Japanese Parent Liable for Unfunded Benefits in Subsidiary Employer?Ã‡Ã–s Plan

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An employer that sponsors a single-employer defined benefit pension plan was acquired by a Japanese parent.?Ã¡ The employer entered into bankruptcy and, as part of the proceedings, the Pension Benefit Guaranty Corporation (the ?ÃÂ£***PBGC***?ÃÂ¥) terminated the pension plan.?Ã¡ The PBGC then sought in federal court to recover the amount of the unfunded liability from the Japanese parent.?Ã¡ The PBGC also sought payment of the termination premium designed to be payable when a reorganizing company emerges from bankruptcy and to collect that premium from the parent.?Ã¡ The parent, citing lack of personal jurisdiction, claimed that it was not liable.?Ã¡ The parent also claimed the termination premium was not owing in a liquidating Chapter 11 bankruptcy and was not a joint and several liability of the parent.?Ã¡ The court granted the PBGC?ÃÃs motion for summary judgment declaring that the parent had sufficient contacts to establish jurisdiction, the parent had knowledge of its potential ERISA controlled group liability before it acquired the employer, the premium was owing in a liquidating Chapter 11 bankruptcy, and the parent was liable.?Ã¡ *PBGC v. Asahi Tec Corp.*, No. 10-1936 (ABJ) (D.D.C. Oct. 4, 2013).

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