

District Court Holds Plan Cannot File Suit in Contravention of Trust Agreement

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In *Buckner v. Murray*, No. 21-cv-567, 2024 WL 1366785 (D.D.C. Mar. 30, 2024), the court dismissed the United Mine Workers of America 1974 Pension Plan’s suit to collect \$6.5 billion in withdrawal liability because the trustees did not file suit in accordance with the plan’s trust agreement. After the contributing employer filed for bankruptcy, the plan assessed its controlled group members with \$6.5 billion in withdrawal liability. As we [reported](#) last year, the court previously held that financial support provided to the plan by Congress did not divest the plan’s trustees of Article III standing to pursue a claim to collect the withdrawal liability. Defendants subsequently moved to dismiss the case for failing to state a claim, arguing that the trustees did not follow the procedures set forth in the trust agreement for enforcing the plan’s claims. The trust agreement required suits on behalf of the plan to be filed by at least one union and one employer trustee. Because the employer trustees had recused themselves from decisions involving the withdrawal liability at issue, a union trustee and an “alternate” employer trustee—who was appointed for the limited purpose of addressing matters relating to the contributing employer’s bankruptcy, including any resulting withdrawal liability—filed suit on behalf of the plan instead. The court granted defendants’ motion to dismiss, holding that the suit did not comply with the trust agreement because the “alternate” trustee was not an employer trustee within the meaning of the trust agreement. The court rejected the plan’s argument that it had to accept as true, on a motion to dismiss, the plan’s allegation that the “alternate” trustee was a duly appointed employer trustee because this was a legal conclusion, not a factual allegation. The court also rejected the plan’s argument that a deferential standard of review applied to the trustees’ interpretation of the trust agreement because this standard only applies in actions by participants challenging benefit denials. The court dismissed the action without prejudice, explaining that properly appointed trustees of the plan could refile it.

Proskauer’s Perspective

The court's holding is a useful reminder that ERISA plans and their trustees are bound to act in accordance with their governing plan documents, even when pursuing the plan's statutory right to collect withdrawal liability. Failure to adhere to the written instruments, or to amend them as warranted, may create more problems down the line, such as potentially imperiling the plan's ability to collect substantial amounts of money that are owed to it.

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