

Appellate Court Holds that Plan Fiduciaries May Rely on Lawyers

January 20, 2014

After a law firm's underfunded pension plan terminated, a participant sued the directors who administered the plan, alleging that she was placed into the wrong pool of employees when her benefit was determined. The directors claimed that they relied on the advice of counsel in making their determination. The participant responded that they were not entitled to rely on that advice because it was based on a mistake of fact that they would have discovered had they undertaken an independent investigation. The U.S. Court of Appeals for the D.C. Circuit held that prudent fiduciaries making important decisions may rely on the advice of counsel and have no duty to independently investigate where the facts show there was no reason for the directors to question the advice of counsel. *Clark v. Feder Semo & Bard, P.C.*, No. 12-7092 (D.C. Cir. Jan. 7, 2014).