

## Both Chambers of Congress Responding in Big Ways to ESOP Association Policy Priorities



## *The Voice of The ESOP Association*

The *ESOP Report* is published on a monthly basis by The ESOP Association, the national non-profit association of employee-owned companies and ESOP practitioners, located at:

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# Both Chambers of Congress Responding in Big Ways to ESOP Association Policy Priorities

By James Bonham, President and CEO, The ESOP Association



James Bonham, President and CEO, The ESOP Association

The ESOP Association has been working diligently for years to build and strengthen relationships with the Senators, Representatives, key committees, and staff who have jurisdiction over our issues in Congress and Congressional agencies. We have built an impressive grass roots program – the Employee Ownership Action Network, an annual Congressional Advocacy Day and Advocacy Academy with over 250 participants, and a policy development infrastructure that is generating meaningful proposals that have resonance with lawmakers. Annually, TEA is spending over seven figures each year to

advance ESOPs and employee ownership in Washington and around the nation.

Over the last several months, those efforts bore concrete results. Congress has been responding in a bipartisan way to a multitude of ESOP Association

*“Make no mistake, the flood of Congressional activity in the House and Senate are the direct result of The ESOP Association’s membership and the efforts of TEA’s powerful lobbying team.”*

legislative proposals and oversight requests. Make no mistake, the flood of Congressional activity in the House and Senate are the direct result of The ESOP Association’s membership and the efforts of TEA’s powerful lobbying

team. These initiatives began years ago within our Public Policy Council with the development of ideas, formation of white papers, draft legislation, and policy priorities that were eventually recommended, and adopted, by the TEA Board of Directors.

This week, at the request of TEA, ESOP-related hearings were held in the House and Senate. In the heated partisan atmosphere that has engulfed Washington in 2025, it is highly encouraging to see that the widespread bipartisan support for ESOPs and employee ownership continues to be an issue that unites members of both parties.

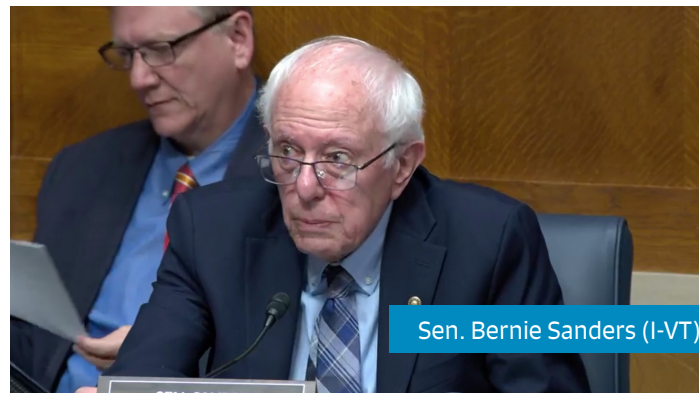
On Tuesday, July 22nd, I had the privilege of [providing testimony](#) on behalf of the Association’s membership before the House Education & Workforce Committee in a hearing titled “Restoring Trust: Enhancing Transparency and Oversight at EBSA.” The committee Chairman, Rep. Tim Walberg (MI), is very aware of the anti-ESOP bias at EBSA, and invited us to publicly highlight and document for the record how EBSA’s enforcement and investigative tactics have hurt ESOPs and employee owners, and stifled new ESOP formation. My testimony focused on several of the most problematic issues our membership has with EBSA, including:

- The use of secret common interest agreements, where taxpayer resources are used to subsidize class action lawsuits brought by private plaintiffs’ law firms against plan sponsors and fiduciaries.



Rep. Tim Walberg (MI)





- Never-ending investigations into ESOPs and dragnet-style fishing expeditions against fiduciaries that can drag on for years without finding any wrongdoing.
- Regulation by litigation, whereby EBSA investigates ESOP valuations by enforcing unwritten and nonexistent rules.
- Ignoring Congressional intent through decades of refusal to provide formal, clear regulatory guidance on adequate consideration.

