

# ERISA Class Action Goes Forward Against MetLife

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Retirement plan savers can move forward with their case against MetLife concerning allegations that MetLife improperly profited from its Stable Value product. On August 22, U.S. District Court Judge P. Kevin Castel denied MetLife's motion to dismiss, ruling for the plaintiffs – who are represented by Bailey Glasser attorneys led by Greg Porter and Ryan Jenny.

The employees and retirees argue that MetLife unlawfully set its own compensation by retaining the “price spread” and setting the Crediting Rate to participants at an improperly low level. The Crediting Rate is the amount of interest paid to investors in the Stable Value fund. MetLife argued that the Stable Value fund is not a ‘plan asset’ and, therefore, not bound by federal law under ERISA. Plaintiffs disagreed. ERISA requires plan fiduciaries to make decisions concerning the plan solely in the interest of the plan participants. MetLife also argued it is not a fiduciary. MetLife's arguments were rejected in the Court's Order.

Among other findings, Judge Castel found that “MetLife has failed to show that the 1.5% guaranteed rate of return is unquestionably reasonable.” The case will proceed to full discovery. Judge Castel noted that “[i]f MetLife was a covered service producer and failed to make the required disclosures, as [plaintiff] contends, any services MetLife provided to the Plans pursuant to the [Guaranteed Investment Contracts] would be per se unreasonable under the Department of Labor's regulations.” Guaranteed Investment Contracts are the primary investment in most Stable Value funds, including the ones involved in the MetLife litigation.

The case is *Mari Gross Lau, et al., v. Metropolitan Life Insurance Co.*, 15-cv-9469 (S.D.N.Y.). A copy of the Order can be found [here](#).

In addition to representing the MetLife savers, Bailey Glasser also represents stable value investors in cases against Prudential, Voya and New York Life. A similar motion to dismiss was denied in the New York Life case earlier this year.

### **Attorneys**

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### **Practice Areas**

ERISA, Employee Benefits & Trust Litigation