

Northrop Faces Second Schlichter Suit

By Emile Hallez, *Ignites*, September 20, 2016 [subscription required]

http://www.ignites.com/c/1456133/167883/northrop_faces_second_schlichter_suit?referrer_module=issueHeadline&module_order=4

Northrop Grumman is facing a new 401(k)-fee lawsuit from plaintiffs represented by Jerome Schlichter, marking the second such case the litigator has brought against the plan sponsor.

Schlichter, who first filed claims on behalf of plaintiffs in 2006, alleges [in the new case](#) that the defense contractor improperly received compensation from the plan and overpaid for recordkeeping and investment management, among other claims. Although similar in some regards to the initial suit, the more recent case addresses a different time frame.

Both cases were filed in U.S. district court in California. Last year, Northrop Grumman won summary judgment for several of the claims made in the 2006 lawsuit, specifically that the firm allegedly breached its fiduciary duty through unreasonably high investment management fees on two funds within the plan. But the defendant was unsuccessful in receiving summary judgment on other claims, including allegations that the plan sponsor breached its duties of loyalty and prudence to participants. That lawsuit is scheduled for a trial to begin in March 2017.

The reason for a separate lawsuit against the same defendant appears to be that the plaintiff was limited in the time frames for which it could expand discovery beyond May 2009.

* * * * *

The original discovery period in the case covered documents through Sept. 28, 2006. In 2011, because the case had stretched longer than anticipated leading up to the scheduled trial date, the plaintiff was granted additional discovery, covering documents created up to May 11, 2009. That expanded discovery led the plaintiff to file an amended complaint, which is the usual course of action in light of additional documents, says Niels Holch, executive director of the Coalition of Mutual Fund Investors.

Filing a new lawsuit, rather than an amended complaint, “probably will have the same result,” Holch says.