In addition, the Education & Workforce Committee hearing was an opportunity to discuss two bills introduced by committee members to at least provide some transparency and accountability to EBSA's most egregious tactics. The ESOP Association worked closely with Committee members and staff and strongly endorses both bills.

*"During the hearing, four pieces of legislation that The ESOP Association and our membership have worked for years to formulate and move forward were discussed."*

- [The EBSA Investigations Transparency Act \(HR 2869\)](#), introduced by Rep. Lisa McClain (MI) will create more transparency and provide better oversight of EBSA by requiring the agency to provide an annual report to Congress of all open investigations and their disposition.
- [The Balance the Scales Act \(HR 2958\)](#), introduced by Rep. Michael Rulli (OH), will curtail the use of common interest agreements by requiring EBSA to disclose any such agreements to Congress as well as the defendant so the

plan sponsors may appropriately defend themselves and exercise their rights to due process.

The ESOP Association is grateful to Chairman Walberg and HELP Subcommittee Chair Rick Allen (GA) for allowing us to testify, and we are hopeful both bills can be passed during this Congress.

On Thursday, July 24th, the Senate Health, Education, Labor, and Pensions (HELP) Committee held an important, and importantly bipartisan, hearing titled "Empowering Workers by Expanding Employee Ownership."

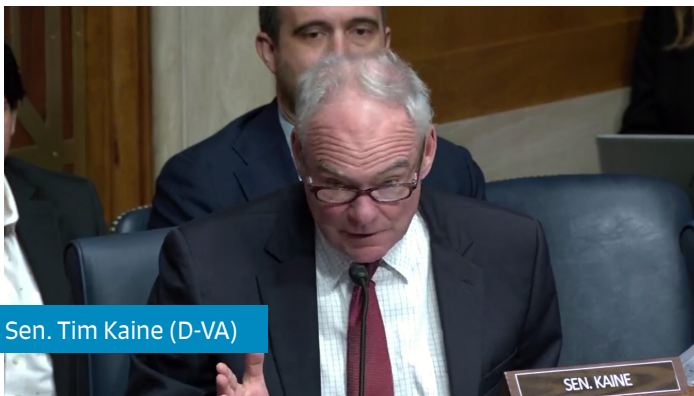
During the hearing, four pieces of legislation that The ESOP Association and our membership have worked for years to formulate and move forward were discussed.

These bills, variously introduced and co-sponsored by Senators from BOTH political parties, represent solutions to major issues ESOPs have faced for decades. They also represent a distinct and palpable desire by our elected representatives to find ways to provide more job security, greater wealth building opportunity, and less regulatory red tape for employee-owned businesses.

Anyone who is searching for something positive in their government need look no further than the HELP Committee hearing. This is what good legislating and good







Sen. Tim Kaine (D-VA)



Sen. Bill Cassidy (R-LA)

policymaking look like. It's also likely the only time you'll hear Senator Bernie Sanders quoting Ronald Reagan in a positive light!

[The Retire Through Ownership Act](#), introduced by Senators Marshall (R-KS) and Kaine (D-VA), moves the ball forward for ESOP fiduciaries and plan founders in a meaningful way. This legislation makes it clear that an ESOP plan fiduciary, or Trustee, may in good faith rely upon expert business appraisers who rely upon longstanding IRS rules for valuing a business. This may sound like basic common sense but it has required literally decades of effort from The ESOP Association and our membership to move this forward against the relentless efforts of EBSA bureaucrats who prefer to leave such things ambiguous.

[The Employee Ownership Fairness Act](#), introduced by Chairman Cassidy (R-LA), ensures that employee owners at companies owned fully or partially by an ESOP, particularly those long-tenured employee owners nearing retirement age, can fully benefit from defined contribution retirement plans such as 401(k) plans.

