UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Hawkins Stanton v. Gulf Oil Corporation and its Benefits Committee

792 F.2d 432 (4th Cir. 1986) · No. No. 85-1637 · Decided June 4, 1986

SUMMARY

The Fourth Circuit held that Hawkins Stanton was not a participant in Gulf Oil Corporation's Special Voluntary Early Retirement Plan because the plan was not extended to employees in his salary grade until after his retirement and he never received the required eligibility notice. Accordingly, Stanton could not bring an ERISA action alleging fiduciary-duty violations based on the plan. The court affirmed summary judgment for Gulf Oil, concluding that the Benefits Committee's decision was supported by substantial evidence and was not arbitrary or capricious.

CASE DETAILS

COURT	United States Court of Appeals for the Fourth Circuit
WRITING FOR THE COURT	Luther M. Swygert, Senior United States Circuit Judge; Winter, Chief Judge; Russell, Circuit Judge; Luther M. Swygert, Senior United States Circuit Judge for the Seventh Circuit, sitting by designation
JURISDICTION	Federal
DECIDED	June 4, 1986
DOCKET	No. 85-1637
DISPOSITION	affirmed
PROCEDURAL POSTURE	Stanton appealed the district court's grant of summary judgment for Gulf Oil and its Benefits Committee in his ERISA action.
STANDARD OF REVIEW	The court reviewed the Benefits Committee's plan-interpretation decision for bad faith or arbitrariness and capriciousness, and examined whether the decision was supported by substantial evidence. The grant of summary judgment was reviewed for legal correctness.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Hawkins Stanton v. Gulf Oil Corporation, Gulf Oil Corporation's Benefits Committee

TOPICS

erisa · employee benefits · statutory interpretation · standard of review · appellate procedure

PRACTICE AREAS

ERISA | employee benefits | employment law

QUESTIONS PRESENTED

1. Whether Stanton was a participant, or could become eligible to receive a benefit, under Gulf Oil's Special Voluntary Early Retirement Plan within the meaning of ERISA.
2. Whether the Benefits Committee acted arbitrarily or capriciously, or without substantial evidence, in determining that Stanton was not eligible for the Special Voluntary Early Retirement Plan.
3. Whether Gulf Oil owed Stanton ERISA disclosure or fiduciary duties concerning the plan before the plan's terms applied to him.
4. Whether Stanton had an ERISA claim based on alleged misrepresentations, concealment, or breach of an implied promise concerning future retirement benefits.

HOLDINGS

1. Stanton was not an ERISA participant in the Special Voluntary Early Retirement Plan because, when he retired, the plan did not cover employees in his salary grade, and he never received the personal notice required for eligibility.
2. The Benefits Committee's determination that Stanton was not a participant in, and was not entitled to benefits under, the Special Voluntary Early Retirement Plan was supported by substantial evidence and was not arbitrary or capricious.
3. Gulf Oil did not owe Stanton ERISA disclosure or fiduciary duties concerning benefits under the Special Voluntary Early Retirement Plan because those duties applied only with respect to participants and did not arise before the relevant plan terms were incorporated into a plan covering him.
4. Stanton did not establish a legal claim based on misrepresentation, concealment, or breach of an implied promise because the evidence showed that Cone made no contrary representation or assurance and had no authority to approve the claimed retirement benefits.

KEY QUOTATIONS

> *"The effect of reading in a "but for" test is to impose participant status on every single employee who but for some future contingency may become eligible."* (¶ 17)

> *"This is so because the legislative intent of ERISA was not to assure the sanctity of early retirement expectations, but to safeguard accrued retirement benefits."* (¶ 20)

> *"The district court correctly granted Gulf Oil's motion for summary judgment on the basis that Stanton was not a participant in the SVERP and could not, pursuant to 29 U.S.C. Sec. 1132(a)(2), bring this action under ERISA."* (¶ 23)

FACTUAL BACKGROUND

Hawkins Stanton retired from Gulf Oil on November 30, 1982 after more than thirty-four years of employment, receiving benefits under the existing pension plan and a one-year severance payment. Before retiring, he asked a Gulf human-resources employee whether a more favorable retirement program was expected soon and was told that the employee was unaware of any contemplated revisions. Gulf's board had approved a special early-retirement plan on November 11, 1982, but the plan initially covered only higher-level employees and was not extended to Stanton's salary grade until after his retirement; Stanton also never received the personal eligibility notice required by the plan. He later sought an adjustment in his pension and brought an ERISA action after the Benefits Committee denied his claim.

PROCEDURAL HISTORY

Stanton sued in the United States District Court for the Eastern District of North Carolina, Fayetteville Division, alleging misrepresentations, concealment of material facts, breach of fiduciary duty, and breach of an implied promise concerning Gulf Oil's retirement plans. The district court granted Gulf Oil's motion for summary judgment, holding that Stanton was not a participant in the Special Voluntary Early Retirement Plan and therefore could not bring the ERISA action. The Fourth Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- Horn v. Mullins, 650 F.2d 35, 37 (4th Cir. 1981)
- Jackson v. Sears, Roebuck & Co., 648 F.2d 225, 227 (5th Cir. 1981)
- Nugent v. Jesuit High School of New Orleans, 625 F.2d 1285, 1286-87 (5th Cir. 1980)
- Sutton v. Weirton Steel Division of National Steel Corp., 724 F.2d 406, 410 (4th Cir. 1983), cert. denied, 467 U.S. 1205 (1984)
- Fentron Industries v. National Shopmen Pension Fund, 674 F.2d 1300, 1306 (9th Cir. 1982)
- Fine v. Semet, 699 F.2d 1091, 1094 (11th Cir. 1983)
- Bencivenga v. Western Pennsylvania Teamsters, 763 F.2d 574, 577 (3d Cir. 1985)
- United Independent Flight Officers, Inc. v. United Airlines, Inc., 756 F.2d 1274, 1280 (7th Cir. 1985)
