

SUBCHAPTER K—ADMINISTRATION AND ENFORCEMENT UNDER THE FEDERAL EMPLOYEES' RETIREMENT SYSTEM ACT OF 1986

PART 2589—RULES AND REGULATIONS FOR ADMINISTRATION AND ENFORCEMENT

AUTHORITY: 5 U.S.C. 8477(e)(1)(B) and (f); Secretary of Labor's Order 1-2003, 68 FR 5374 (Feb. 3, 2003).

SOURCE: 54 FR 32636, Aug. 9, 1989, unless otherwise noted.

§ 2589.1 Civil penalties under section 8477(e)(1)(B) of FERSA.

(a) Section 8477(e)(1)(B) of FERSA, 5 U.S.C. 8477(e)(1)(B), permits the Secretary of Labor to assess a civil penalty against a party in interest who engages in a prohibited transaction with respect to the Thrift Savings Fund. The initial penalty under section 8477(e)(1)(B) is five percent of the "amount involved" in each such transaction for each year or part thereof

during which the prohibited transaction continues. However, if the prohibited transaction is not corrected during the "correction period," the civil penalty may be in an amount not more than 100% of the "amount involved." The Department of Labor will apply the definitions set out in §2560.502i-1(b) through (e) of this chapter of title 29 (civil penalties under section 502(i) of ERISA) in determining the "amount involved," "correction," "correction period," and for computation of the section 8477(e)(1)(B) penalty.

(b) The rules of practice set forth in §§2570.1-2570.12 of part 2570, subpart A of subchapter G of this chapter of title 29 (procedures for the assessment of civil sanctions under ERISA section 502(i)) are applicable to prohibited transaction penalty proceedings under FERSA section 8477(e)(1)(B).