UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

Rita Bowers, et al. v. John H. Russell, et al.

Bowers v. Russell, No. 22-cv-10457-PBS (D. Mass. May 29, 2026) · No. 22-cv-10457-PBS · Decided May 29, 2026

SUMMARY

The document contains findings of fact, conclusions of law, and an order following a twelve-day bench trial concerning alleged ERISA violations arising from the termination of a Russelectric employee stock ownership plan, the redemption of its shares, and bonuses awarded in connection with Russelectric's later sale to Siemens. The court concluded that Plaintiffs had not established claims concerning the exclusion of unallocated shares from the clawback provision or the adequacy of the redemption consideration, but had established certain claims concerning excessive bonuses and related fiduciary breaches. Judgment was to enter in part for Plaintiffs and in part for Defendants, with supplemental briefing ordered on damages.

CASE DETAILS

COURT	United States District Court for the District of Massachusetts
WRITING FOR THE COURT	Patti B. Saris
JURISDICTION	United States District Court for the District of Massachusetts
DECIDED	May 29, 2026
DOCKET	22-cv-10457-PBS
DISPOSITION	other
PROCEDURAL POSTURE	After a twelve-day bench trial on ten ERISA claims, the district court issued findings of fact, conclusions of law, and an order entering judgment partly for the plaintiffs and partly for the defendants. The court reserved the precise calculation of damages and equitable relief for supplemental briefing.
STANDARD OF REVIEW	Bench-trial findings were based on the testimony and exhibits presented at trial. Plaintiffs bore the burden of proving fiduciary breach and loss; after that showing, the burden shifted to the fiduciary to prove that the loss was not caused by the breach. Defendants bore the burden of proving the adequate-consideration exemption by a preponderance of the evidence.

PRECEDENTIAL VALUE	District court opinion; persuasive but not binding outside the case
PARTIES	Rita Bowers, Michele Gear-Cole, Florence Lorenzano, Reginald Tercy, Certified class of former Russelectric ESOP participants and beneficiaries v. John H. Russell, Suzanne Russell, Lisa Russell, Dennis Long, Denise Wyatt, Argent Trust Company

TOPICS

erisa · employee benefits · fiduciary duty · remedies · commercial litigation

PRACTICE AREAS

ERISA · employee benefits · fiduciary duty · remedies · commercial litigation

QUESTIONS PRESENTED

1. Whether plaintiffs' ERISA claims were barred by the statute of limitations or by contractual releases.
2. Whether John Russell and the Russelectric board were named or functional ERISA fiduciaries with respect to negotiating the clawback provision.
3. Whether excluding unallocated ESOP shares from the clawback provision breached fiduciary duties or supported failure-to-monitor or cofiduciary liability.
4. Whether the 2016 redemption transaction involved adequate consideration and was exempt from ERISA's prohibited-transaction provisions.
5. Whether John Russell was a functional fiduciary with respect to the Siemens-sale bonuses and clawback payments.
6. Whether the bonus payments breached ERISA's fiduciary-duty provisions, and which bonuses caused compensable loss.
7. Whether the bonus payments constituted prohibited transactions under 29 U.S.C. § 1106(a)(1)(D), § 1106(b)(1), or § 1106(b)(3).
8. Whether plaintiffs were entitled to equitable relief against John, Suzanne, and Lisa under 29 U.S.C. § 1132(a)(3).

HOLDINGS

1. The ERISA claims were not time-barred because the defendants failed to prove that the plaintiffs had actual knowledge of the essential facts constituting the alleged violations more than three years before suit.
2. The plaintiffs did not release their ERISA claims through the Siemens-sale releases or severance agreements.
3. The Russelectric board, including John Russell, was a named and functional ERISA fiduciary with respect to negotiating the clawback provision.

4. John Russell did not breach ERISA's duties of prudence or loyalty by approving a clawback provision that covered allocated but not unallocated shares.
5. John Russell was not liable for failure to monitor Argent or under ERISA's cofiduciary-liability provision because plaintiffs failed to prove that Argent committed a fiduciary breach or otherwise acted improperly.
6. Although the board was no longer a named fiduciary for the redemption transaction, John Russell acted as a functional fiduciary by authorizing and ratifying the transaction and approving the $134-per-share compensation.
7. The $134-per-share redemption transaction was for adequate consideration and was exempt from ERISA's prohibited-transaction restrictions.
8. ERISA governed the post-termination bonus and clawback activities because the terminated ESOP retained a future interest in contingent clawback payments, which constituted plan assets.
9. John Russell was a functional fiduciary with respect to the Siemens-sale bonuses and clawback payments.
10. The clawback agreement permitted deduction of reasonable transaction expenses and bonuses from the gross Siemens sale price before calculating clawback payments; therefore plaintiffs were not entitled to recover additional plan benefits under 29 U.S.C. § 1132(a)(1)(B).
11. John Russell breached ERISA's duties of prudence and loyalty by awarding excessive bonuses to himself, Dennis Long, and the Advisory Board members, and those bonuses caused loss by reducing participants' clawback payments. The executive bonuses and M&A fees were reasonable and did not cause compensable loss.
12. John's bonuses did not constitute a prohibited transaction under 29 U.S.C. § 1106(a)(1)(D) or § 1106(b)(1), but his receipt of his own bonus violated § 1106(b)(3). The other bonuses did not support judgment for plaintiffs under the theories presented.
13. Plaintiffs were entitled to equitable relief under 29 U.S.C. § 1132(a)(3) against John, Suzanne, and Lisa for knowing receipt of unlawful bonus proceeds, but not on claims based on the clawback negotiation or redemption transaction.

