

Investigations & Enforcement

George Sepsakos Discusses DOL Investigations With Ignites

ATTORNEYS & PROFESSIONALS

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Principal [George Sepsakos](#) was quoted in the *Ignites* article, “DOL Digs Deeper into 401(k) Recordkeepers.” In the article, he discussed the increase in the occurrence and intensity of [Department of Labor \(“DOL”\) investigations](#) into plan service providers and how crucial it is for service providers to have comprehensive and regularly updated disclosure practices.

Over roughly the last two years, the DOL has devoted more resources to investigating plan service providers, said Sepsakos. That’s in large part because the agency gets “more bang for the buck” through enforcing regulations at the level of plan service providers, rather than via individual plans, he added.

DOL investigators also have gotten more granular in their assessments of recordkeepers’ operations, said Sepsakos.

“[O]ne thing that’s definitely new is the rigor that the Labor Department employs when conducting investigations,” he said. “They’re just more weedy than they were in the past.”

DOL investigators have always focused on compensation that could create conflicts of interest, Sepsakos said. But now the agency is also scrutinizing indirect compensation for potential issues. Examples of this are revenue sharing from mutual funds and float income received on uncashed checks to participants, he added.

If a recordkeeper fails to accurately disclose its compensation from the plan, it could have affected the amount and timing of its own pay, possibly rendering it a fiduciary, he said.

It’s important for plan service providers of all kinds, and especially recordkeepers, to scrutinize their disclosure practices and make sure that every form of compensation has been accurately disclosed and kept up to date, he noted.

“If it’s not, and you have an audit, the DOL is able to grasp on to those disconnects,” he added.

Click [here](#) to read the article.