UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA

Megan Estay et al. v. Ochsner Clinic Foundation et al.

Estay · No. 2:25-cv-00507 · Decided March 24, 2026

SUMMARY

The United States District Court for the Eastern District of Louisiana granted Defendants' second motion to dismiss claims brought by Ochsner employees concerning the use of 401(k) plan forfeitures to reduce employer matching contributions rather than pay administrative expenses. The court held that Plaintiffs failed to plausibly allege breaches of the ERISA duties of loyalty and prudence, prohibited transactions, or failure to monitor fiduciaries. The claims were dismissed with prejudice, and the court denied further leave to amend.

CASE DETAILS

COURT	United States District Court for the Eastern District of Louisiana
WRITING FOR THE COURT	Triche
JURISDICTION	United States District Court for the Eastern District of Louisiana
DECIDED	March 24, 2026
DOCKET	2:25-cv-00507
DISPOSITION	dismissed
PROCEDURAL POSTURE	Defendants moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss Plaintiffs' First Amended Complaint asserting ERISA fiduciary-duty and prohibited-transaction claims.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences in the plaintiff's favor, disregards legal conclusions couched as factual allegations, and determines whether the complaint states a facially plausible claim for relief.
PRECEDENTIAL VALUE	unpublished district court order; persuasive authority only

TOPICS

erisa · employee benefits · motions to dismiss · employment law · civil procedure

PRACTICE AREAS

ERISA employee benefits civil procedure

QUESTIONS PRESENTED

1. Whether Plaintiffs plausibly alleged that Defendants breached ERISA's duty of loyalty by using Plan forfeitures to reduce discretionary employer matching contributions rather than pay administrative expenses.
2. Whether Plaintiffs plausibly alleged a breach of ERISA's duty of prudence based on the decision to allocate forfeitures to discretionary matching contributions or the alleged delay in allocating forfeitures.
3. Whether the alleged use and allocation of forfeitures constituted prohibited transactions under 29 U.S.C. § 1106(a)(1) or § 1106(b)(1).
4. Whether Ochsner could be liable for failure to monitor other fiduciaries when the underlying fiduciary-duty claims failed.

HOLDINGS

1. Plaintiffs failed to state a claim for breach of the duty of loyalty because the Plan authorized fiduciaries to use forfeitures to reduce Ochsner's discretionary matching contributions, and Plaintiffs did not plausibly allege that Defendants violated the Plan, failed to provide promised benefits, or were contractually obligated to make the matching contributions.
2. Plaintiffs failed to state a prudence claim based on Defendants' choice to apply forfeitures to discretionary employer matching contributions rather than administrative expenses.
3. Plaintiffs failed to state a prudence claim based solely on the existence of unallocated forfeiture balances or an alleged delay in using them.
4. Plaintiffs failed to plausibly allege a prohibited transaction because paying plan administrative expenses from participant accounts and reallocating forfeitures within the Plan did not constitute the kind of transaction covered by § 1106.
5. The failure-to-monitor claim failed because it was derivative of Plaintiffs' unsuccessful underlying fiduciary-duty claims.

KEY QUOTATIONS

> *"To survive a Rule 12(b)(6) motion to dismiss, a plaintiff must plead enough facts "to state a claim for relief that is plausible on its face.""* (at 3)

> *"In view of this discretion, . . . a fiduciary does not breach its duty of loyalty by discretionarily choosing to apply forfeitures to employer contributions rather than to pay administrative costs."* (at 7)

> *"This Court refuses to assume imprudence simply because Plaintiffs would have preferred a different outcome."* (at 9)

> *"[T]he intra-plan reallocation of forfeitures to cover employer contributions is a 'payment of benefits,' [and therefore] it is not a transaction within the meaning of § 1106."* (at 12)

FACTUAL BACKGROUND

Plaintiffs were long-time Ochsner employees and participants in Ochsner's ERISA-governed retirement 401(k) Plan. Under the Plan, matching contributions that were not vested after an employee's termination became forfeitures, which the Plan permitted fiduciaries to use either for administrative expenses or to reduce Ochsner's discretionary future matching contributions. Plaintiffs alleged that Defendants consistently used forfeitures to reduce Ochsner's matching obligations, sometimes leaving forfeitures unallocated, rather than using them to pay administrative expenses, and asserted claims for breach of loyalty, breach of prudence, prohibited transactions, and failure to monitor fiduciaries.

