

Court's Concerns About Some Committee Members

“[Her] testimony was concerning. She made it clear that she viewed her role as primarily concerned with scheduling, paper movement, and logistics; she displayed a surprising lack of in-depth knowledge concerning the financial aspects of managing a multi-billion-dollar pension portfolio and a lack of true appreciation for the significance of her role as a fiduciary.

[She] appeared to believe that it was sufficient for her to have relied rather blindly on [the plan investment consultant's] expertise. As a matter of law, blind reliance is inappropriate.”

Sacerdote v. New York University

Not Understanding the Fiduciary Role

The Court also found that the testimony of another Committee member was disturbing because she “was similarly unfamiliar with the basic concepts relating to the Plans, such as who fulfilled the role of administrator for the Faculty Plan When asked about her inability to remember Plan details, [she] responded that she has a ‘big job’ (referring to her human resources role, not her Committee membership) and that her role on the Committee is one of many responsibilities she has This suggested that [she] does not view herself as having adequate time to serve effectively on the Committee.”

A Favorable Outcome But With Issues

“After careful review of the record, the Court finds by a preponderance of the evidence that while there were deficiencies in the Committee’s processes—including that several members displayed a concerning lack of knowledge relevant to the Committee’s mandate—plaintiffs have not proven that the Committee acted imprudently or that the Plans suffered losses as a result.”

The Right Stuff

“As the CIO, [she] saw her role as providing ‘specialized knowledge relating to investing’ to the Committee. . . . She testified that she ‘questioned [the investment consultant] and discussed . . . the basis for their views’ on the Plan’s investment options. . . .

Outside Committee meetings, [she] read plan materials . . . and also met with [investment consultant] team members to discuss general market trends and investment options as well as specifics around NYU’s IPS.”

The Court Concludes

“While the Court finds the level of involvement and seriousness with which several Committee members treated their fiduciary duty troubling, it does not find that this rose to a level of failure to fulfill fiduciary obligations. Between [the investment consultant’s] advice and the guidance of the more well-equipped Committee members . . . , the Court is persuaded that the Committee performed its role adequately.”