

## CASE STUDY

# Securing Court Victories to Validate a Client's Procedures

*“As the Administrator and Committee’s interpretation of the Plan was legally correct, no abuse of discretion occurred.”*

—Fifth Circuit opinion in *Stone v. Unocal Termination Allowance Plan*



Client:	<b>Three Chevron employee benefit plans</b>
Industry:	Energy
Area of Law:	ERISA litigation
Venues:	U.S. Court of Appeals for the 5th Circuit, U.S. District Court for the Southern District of Texas, U.S. District Court for the Western District of Texas, U.S. District Court for the Central District of California
Result:	Won summary judgment in each of three ERISA lawsuits, validating Chevron’s internal procedures

In the wake of Chevron’s acquisition of Unocal in 2005, several claimants sued to obtain “change of control” payouts, even though Chevron had taken steps to ensure that their compensation either remained substantially the same or increased. Pillsbury’s ERISA litigators defended the company’s practices.

The Unocal Retirement Plan provided for enhanced severance benefits if an employee suffered a “constructive discharge”—meaning any material reduction in benefits or perquisites—during the two years following a change of control. Chevron established an administrative process for handling any constructive discharge claims, as well as an appeals committee to review any disputed decisions.

When three ERISA lawsuits challenging the administrative denials of change-of-control payouts were nonetheless filed with federal courts in Texas and California, Pillsbury won summary judgment in each case, validating Chevron’s internal procedures. In the Southern District of Texas, the Western District of Texas and the Central District of California, federal judges separately found that the appeals committee—which included one legacy Unocal employee and two Chevron employees—had correctly interpreted the Unocal plans.

The plaintiff in the Southern District of Texas, an engineer, appealed. The Fifth Circuit affirmed, upholding both the procedure that Chevron used to decide numerous employee claims and the result it reached in this case.