PROCEDURAL HISTORY

Plaintiffs sued Ochsner Clinic Foundation and the Retirement Benefits Committee on behalf of participants in Ochsner's retirement 401(k) Plan. The court previously granted Defendants' motion to dismiss and permitted Plaintiffs to amend. After Plaintiffs filed their First Amended Complaint, Defendants filed a second motion to dismiss. The court granted the motion and dismissed all claims with prejudice, denying further leave to amend.

DISPOSITION

dismissed

CASES CITED

- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 547 (2007)
- Lormand v. U.S. Unwired, Inc., 565 F.3d 228, 232, 255-57 (5th Cir. 2009)
- Collins v. Morgan Stanley Dean Witter, 224 F.3d 496, 498 (5th Cir. 2000)
- Spence v. Am. Airlines, Inc., 775 F. Supp. 3d 963, 994 (N.D. Tex. 2025)
- McWashington v. Nordstrom, Inc., No. C24-1230 TSZ, 2025 WL 1736765, at *14 (W.D. Wash. June 23, 2025)
- Dimou v. Thermo Fisher Sci. Inc., No. 23-CV-1732 TWR (JLB), 2024 WL 4508450, at *9, *11 (S.D. Cal. Sept. 19, 2024)
- Cain v. Siemens Corp., No. CV 24-8730, 2025 WL 2172684, at *4-*5 (D.N.J. July 31, 2025)
- Madrigal v. Kaiser Found. Health Plan, Inc., No. 2:24-CV-05191-MRA-JC, 2025 WL 1299002, at *5 (C.D. Cal. May 2, 2025)
- Sievert v. Knight-Swift Transp. Holdings, Inc., 780 F. Supp. 3d 870, 876 (D. Ariz. 2025)
- Wright v. JPMorgan Chase & Co., No. 2:25-CV-00525-JLS-JC, 2025 WL 1683642, at *5 (C.D. Cal. June 13, 2025)
- Middleton v. Amentum Parent Holdings, LLC, No. 23-CV-2456-EFM-BGS, 2025 WL 2229959, at *15 (D. Kan. Aug. 5, 2025)
- Hutchins v. HP Inc., 737 F. Supp. 3d 851, 862 (N.D. Cal. 2024)
- Barragan v. Honeywell Intern., 2025 WL 2383652 (D.N.J. Aug. 18, 2025)

- Cano v. The Home Depot, Inc., No. 1:24-CV-03793-TRJ, 2025 WL 2589567, at *4 (N.D. Ga. Aug. 26, 2025)
- Fumich v. Novo Nordisk Inc., No. CV 24-9158 (ZNQ) (JBD), 2025 WL 2399134, at *6 (D.N.J. Aug. 19, 2025)
- McManus v. Clorox Co., 2025 WL 732087 (N.D. Cal. Mar. 3, 2025)
- Buescher v. N. Am. Lighting, Inc., No. 24-CV-2076, 2025 WL 1927503, at *12 (C.D. Ill. June 30, 2025)
- Stewart v. Nextera Energy, Inc., No. 23-81314-CIV, 2025 WL 3098085, at *6 (S.D. Fla. Aug. 14, 2025)
- Rodriguez v. Intuit Inc., 744 F. Supp. 3d 935 (N.D. Cal. Feb. 5, 2025)
- Tillery v. WakeMed Health & Hosps., No. 5:25-CV-408-D, 2026 WL 125784, at *4-*5, *7 (E.D.N.C. Jan. 15, 2026)
- Polanco v. WPP Grp. USA, Inc., No. 24-CV-9548 (JGK), 2025 WL 3003060, at *4, *7, *10 (S.D.N.Y. Oct. 27, 2025)
- Cunningham v. Cornell Univ., 145 S. Ct. 1020, 1025 (2025)
- Lockheed Corp. v. Spink, 517 U.S. 882, 892-93 (1996)
