
Lockheed Martin's \$62 million ERISA settlement approved

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Chief U.S. Judge Michael Reagan of the Southern District of Illinois has given final approval for a \$62 million settlement in favor of Lockheed Martin employees and retirees in their suit against their employer, the plaintiffs' law firm said in a release this week.

The eight-year-old case, *Abbott v. Lockheed Martin*, alleged excessive fees in two of Lockheed Martin's 401(k) plans, as well as imprudent management of certain investment options offered to employees, according to the St. Louis firm of Schlichter, Bogard & Denton.

Jerome Schlichter, the firm's managing partner, specializes in leading class action suits against 401(k) plan sponsors and providers on behalf of plan participants and retirees, often focusing on their failure to protect participants from high investment or recordkeeping fees, in violation of their fiduciary duties under the Employee Retirement Income Security Act of 1974.

"The settlement is the largest ever for a case of this kind against a single employer," observed Thomas E. Clark Jr. of the Wagner Law Group. Lockheed Martin's plan, with over \$27 billion in assets and 180,000 current and former employees, is the fifth largest 401(k) in the United States.

The plaintiffs had charged that Lockheed Martin, a defense contractor, invested plan participants' retirement savings in funds that charged excessively high fees, diminishing returns. They also claimed that Lockheed Martin allowed excessive recordkeeping fees, and allowed too much of participants' assets to be held in low-yielding money market funds.

Lockheed Martin denied the allegations and said it followed the law and that the fees were reasonable. The case was originally scheduled for trial in the Southern District of Illinois last December, but the parties reached a settlement just before then.

Schlichter said his firm also recently won a unanimous 9-0 decision in the United States Supreme Court on behalf of employees and retirees of Edison International in their 401(k) plan, which is the first 401(k) excessive fee case decided by the Supreme Court.

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