



## *Loss Scenario—ForeFront for Investment Advisers*

In today's dynamic market, the slightest market adjustment can spawn litigation. Even the most diligent and respected asset managers are susceptible to claims from a wide variety of sources, including dissatisfied clients and stockholders, state and federal agencies, and even their own employees.

### Failure to Make Contributions

**Cause of action:** Suitability of investments  
**Number of employees:** Under 20  
**Assets under management:** Approximately \$1 billion

#### **DESCRIPTION OF EVENT**

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A claimant alleged that her adviser failed to effectuate any contributions to her retirement plans over a four-year period and that she did not obtain the employer match that was available for these periods. The claimant also alleged that the mutual funds in her account were not actively managed and that several investments selected by the adviser were illiquid and inappropriate given the claimant's time horizon and risk tolerance. She sought unspecified monetary damages.

#### **RESOLUTION**

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The case was settled for nearly \$100,000.



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Loss scenarios are hypothetical in nature and for illustrative purposes only. Whether or not or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the terms, conditions, and endorsements of the policy as issued. It is impossible to state in the abstract whether the policy would necessarily provide coverage in any given situation. Consult your agent, broker, or other expert.

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