KEY QUOTATIONS

> *"A transaction is for adequate consideration if the price paid was "the fair market value of the asset as determined in good faith by the trustee or named fiduciary.""* (Conclusions of Law § II.B.2)

> *"By exercising authority over the bonuses, he likewise exercised control over the clawback payments, which were plan assets."* (Conclusions of Law § II.C.2)

> *"The latter language contemplates that the per share price be "net" of certain expenses before being used to calculate the clawback payments."* (Conclusions of Law § II.C.3)

> *"Because John entered into a self-dealing transaction under § 1106(b)(3) but did not cause the ESOP to enter a prohibited transaction with parties in interest under § 1106(a)(1)(D), judgment will enter for Plaintiffs on*

> *Count VIII to the extent it concerns the bonus to John but not to the extent it concerns other bonuses.”*
> (Conclusions of Law § II.C.5)

FACTUAL BACKGROUND

Russelectric established an ESOP in 2010, funded through a company loan, leaving some shares allocated to participants and others unallocated in a suspense account. In 2016 the company terminated the ESOP and redeemed allocated shares at $134 per share; the unallocated shares were returned to the company because their value was less than the remaining ESOP loan balance. After Russelectric was sold to Siemens in 2018, the company awarded approximately $77 million in bonuses, including substantial payments to John Russell and Russell family members, reducing the clawback payments made to former ESOP participants. Plaintiffs alleged that the exclusion of unallocated shares, the redemption valuation, and the bonuses violated ERISA.

PROCEDURAL HISTORY

Plaintiffs filed suit in March 2022 against members of the Russell family, corporate directors, and Argent Trust Company concerning the termination and administration of Russelectric's ESOP. The court denied motions to dismiss, certified a class, and approved settlements with Long, Wyatt, and Argent. Following a bench trial in September and November 2025, the court rejected the statute-of-limitations and release defenses, found for defendants on the clawback-negotiation and redemption-transaction claims, and found for plaintiffs on specified bonus-related fiduciary-duty, self-dealing, and equitable claims.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand. The court ordered supplemental briefing on the exact calculation of damages, possible reduction of damages based on prior settlements and the proportionate-share approach, and the equitable remedies to be imposed under Count X.

CASES CITED

- Bowers v. Russell, 717 F. Supp. 3d 165 (D. Mass. 2024)
- Bowers v. Russell, 763 F. Supp. 3d 90 (D. Mass. 2025)
- Bowers v. Russell, 766 F. Supp. 3d 136 (D. Mass. 2025)
- Bowers v. Russell, 2025 WL 2740682 (D. Mass. Sept. 5, 2025)
- Fifth Third Bancorp v. Dudenhoeffer, 573 U.S. 409 (2014)
- Edes v. Verizon Communications, Inc., 417 F.3d 133 (1st Cir. 2005)
- Martin v. Consultants & Administrators, Inc., 966 F.2d 1078 (7th Cir. 1992)
- Medical Air Technology Corp. v. Marwan Investment, Inc., 303 F.3d 11 (1st Cir. 2002)
- Massachusetts Laborers' Health & Welfare Fund v. Blue Cross Blue Shield of Massachusetts, 66 F.4th 307 (1st Cir. 2023)

- Stein v. Smith, 270 F. Supp. 2d 157 (D. Mass. 2003)
- In re Fidelity ERISA Fee Litigation, 990 F.3d 50 (1st Cir. 2021)
- Brotherston v. Putnam Investments, LLC, 907 F.3d 17 (1st Cir. 2018)
- Parmenter v. Prudential Insurance Co. of America, 93 F.4th 13 (1st Cir. 2024)
- Pegram v. Herdrich, 530 U.S. 211 (2000)
- Cunningham v. Cornell University, 604 U.S. 693 (2025)
- Varity Corp. v. Howe, 516 U.S. 489 (1996)
- Central States, Southeast & Southwest Areas Pension Fund v. Central Transport, Inc., 472 U.S. 559 (1985)
- Howell v. Motorola, Inc., 633 F.3d 552 (7th Cir. 2011)
- Beddall v. State Street Bank & Trust Co., 137 F.3d 12 (1st Cir. 1998)
- Beck v. PACE International Union, 551 U.S. 96 (2007)
- Brundle ex rel. Constellis Employee Stock Ownership Plan v. Wilmington Trust, N.A., 919 F.3d 763 (4th Cir. 2019)
- Brundle ex rel. Constellis Employee Stock Ownership Plan v. Wilmington Trust, N.A., 241 F. Supp. 3d 610 (E.D. Va. 2017), aff'd, 919 F.3d 763
- Henry v. Champlain Enterprises, Inc., 445 F.3d 610 (2d Cir. 2006)
- Solis v. Webb, 931 F. Supp. 2d 936 (N.D. Cal. 2012)
- Cooke v. Lynn Sand & Stone Co., 70 F.3d 201 (1st Cir. 1995)
- Bendaoud v. Hodgson, 578 F. Supp. 2d 257 (D. Mass. 2008)
- Harris Trust & Savings Bank v. Salomon Smith Barney Inc., 530 U.S. 238 (2000)
- Peacock v. Thomas, 516 U.S. 349 (1996)
- Tiara Yachts, Inc. v. Blue Cross Blue Shield of Michigan, 138 F.4th 457 (6th Cir. 2025)
- Patterson v. United Healthcare Insurance Co., 76 F.4th 487 (6th Cir. 2023)
- Mauser v. Raytheon Co. Pension Plan for Salaried Employees, 239 F.3d 51 (1st Cir. 2001)