[The Employee Ownership Representation Act](#), also introduced by Chairman Cassidy, would add two representatives of employee ownership organizations to the ERISA Advisory Council at the U.S. Department of Labor. This long-overdue addition will ensure that the voices of

America's employee-owners are heard in the regulatory process governing retirement security.

Finally, the Employee Ownership Financing Act, introduced by Senator Bernie Sanders (I-VT) is a sweeping legislative proposal that would help American workers buy the companies they work for through an ESOP or Co-op. By leveraging federal loans and establishing an office to promote and administer these programs, Sanders' legislation would expand broad-based employee ownership through ESOPs and worker cooperatives that are majority-

owned by employees.

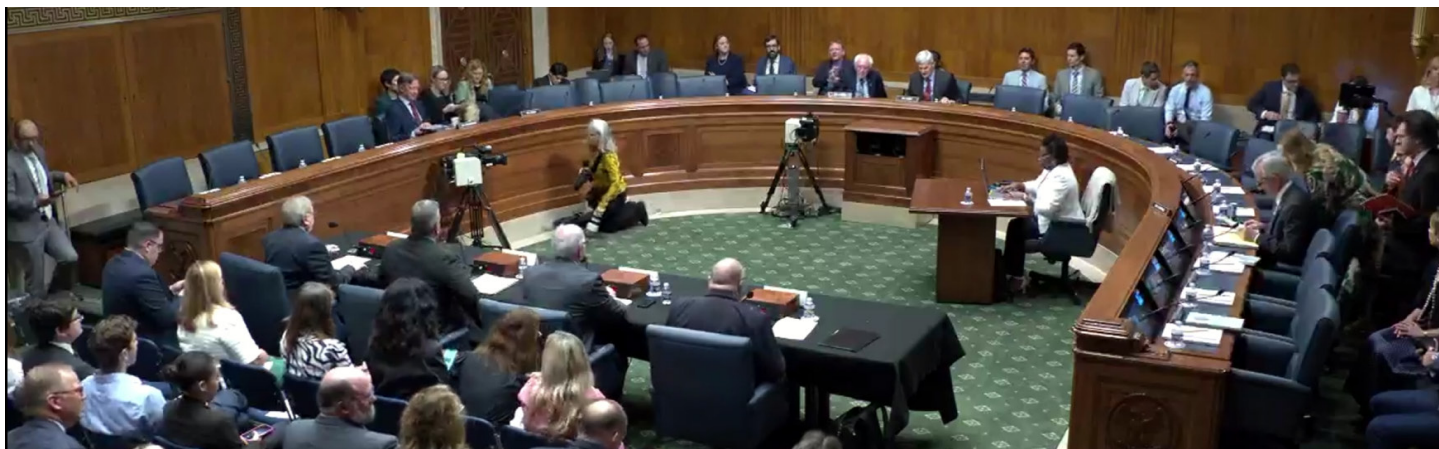
This was truly a momentous week for ESOPs and ESOP advocacy in Congress. The ESOP Association is sincerely thankful to all the Senators, especially Chairman Cassidy and Ranking Member

Sanders, the Representatives, and their hardworking professional staff members for their months of dedication and work to make this all possible. €

*"This was truly a momentous week for ESOPs and ESOP advocacy in Congress."*

[Watch the Restoring Trust: Enhancing Transparency and Oversight at EBSA hearing >>](#)

[Watch the Senate HELP Hearing: Strengthening ESOPs >>](#)



# The ESOP Association Launches Paid Media Campaign Urging U.S. Senate to Confirm Daniel Aronowitz as Asst. Secretary of Labor for EBSA

As Senate, House Both Hold ESOP-Related Hearings This Week, the Need for Strong Leadership at EBSA Becomes Urgently Clear

In July, The ESOP Association announced a paid media campaign urging the U.S. Senate to promptly confirm Daniel Aronowitz as Assistant Secretary of Labor for the Employee Benefits Security Administration (EBSA).

