

# Pennsylvania Federal Judge Orders RiversEdge Out of Retirement Plans

A judge determined the retirement plan recordkeeper and third-party administrator misappropriated millions in clients' plan assets.

Reported by [NOAH ZUSS](#)

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A Pennsylvania federal judge found RiversEdge Advanced Retirement Solutions fiduciaries pilfered retirement assets from seventeen defined contribution plans, and granted an injunction against the firm on February 20, in a preliminary order that accepted the actions requested by the U.S. Department of Labor.

The RiversEdge defendants refused to concede liability but consented to Judge Marilyn J. Horan's preliminary injunction and the reforms requested by the DOL, for the duration of this litigation.

The court ordered fiduciaries RiversEdge, president and CEO, Paul Palguta be removed from serving retirement plans as service providers to plans and from exercising any authority or control with respect to the 17 plans covered by the litigation or their assets.

"Embezzling plan assets blatantly violates ERISA's prohibited transactions provisions," Horan wrote. "Parties with control over plan assets must not steal those assets."

Additionally, Horan ordered—solely the Rule 19 defendants of the lawsuit—Mid Atlantic Trust Company, Schwab Retirement Technologies, Inc. and Charles Schwab Trust Bank to continue to recordkeeping and other services to the plans.

Outside of the Rule 19 entities, defendants have "essentially consented to the entry of a preliminary injunction," where one of the decisive factors influencing a court order is the likelihood of the motion to succeed, explains Drew Oringer a partner in and general counsel at the Wagner Law Group, which was not involved in the litigation.

Fourteen of the plans RiversEdge fiduciaries stole from are Employee Retirement Income Security Act-covered plans, with the remaining three plans non-ERISA arrangements.

Horan found RiversEdge fiduciaries breached their fiduciary duties to retirement plans and their participants as recently as January 4, 2024, when the defendants engaged in prohibited transactions, transferring plan assets to the TPA's account at PNC Bank and making a withdrawal of more than \$180,000.00 in cash.

Horan determined several additional legal facts relevant to the lawsuit, agreeing with the DOL's pleadings for legal remedy.

Horan wrote:

- The RiversEdge defendants exerted authority over millions of dollars in ERISA plan assets;
- The RiversEdge defendants misappropriated millions in ERISA plan assets;
- The RiversEdge defendants accelerated their embezzlement since November 2023;
- Absent a preliminary injunction, Palguta or RiversEdge could have access to client plan accounts at Schwab.

At a February 14 preliminary injunction hearing, the RiversEdge defendants did not introduce any evidence or argument in response to the court's order to show cause, Horan wrote.

Despite the order, "technically, the case as a whole is not over," adds Oringer.

The retirement plans, individually or as a class action, may bring additional lawsuits under ERISA or under state law.

The [initial lawsuit](#) was brought by the DOL, January 26. The DOL had previously prevailed in court orders, [earlier this month](#).

Examining the DOL's pleadings, Horan found the plaintiff met the four-part standard established under the federal rules of civil procedure to demand the order be approved.

Horan won "a victory for the DOL," on ERISA grounds, which the DOL "will vigorously continue to enforce," explains Barry Salkin, of counsel at the Groom Law Group, by email.

The lawsuit is *Julie A. Su v. RiversEdge Retirement Solutions et al.*

Representatives of RiversEdge, attorneys for the defendants and the DOL did not respond to requests for comment on the case.

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**Tags**

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