

News

Allison Itami Discusses Employee Stock With PLANSPONSOR Following Court Ruling

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Groom principal and co-chair of Groom’s Employers & Sponsors practice, [Allison Itami](#), sat down with *PLANSPONSOR* to discuss the recent Boeing “stock drop” case dismissal and what it means for plan sponsors and fiduciaries for the article, “Appeals Court Upholds Decision in Boeing Stock-Drop Case.” To read Groom’s coverage of the ruling, please [click here](#).

“This decision has particular importance to plan sponsors and fiduciaries who have employer stock as an investment,” said Itami. “It definitely supports the decision to use an independent fiduciary when there might be conflicts of interest about inside information.”

As detailed by *PLANSPONSOR*, the ruling reiterates the role that a third-party fiduciary can play for plan sponsors with an ESOP, said Itami.

“The fact that there are so many stock-drop complaints has made some plan sponsors wary of offering employee stock, and this decision really follows what other courts are saying, too, which is that the use of an independent fiduciary can reduce those particular risks,” she added. “The more courts that make similar decisions saying that outsourcing to an independent fiduciary cures some of the thorniest conflicts, the more comfortable plan sponsors can be in offering employer stocks.”

PLANSPONSOR recounted Itami noting that plan sponsors might consider reading the ruling to see how the judges understand the fiduciary duties of a plan sponsor.

“It has some good reading beyond just the employer stock,” Itami said. “It’s also helpful for plan sponsors to understand the very basic fiduciary functions.”

To read the article, [click here](#).