“Daniel Aronowitz is an extraordinary and uniquely qualified nominee to lead EBSA,” said James Bonham, President and CEO of The ESOP Association. “At least six pro-ESOP bills have been introduced in both houses of Congress, and ESOP-related hearings are being held in the House [and Senate](#) this week, yet our chief regulatory agency remains without a leader. ESOPs urgently need Dan’s leadership and experience at EBSA to drive the policy and cultural changes necessary to achieve regulatory clarity and allow employee ownership to flourish.”

On Tuesday, July 22, Bonham testified before the House Education & Workforce Committee during a hearing titled “Restoring Trust: Enhancing Transparency and Oversight at EBSA.” [In his statement](#), Bonham said the “enforcement and investigative actions by the Employee Benefits Security



Administration are broken, misaligned, and abusive, and have been for decades.” During his testimony [and in exchanges with Committee members](#), Bonham described the anti-ESOP bias at EBSA in great detail, underscoring the need for major reforms. Bonham addressed three key problem areas specifically: Investigative abuses, including sharing confidential information with plaintiffs’ attorneys; EBSA’s regulation by litigation and its enforcement of unwritten rules; and denial of Congressional intent regarding ESOPs through a decades-long refusal to develop a rule defining the process for valuing ESOP stock.

“Congress and the White House want ESOPs and employee ownership to grow, but we can’t undo decades of anti-ESOP bias until Dan Aronowitz is confirmed,” said Bonham. “We ask the Senate leadership to confirm Dan as quickly as possible so he and Secretary Chavez-DeRemer can begin building a brighter future for ESOPs in America.”

For more information, please visit The ESOP Association’s dedicated site, [www.esopassociation.org/confirmaronowitz](http://www.esopassociation.org/confirmaronowitz) [E](#)

*“ESOPs urgently need Dan’s leadership and experience at EBSA to drive the policy and cultural changes necessary to achieve regulatory clarity and allow employee ownership to flourish.”*

# What is ESOP PAC?

ESOP PAC is the voluntary, non-partisan Political Action Committee (PAC) of the ESOP Association. ESOP PAC is the oldest political entity specifically charged with supporting pro-employee ownership elected officials.

Formed in 1988, ESOP PAC allows our members and the larger employee ownership community to pool small personal contributions from thousands of donors into larger donations. These donations help elect and re-elect federal candidates to Congress who promote the employee ownership agenda.



For more information, please contact:

Leandra Wilder at  
[lwilder@esopassociation.org](mailto:lwilder@esopassociation.org)



LEARN MORE



## A Partner You Can Trust

Hiring TI-TRUST has several advantages. Our fiduciary procedures have been developed over decades of serving the ESOP Community and ESOP companies and our procedures have carefully been crafted and honed to provide protection to ESOP plans.

Our depth of experience cannot be duplicated or created except by long tenured dedication to serving as an institutional trustee to ESOP companies.

Visit [ti-trust.com](https://ti-trust.com) for more information.

**TI-TRUST**  
TRUE INTEGRITY FIDUCIARY SERVICES  
*Proudly Employee-Owned*

TRUE INTEGRITY • TRADITION • INDEPENDENCE



# The ESOP Association's Annual CEO SUMMIT

August 24-26, 2025

Snow King Resort | Jackson Hole, WY

## The ESOP Association's CEO Summit: Where Insight Meets Impact

Join your peers in Jackson Hole for an Unmatched CEO experience.

With tariffs (and threats of tariffs), an uncertain tax outlook, and volatile economic forecasts driving national news, the CEO Summit is *the only event for Presidents and CEOs* to learn more about and address these challenges, and many more.

It is a rare opportunity to *gain valuable insights, hear comprehensive perspectives, and exchange best practices* with fellow CEOs who are tackling similar issues.

*Plus, spouses and significant others are not only invited, but encouraged to attend!* The breathtaking scenery of Jackson Hole is sure to inspire, while our networking and social activities aim to showcase the area's natural beauty. Guests are invited to all dinners and social activities, as well as a special excursion during Monday's general sessions and roundtable discussions.

