

Sheppard Mullin gets ERISA win for former grocery store

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Daily Journal summarized U.S. District Judge Josephine L. Stanton’s summary judgment ruling in favor of clients HOWS Markets LLC (“HOWS”) and R&K Hughes Family Partners in a case brought against them by a pension fund that claimed withdrawal liability for pension benefits against HOWS under the Employee Retirement Income Security Act of 1974 (“ERISA”).

The pension fund alleged that HOWS, a former grocery store chain that operated from 1999 to 2014, was under common ownership and control with R&K Hughes Family Partners, and was thus obligated to make withdrawal liability payments but did not do so, thereby violating ERISA. Common ownership and control is a condition necessary to bring withdrawal liability claims under ERISA, a federal tax and labor law passed in 1974 that is intended to protect workers’ retirement benefits and savings.

However, Sheppard Mullin partner Rob Guite and associate Michael Lundholm, who led the defense, successfully argued that the pension fund could not establish that HOWS and R&K Hughes Family Partners were under common ownership and control, and were therefore not liable for withdrawal payments. Although summary judgments under ERISA are difficult to secure, as the statutes are structured to impose liability on controlled groups, Guite noted that “the court recognized that the pension fund’s attempt to show the required capital interest relied on a flawed valuation.”

The case is *Frank Jorgensen, et al. v. HOWS Markets LLC, et al.*, 8:21-cv-000250-JLS-ADS (C.D. Cal).

Attorneys

Robert J. Guite

Practice Areas

Employee Benefits/ERISA

Labor and Employment

Labor and Employment Litigation

Litigation