

Publications

ERISA Litigation: Company stock cases continue to take top billing

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Since the Enron collapse, plan sponsors and fiduciaries of defined contribution plans have been confronted with many so called “stock drop” cases alleging that plan sponsors and fiduciaries were imprudent in permitting ESOP and EIAP plan participants to continue to invest in company stock, despite the stock losing significant value in the marketplace. In a favorable recent development, the Second Circuit joined the Third, Fifth, Sixth and Ninth Circuits in adopting the “Moench presumption” of prudence in ERISA stock drop cases, which provides for a rebuttable presumption in favor of investment in employer securities for ESOPs.

Please see the attached article for further discussion.

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