Each year, *keynote speakers are selected from the top minds in business, politics, and policy to help CEOs lead with clarity, confidence, and strategic foresight.* Below are just two examples of the speakers and content you can expect at the 2025 CEO Summit:

### Ron Insana, CNBC Senior Analyst and Trailblazing Financial Journalist

A pioneer in financial journalism, Ron Insana brings unmatched insight into markets and macroeconomic trends.

His keynote will explore the economic outlook in the context of President Trump's second term—examining the tension between populist politics and real-world policy. What lies ahead for markets, sectors, and regions? Where are the opportunities, and where are the risks? You'll leave with a sharper lens on what may shape your business for years to come.

### Marty Roesch, Cybersecurity Visionary & Tech Founder

Only a handful of people can truly claim to have contributed something that was adopted on a global scale and has impacted almost every business and household connected to the internet.

As the creator of one of the most widely adopted intrusion open-source detection systems in the world, Marty Roesch revolutionized cybersecurity. The company





he founded, Sourcefire, was later acquired by Cisco for over \$2.7 billion, and his innovations continue to be used worldwide.

In his keynote, Roesch will explore how AI and cybersecurity are reshaping the business landscape at unprecedented speed—and why you must act now to secure your company's future. His latest venture, Netography, is redefining network security for today's fragmented, cloud-based world.

## Real Conversations, Real Solutions

Beyond keynotes, the CEO Summit delivers what no other ESOP event can: candid, high-value conversations with your peers—those who understand the unique complexities of leading an employee-owned company.

Facilitated roundtables are meant to foster deep, meaningful conversations and build lasting professional connections. CEOs may attend up to three roundtables on the following topics:

- Cybersecurity
- Repurchase Obligation & Sustainability
- Mergers & Acquisitions and Holding Companies
- Board, Trustees, and Founders
- Tariffs & Tax Cuts
- Leadership Development & Sustainability
- Executive Compensation
- Artificial Intelligence
- Choose Your Topic/Open Mic

## Unwind With Your Peers in a Stunning Location

The CEO Summit blends strategic thinking with unparalleled surroundings and relaxation. On Monday afternoon, join your fellow CEOs and their spouses/significant others for mountain and outdoor adventures, or a leisurely wine tasting or museum visit. Choose from:

### Horseback Riding:

Saddle up and discover the beauty of the Grand Teton Mountain Range from horseback! Embrace your inner cowboy/cowgirl as you immerse yourself in the rugged beauty of the western pines. This one-hour guided trail ride offers stunning views complete with water crossings, for a true western adventure!



### Snow King Mountain Adventure: Feeling adventurous?

Experience Snow King's Cowboy Coaster and alpine slide thrill rides unlike any other as you zip through over a mile of loops and curves, with incredible views of the Tetons and



the town of Jackson. Then try your hand at the only 18-hole miniature golf course in Jackson Hole.

**Teton Village Aerial Tram & Mountain Hike:** Relax and enjoy the ride as the Aerial Tram glides skyward over 4,000 vertical feet, with staggering 360-degree mountain views. Once atop the mountain, take advantage of the many mountain activities, including gondola rides, the Grand Teton Skywalk, and premier hiking trails. Visit the local shops before ascending down the mountain via one of the many walking trails or riding the tram.

**Scenic River Float Trip:** During this two-hour scenic float trip, unplug, unwind, and relax as you travel down the smooth Snake River through the heart of Grand Teton National Park. Experience the beauty of the abundant wildlife, including the majestic bald eagle, as well as the most impressive peaks of the Teton Range. Your guide will share information on Grand Teton National Park and Jackson Hole's wildlife, history, and geology.



**Wine Tasting:** Elevate your tastebuds at Jackson Hole Winery with a relaxing, informative, and delicious tasting of varietals. The Jackson Hole Winery was founded in 2009 when winemaker Anthony Schroth wanted to explore the benefits of making wine at high altitude. Jackson Hole Winery sits at the base of the Grand Teton Range at over 6,000 feet and they have perfected the art of making award-winning wine!

