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FEDERAL COURT FINDS NU DEFRAUDED 15 RETIREES Company Misled Employees About Retirement Benefits

Concluding that Northeast Utilities "plagued" its employees with "material misrepresentations" about retirement benefits, Hartford Federal District Court Judge Dominic Squatrito in a decision released today ordered the company to pay up to a hundred thousand dollars each in extra retirement benefits to 15 former employees who sued the company.

The case relates to a Special Retirement Program used by NU in 1991, 1993 and 1994. The plaintiffs in the case were all long-time NU employees who were considering retirement during the time when the company was finalizing the special program, a dramatic enhancement of retirement benefits. The Court found the company deliberately kept its plans secret and gave false information to employees eager to take advantage of the program. Relying on the false information, the employees retired only to have the much desired program announced shortly after they left. According to the decision, NU adopted a secrecy policy about the program, deliberately concealing information from supervisors and human resources officials designated as employee contacts for information about retirement. Employees who then asked these officials for information were met with a brick wall of denials or ignorance about the pending adoption of the program. In addition, officers of the company misled employees with denials about the program, in one case with a false assurance that the company had decided to take a different approach to deal with the manpower surplus that led the company to adopt the program. According to the Court, the policy breached a fiduciary duty under the federal law known as ERISA, which governs employees' questions about group benefits. Under the law, company officials must be truthful and complete when answering questions about all employee benefits and employers must update employees if they have reason to know that circumstances have changed.

The decision orders NU to treat the 15 plaintiffs as though they retired under the Special Retirement Program which will entitle them to over ten years of back payments and enhanced monthly pensions for life. The plaintiffs will now also seek to recover their attorneys' fees and costs from the company.