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Following a two week trial, Federal Court Enters \$15 million judgment in Severstal Wheeling, Inc. Retirement Plan Litigation

On August 10, 2015, the U.S. District Court for the Southern District of New York issued a trial decision in *Severstal Wheeling, Inc. Retirement Committee et al v. WPN Corporation*, following a bench trial which was held from July 8 through July 22, 2014. The Honorable Laura Taylor Swain entered a judgment of more than \$15 million in favor of the fiduciaries of the Plans, finding that their former investment managers, Ronald Labow and WPN Corporation, breached their fiduciary duties to the two Severstal Plans while they served as investment manager for those Plans in 2008 and until May 19, 2009. In her decision, Judge Swain concluded based on the evidence presented at trial by Cohen Milstein, on behalf of its clients had “prove[d] that the Severstal Plans would have earned substantially higher returns had Defendants not breached their fiduciary duties to the Plans.”

This trial verdict comes over five years since the complaint was filed in 2010, alleging that WPN and Labow, fiduciaries of the Wheeling Corrugating Company Retirement Security Plan and the Salaried Employees’ Pension Plan of Severstal Wheeling, Inc., breached their fiduciary duties with respect to the investment of the Trust’s assets by failing to properly diversify the investments of those assets. After initial counsel withdrew from the case, Cohen Milstein took over the litigation on a contingency basis. By molding the facts and developing expert theories, along with presenting numerous witnesses, both friendly and hostile, the trial team led by Cohen Milstein partner, R. Joseph Barton, was able to surmount multiple obstacles in the litigation and achieve a successful result for the Plaintiffs. On numerous occasions, the Supreme Court has recognized that ERISA is one of the most complicated areas of law and ERISA cases are some of the most difficult to litigate, let alone bring to trial and succeed with a verdict in favor of the plaintiff.

The Firm’s Employee Benefits group has significant expertise in ERISA cases and the partners in that group are well known among ERISA practitioners across the country and have tried several ERISA cases. Prior to the *Severstal* litigation, the Firm’s Employee Practice Group has represented the fiduciaries of retirement plans in other ERISA matters. For example, Cohen Milstein previously represented the trustees of ERISA-covered Taft-Hartley employee benefit plans in the Beacon/Madoff ERISA Litigation and achieved a class action settlement of \$219 for the Plaintiffs whose assets were lost through investments made on their behalf by Beacon Associates LLC I & II in the investment schemes of Bernard Madoff. The Firm is and has been retained by fiduciaries of ERISA plans to assist in exploring and negotiating pre-litigation settlement or to advise regarding potential litigation.



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If you would like to learn more about Cohen Milstein's Employee Benefits practice, including advice regarding ERISA litigation matters, please contact R. Joseph Barton, Partner, at jbarton@cohenmilstein.com or (202) 408-4600.