

News Release



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Labor Department Obtains Judgment Removing Fiduciary Of Relco Locomotives 401(k) Plan

CHICAGO – Under a consent judgment obtained by the U.S. Department of Labor, the owner and chief executive officer of Relco Locomotives, Inc., was removed as a fiduciary of the company's 401(k) plan because he failed to forward employee contributions to the plan in a timely manner.

"This Administration is committed to protecting the retirement security of America's workers, and we won't hesitate to act when retirement plan officials are not managing their workers' benefits responsibly," said Ann L. Combs, Assistant Secretary of Labor for the Employee Benefits Security Administration (EBSA).

In this case, Donald L. Bachman failed to remit approximately \$55,017 in employee contributions, loan repayments and lost opportunity costs to the plan in 2001, according to the EBSA office in the Chicago region, which conducted the investigation. The evidence also indicated that Bachman used the funds for other purposes before eventually remitting them to the plan.

The judgment, entered in federal district court in Chicago, also permanently barred Bachman from serving as a fiduciary to any ERISA-covered benefit plan and appointed Howard William Clark, III, as the plan's trustee.

Relco Locomotives, Inc., of Minooka, Ill., is a privately held Subchapter S Corporation that leases and rebuilds locomotives for its clients and also manufactures custom sheet metal. The corporation employs 48 people. The plan had assets totaling \$1,152,063 as of Dec. 31, 2000.

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 applicable excise taxes. For more information, see www.dol.gov/ebsa.

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

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(Chao v. Relco Locomotives, Inc.)
Civil Action No. 03-C-5976

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