

TOP SECRET

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July 8, 1994

Pension & Welfare Benefits Administration
U.S. Department of Labor
Room N5644
200 Constitution Avenue, NW
Washington, D.C. 20210

re: Maryland Treatment Center, Inc.
Plan 001, 401-K Plan
52-1447757

Gentlemen,

My wife is a participant in the above referenced 401-K deferred compensation plan. Following several requests, she finally was provided a copy of the Form 5500 for the plan year ending December 31, 1992 on November 11, 1993. Being a CPA, and having prepared many of these reports, I reviewed this document and discovered some rather glaring violations of regulation.

Item 8 indicated that the plan had been amended on November 10, 1992 and that a copy of this amendment had been provided to all plan participants. My wife never received a copy, and although she has requested a copy, she has yet to receive it.

Item 26-b indicated that an unqualified audit opinion was attached to the 5500, yet no copy was provided. Upon inquiry, it was revealed that no audit had been performed. As of this date, the employer claims that the audit is in process, yet this is eighteen months after the end of the plan year.

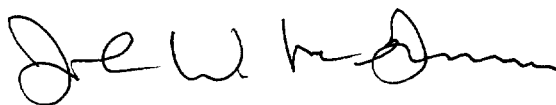
The most disturbing item was the fact that of the \$108,524 of participant elective deferrals for the entire plan year, only \$6,071 had been deposited with the plan trustees and more than \$102,000 of participants funds remained in the hands of the employer. I believe that the statute is quite clear regarding the timely remittances of participant funds to the trustee for investment so that the full potential income for participant contributions may be realized.

To date, all requests to the comptroller of the employer have been answered by assurances that all problems have been resolved; that all employee accounts have been credited with additional employer contributions to make up for the income lost to the lack of timely deposits; that the audit is almost complete; and that the funds are truly on deposit with the investment manager in those vehicles selected by the plan participants. However, absolutely no hard evidence has been provided that all the above assertions are valid.

With the due date for the 1993 5500 forms and annual reports scarcely three weeks away, it would appear very unlikely that my wife will receive the documents required by law which will indicate that the money she has elected to defer is being handled properly. In my opinion, such an obvious mismanagement of employee funds can hardly be called inadvertent.

Please investigate the administration of this plan in order to insure that the vested interests of the plan participants have been managed with due diligence and are in fact available to fund the retirement objectives of the employees.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John W. McGinnis". The signature is fluid and cursive, with the first name "John" being the most prominent.

John W. McGinnis, CPA

cc: Internal Revenue Service
Holtsville NY 00501-0020