



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

## BREAKING: UnitedHealth To Pay \$69M In Suit Over 401(k) Fund Roster

By **Emily Brill**

Law360 (December 13, 2024, 10:26 AM EST) -- UnitedHealth Group has agreed to pay \$69 million to settle a class action claiming it included low-performing investment options in its 401(k) plan to preserve its business relationship with Wells Fargo, according to a filing Friday in Minnesota federal court.

Sanford Heisler Sharp McKnight LLP, which represents the class alongside Halunen Law, said Friday that it believes this is the largest settlement in an Employee Retirement Income Security Act class action targeting low-performing investment options in a 401(k) plan.

"This is a tremendous and historic result," Charles H. Field, who chairs Sanford Heisler's ERISA litigation practice group and helped represent the class, said in a statement.

Field also praised lead plaintiff Kim Snyder's "leading and decisive part in the litigation," saying she "fought with courage and strength against a major corporation."

Snyder sued UnitedHealth in April 2021, claiming the insurance company refused to remove an underperforming suite of Wells Fargo investment funds from its 401(k) plan because it didn't want to alienate the banking company, with which it had a lucrative business relationship. The funds performed worse than 70% to 90% of comparable funds over the course of a decade, Snyder alleged.

She said that because UnitedHealth held onto the funds for so long, workers who kept their retirement savings in UnitedHealth's 401(k) plan lost out on hundreds of millions of dollars in savings that they could have accrued from better-performing investments. She accused UnitedHealth of breaching its ERISA-imposed duties to remain loyal to its workers and make prudent investment decisions on their behalf.

"As a direct and proximate result of the UnitedHealth defendants' breaches of fiduciary duty, the plan and its participants who invested in the Wells Fargo target fund suite have suffered hundreds of millions of dollars of damages and lost-opportunity costs," Snyder said in her amended complaint, filed in August 2022.

Snyder **won class action status** for her suit in 2022, as U.S. District Judge John R. Tunheim allowed her to represent the thousands of UnitedHealth employees who'd kept money in the 401(k) plan since April 23, 2015.

Earlier this year, UnitedHealth **lost its bid** to beat the suit before it went to trial. Judge Tunheim said "a reasonable trier of fact could easily find that plaintiff Kim Snyder caught defendant UnitedHealth Group Inc. with its hand in the cookie jar."

UnitedHealth knew that the Wells Fargo funds were underperforming and chose to hold onto them anyway, Judge Tunheim said. It would be possible for the court to find that this was for dubious reasons, the judge held.

"There was a large, two-way business relationship between United and Wells. United generated between \$50 and \$60 million in revenue from 2014-2017 as Wells's health insurance provider," Judge Tunheim said. "On the other side of the ledger, Wells provided United with substantial banking services. And United was Wells's largest client and lifeline in the [target date fund] industry. In the

balance between the two companies, the plan constituted around 45% of the business flowing from United to Wells."

Snyder and UnitedHealth told the court they began talking about settling in 2022. **The parties announced** in September of this year that they had reached a settlement but did not disclose the amount.

Wells Fargo, which was not a defendant in the suit, declined to comment.

Representatives of UnitedHealth did not immediately respond to requests for comment.

Snyder and the class are represented by Charles Field, David Sanford, Kevin H. Sharp, Leigh Anne St. Charles, Brent Hannafan and Shannon Henris of Sanford Heisler Sharp McKnight LLP and by Susan M. Coler of Halunen Law.

UnitedHealth Group Inc. is represented by Drew M. Horwood and Martin S. Chester of Faegre Drinker Biddle & Reath LLP and by Craig S. Primis, K. Winn Allen and Madelyn A. Morris of Kirkland & Ellis LLP.

The case is Snyder v. UnitedHealth Group Inc. et al., case number 0:21-cv-01049, in the U.S. District Court for the District of Minnesota.

--Editing by Abbie Sarfo.