benefits. This office is committed to combating corporate misconduct and protecting employees from unscrupulous corporate officers." Prosecutor Valentin further noted this office will seek a term of imprisonment and full restitution at sentencing.

Bradford P. Campbell, Acting Assistant Secretary of Labor for the Employee Benefits Security Administration said, "This defendant defrauded his workers out of more than half a million dollars in retirement benefits. This case sends a clear message that theft of employee benefit plan assets is a serious crime that will be prosecuted to the full extent of the law."

This case was investigated by Detective Lieutenant Jason Clark of the Monmouth County Prosecutor's Office, Special Prosecutions Bureau and Investigator Carol Herzog of the U. S. Department of Labor. This case was assigned to Assistant Prosecutor Thomas Fichter. Knight was represented by Timothy J. Provost, Esq. of Freehold, New Jersey.

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