

SPEARHEADED RESPONSE TO THE ILLEGAL APPROPRIATION OF PLAN ASSETS ON BEHALF OF MULTINATIONAL RETIREMENT PLAN SPONSOR

Hodgson Russ assisted a large, multinational corporation and sponsor of multiple qualified retirement plans in connection with its response to the illegal appropriation of plan assets by an employee of the plan sponsor. Our work included providing assistance and support in unraveling the techniques by which monies were illegally appropriated from the plan accounts of participants, assessing the many operational errors triggered by the illegal appropriation of plan funds, developing a strategy for restoring funds to the accounts of the affected participants, and correcting the operational errors so as to preserve the qualified status of the affected plans. We helped our client successfully implement the necessary corrections, develop procedures to prevent similar problems in the future, and communicate the corrections to the affected participants in a manner that helped preserve participant confidence in the security of their retirement plans. Our work also included analyzing fiduciary liability and prohibited transaction issues, reporting obligations, and the potential liability of a third-party administrator.

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