

News Release



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Labor Department Sues to Recover More Than \$200,000 In Delinquent Contributions Owed to Nevada 401(k) Plan

SAN FRANCISCO —The U. S. Department of Labor has sued Reno-based Lodging and Gaming Systems, Inc. (LGS), its owner and the trustees of the corporation's 401(k) plan for failing to collect \$237,295 in delinquent employee and employer contributions and loan repayments owed to the plan. Steven H. Urie, the owner and president of bankrupt LGS, allegedly used the money to pay corporate debts and expenses after the corporation experienced financial problems.

Secretary of Labor Elaine L. Chao said, "This Administration has a strong track record in protecting the benefits promised to America's workers; this year we achieved record monetary results totaling \$3.1 billion for retirement, 401(k), health and other programs. Our legal action in the LGS case makes it clear that those who manage pension plans are forbidden from using plan assets to enrich themselves or their businesses."

The department sued Urie, as a fund trustee, along with trustee Hugh Gallagher and LGS for violating the Employee Retirement Income Security Act (ERISA) by failing to forward to the plan employee contributions and loan repayments deducted from employee paychecks at various pay periods throughout 2000, 2001 and 2003. Additionally, the defendants failed to collect delinquent employer contributions owed to the plan. The defendants also allowed LGS to retain plan assets in its corporate account and used the assets to pay the operating expenses of LGS and two other companies owned by Urie — Gamet Technology, Inc. and Club Management, Inc., which also operated as Caughlin Club.

LGS develops software for hotels and casinos. The company's 401(k) plan covered as many as 34 participants and had \$755,428 in assets during 2002.

The suit seeks a court order requiring the defendants to make restitution and appointing an independent fiduciary to manage the plan. The department also asks the court to remove the defendants as plan fiduciaries and permanently bar them from service to plans governed by ERISA in the future.

In a separate bankruptcy filing, the department sued Urie to prevent him from discharging any debt owed to the plan in bankruptcy proceedings. On Dec. 29, 2003, Urie and his three companies filed for bankruptcy protection.

The legal actions were filed in federal district court in Reno. Employees and workers can contact the San Francisco Regional Office at (415) 975-4600 or through EBSA's toll free number, **1-866-444-EBSA (3272)**, for help with any problems relating to private-sector pension and health plans.

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Chao v. Urie
Civil Action No. CV-N-04-0623-HDM-VPC
Bankruptcy Adversary Proceeding No. 04-05161-GWZ

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