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Department of Justice

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Northern District of Ohio

FOR IMMEDIATE RELEASE

Friday, October 24, 2014

Marion Man Ordered to Pay Restitution, Fine

A Marion man was ordered to pay restitution and a fine and was sentenced to a term of probation following his conviction on a charge of making and causing a false statement on an annual statement regarding a company 401k plan, said Steven M. Dettelbach, United States Attorney.

John Richard Blazer, 68, was sentenced by Senior U.S. District Judge James G. Carr, who also imposed a \$2,800 fine.

Blazer was charged in 2013 with several felony violations. His conduct involved a company named Neo-Wood Manufacturing, Inc., located in Alvada, Ohio. Neo-Wood, which was owned by John E. Werner III, maintained a 401k profit-sharing plan for its employees. Werner was also the sole trustee of the 401k plan. The Neo-Wood plan was subject to the Employee Retirement Income Security Act (ERISA), and under that Act, Neo-Wood was required to submit an annual financial report (Form 5500), which required among other items a report of assets held by the plan, and a disclosure of prohibited transactions with parties-in-interest to the plan, according to court documents.

On or about January 28, 2008, Blazer induced Werner to remove \$28,000 from the Neo-Wood plan, and send that money to Blazer. Shortly thereafter, Blazer returned to Werner personally \$25,200, or 90 percent of the money removed, and Blazer kept \$2,800. This transaction was done by Werner and Blazer without the knowledge or authorization of the Neo-Wood employees, and the withdrawal left virtually no funds in the plan, according to court documents.

On or about April 30, 2009, an annual Form 5500 was submitted to the U.S. Department of Labor by Werner at Neo-Wood. The Form 5500 falsely reported that the \$28,000 removed by Werner and Blazer remained in the plan as an asset. The Form 5500 also falsely omitted the commission of a prohibited transaction with the transfer through Blazer to Werner personally, according to court documents.

Prior to the taking of the \$28,000, there had been three prior transfers totaling \$140,000 in funds removed from the Neo-Wood 401k plan and given to Blazer. As a result of this investigation and prosecution, prior to Blazer's guilty plea, \$221,649 in restitution was paid by Blazer to the custodian of the Neo-Wood plan. This restitution payment, which included interest, resulted in restoring almost all of the improperly-removed funds to the Neo-Wood employee 401k accounts.

This case was investigated by the Employee Benefits Security Administration of the U.S. Department of Labor. The case was prosecuted by Assistant U.S. Attorneys Thomas Karol and James V. Moroney.

Component(s):

USAO - Ohio, Northern

Updated March 18, 2015