

## Ex-CEO of Nonprofit Receives \$14 Million Judgment in Suit Over Pension Payments

BY JASON GRANT

A FORMER CEO of a large disability-focused nonprofit has been awarded a \$14 million judgment in a suit claiming the organization wrongfully stopped paying out his pension and life insurance benefits.

Joel Levy has been awarded \$11 million in cash payments, based on payouts owed under a pension plan instituted in 1985 by defendant Young Adult Institute, Inc., and \$3.2 million in employer life insurance benefits, according to an order by Southern District Judge Paul Oetken.

The cash payments include a \$3.4 million lump-sum payout, along with lifetime semi-monthly cash payments, said plaintiffs' lawyer Michael Rakower, of Rakower Law in Manhattan.

"Fortunately, we had the good faith of our client who wanted to see the case through to the end and would not accept the pre-textual bases for stopping his pension payments put forward by the defendants," Rakower said in a phone interview this week. "He wouldn't capitulate."

He said while the Employee Retirement Income Security Act governed much of the case, "at its root, it's fundamental principles of contract law that have guided and determined the outcome."

Michael Prame, a principal at the Groom Law Group in Washington who represented the Young Adult Institute, did not return calls seeking comment.



**Joel Levy,**  
former  
CEO of  
the Young  
Adult  
Institute



**Michael  
Rakower**  
of  
Rakower  
Law

Prame and his client brought counterclaims during the long-running suit that alleged Levy bilked the nonprofit, Rakower said, but those counterclaims were later withdrawn.

In 2013, Levy, who worked at Manhattan-based Young Adult Institute for nearly 40 years before retiring in 2009, filed an ERISA-based action alleging that in 2011 the nonprofit suddenly stopped making pension payments to him while "acting with malicious intent and without basis."

His suit also claimed that in 2008 the institute wrongfully worked to reduce Levy's benefits despite the fact that they had already vested and that the institute "and its experts had previously determined that the original [Supplemental Executive Retirement Plan] was reasonable, competitive, and in compliance with applicable federal and state laws."

According to the lawsuit, Levy was a participant and his wife, Judith Lynn, a

beneficiary under the original 1985 pension plan. The suit, which lodged eight causes of action, asserted that the nonprofit "earned the benefit of its bargain, having induced Levy to stay at the company and build it over a 40-year period." Levy began there in 1970, retired in 2009, and was a CEO for 33 years, according to Rakower.

The complaint further pointed out that through the decades, the institute grew from having one location, two part-time programs, three employees and an operating budget of about \$250,000 into a network of seven independent health, educational and human services agencies, serving the greater New York area, New Jersey, Puerto Rico, the U.S. Virgin Islands and other countries. It also grew to employ more than 5,500 people and have an operating budget of about \$265 million.

The \$14 million judgment valuation is an estimate based on the amounts awarded and the expected length of time portions will be paid out, Rakower noted. He added that the June 1 payout order by Oetken came after two partial summary judgment rulings, a trial in November 2016 that pertained to issues affecting damages, and post-trial briefing and motions, among other filings.

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