Katten Obtains Dismissal of ERISA 401(k) Plan "Stock Drop" Class Action for SunEdison, Inc.

March 27, 2014

The US District Court for the Eastern District of Missouri dismissed a putative ERISA class action "stock drop" lawsuit filed against manufacturer SunEdison, Inc. on behalf of participants in the plan. Plaintiffs contended that the company illegally hid production problems and thus caused its stock value to fall. In dismissing the case, the district court considered the so-called *Moench* presumption, which provides that plaintiffs in employer stock cases brought under ERISA must prove that the plan permitted investment of plan assets in company stock at a time when no prudent investor would have done so. As reported in the article, the court found that "the price of [the company's] stock remained significant" during the subject time period and concluded that "the mere fact that a company's stock value may decline, even substantially, is not enough to overcome *Moench*." Gary W. Howell, Christian T. Kemnitz, Jennifer C. Ryan and Jonathan S. Sabol represented SunEdison, Inc. in the case. ("District Court: Eighth Circuit 'Would Adopt' Pro-Fiduciary Presumption of Prejudice," March 26, 2014; "SunEdison Ditches Retirement Plan Stock Value Suit," March 24, 2014)

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Christian T. Kemnitz
+1.312.902.5379
christian.kemnitz@katten.com

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2026 Katten Muchin Rosenman LLP.

All rights reserved. Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at katten.com/disclaimer.