

J.P. Morgan Chase Agrees to Settle Lawsuit on Behalf of 401(k) Plan Participants

An ERISA action filed against J.P. Morgan Chase on behalf of participants in the company's Defined Contribution Plan was settled in principal, with terms to be disclosed by May 22, 2020.¹

The class action lawsuit includes current and former participants who purchased certain investment funds in the company's 401(k) Plan that carried excessively high fees.² The Court certified the class in June 2019, with a class period beginning on January 25, 2011 and effectively ending on the date that the various investments' fee structures were modified.

Monument's Cynthia Jones was retained by plaintiffs' counsel to opine on issues related to class certification. As part of her analysis, Ms. Jones demonstrated that a common methodology could be applied to fairly compensate participants on a class-wide basis, consistent with the theory of the case. Ms. Jones was also tasked with calculating damages suffered by plan participants who purchased the investment funds that were alleged to carry excessive fees, when similar lower cost funds were otherwise available. Ms. Jones concluded that, as a result of paying excessively high fees, investors earned lower returns and were thereby damaged. She submitted several expert reports in the case, setting forth, among other things, her damages methodology for the five "at issue" investment funds, as well as the plan's Target Date Funds.

One of the key issues with respect to damages was to isolate only that portion of the under performance in the funds' returns attributed to the differential between the excessive fees that were actually incurred as compared to the fees that would have been incurred had the plan offered lower fee alternative investment funds. Ms. Jones's analyses were instrumental in assisting plaintiffs' counsel with settlement negotiations.

During the class period, the "at issue" investment funds had a combined asset value of between \$328 million and \$532 million, with more than 266,000 participants.

¹ Robert Steyer, "J.P. Morgan agrees to settle ERISA suit," *Pensions & Investments*, April 8, 2020.

² *Terre Beach, on behalf of all others similarly situated, et al., v. JPMorgan Chase Bank, National Association et al.*, United States District Court Southern District of New York.