

News Release



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Owner of Defunct Michigan Company Sued to Recover Employee Health Premium Payments

DETROIT, Mich. — The U. S. Department of Labor has sued the owner of defunct American Tool & Mold Inc. of St. Joseph, Mich., to recover employee contributions that he failed to forward to the company's health plan.

American Tool & Mold was owned by defendant Jeffrey M. Grenke until the firm ceased operating on Sept. 30, 2002. Grenke filed for Chapter 7 personal bankruptcy on Jan. 31, 2003. The health plan allowed employees to contribute premium withheld from their paychecks and for employer contributions. However, the health plan was terminated effective May 31, 2002, by the plan provider for non-payment of premiums. Despite that fact, American Tool & Mold continued to withhold premiums from employee payroll checks through June 2002, and did not advise employees of the health insurance termination until July 3, 2002.

The department is seeking a court order to require Grenke to restore to the health plan any losses resulting from their failure to forward premiums to the health plan provider. The suit also seeks to permanently bar him from service as a fiduciary or service provider to an Employee Retirement Income Security Act (ERISA) covered employee benefit plan.

“Trustees of an employee health plan have a responsibility to ensure that workers receive the health coverage for which they are paying. One of the most important responsibilities is putting money from workers' wages into their health premiums on time,” said Joseph Menez, director of the Cincinnati regional office of the Employee Benefits Security Administration (EBSA) that investigated the case.

Employers and workers can contact the regional office at (859) 578-4680 or EBSA's toll free number, 1-866-444-3272, for help with problems relating to private-sector pension and health plans.

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(Chao v Grenke)
Civil Action No. 1:04CV0663

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