**Wildlife Art Museum Private Tour:** Wildlife encounters aren't just for the national parks. Enjoy a private guided tour of the National Museum of Wildlife Art, where you'll stand face to face with life-size sculptures of the outdoors, while taking in vistas of the National Elk Refuge, and experience the magnificence of wildlife from all over the world through art of all mediums.

## REGISTER TODAY

Registration is limited and we expect the CEO Summit to sell out. [Don't delay, book your spot today!](#) €



# Exciting Visit at Freedom Industries!

The leadership team at Freedom Industries in Rocky Mount, NC, was honored to host John Tayloe, Regional Director for U.S. Senator Ted Budd. It was a fantastic opportunity to share the Freedom Industries story and highlight the power of employee ownership through our ESOP.

We truly appreciate John's genuine interest in our people and our shared ownership model. This visit came about as a result of an invitation we extended back in May during the TEA National Conference Advocacy Day on Capitol Hill, where we had the chance to visit Senator Budd's office and invite his team to experience Freedom in action.

We're proud to be part of the growing movement of employee-owned companies and grateful for the opportunity to showcase how we're building something special here in North Carolina.

[Visit the Freedom Industries Website >>](#)

[Visit the Freedom Industries LinkedIn Page >>](#)



Hosting an elected official is one of the easiest and most effective ways to help promote ESOPs. Contact the Association Advocacy team for more information about how to get involved! Patrick Russo at [prusso@esopassociation.org](mailto:prusso@esopassociation.org).



HELPING YOU BE BETTER  
PREPARED & MORE SECURE

TEA's affinity insurance program includes 400 other ESOP companies. Why not consider obtaining an alternative proposal to compare with your insurance protection.



The ESOP Association has endorsed Murray's Executive Liability Insurance Affinity Program since 1989.



Patrick Dixon, Program Manager  
[pdixon@murrayins.com](mailto:pdixon@murrayins.com) 717.205.0268

# ESOP Advocates See Efforts Pay off in Oregon, Wisconsin, Ohio, and Pennsylvania State Legislatures



Wisconsin Chapter Advocacy Day in the Wisconsin State Capitol Building

Pro-ESOP legislation is gaining momentum in state legislatures across the country, thanks in part to the hard work of The ESOP Association's chapter leaders and grassroots advocates across the country. In Oregon, legislation to provide contracting preferences to ESOP companies was signed into law, while pro-ESOP legislation in Wisconsin passed the state Assembly by a unanimous vote. TEA Advocates also conducted State Advocacy Days in Ohio and Pennsylvania to meet with state legislators and their staff to advocate for ESOP legislation and educate elected officials about the powerful benefits of employee ownership. These inspiring successes demonstrate how effective grassroots action can be.

## Oregon

Oregon Governor Tina Kotek signed [HB 3646](#) into law on June 11, extending state contracting preferences to companies that are at least 50% employee-owned. The ESOP Association was proud to endorse this legislation and work with the bill sponsor and TEA member Recology to see the bill cross the finish line. This legislation expanded on existing legislation in Oregon that provided contracting preferences to businesses that provide "a material positive impact on society and the environment, taken as a whole, from the business and operations of the company." HB 3646 will help expand opportunities for ESOPs in Oregon and set an example for states throughout the country.

## Wisconsin

In Wisconsin, our members organized their second Advocacy Day by building on the energy and success of their inaugural ESOP Advocacy Day last year. Armed with experience, relationships, and momentum, Wisconsin advocates returned to the Capitol at the start of the legislative session with a concrete goal: to advocate for [AB17](#), legislation that would provide tax credits to businesses transitioning to employee ownership and create an employee ownership outreach and education program.

Ahead of their state Advocacy Day, Wisconsin chapter leaders worked with their State Assemblymen to author this legislation and prepared to introduce it ahead of the Advocacy Day. This preparation paid off when the entire team of ESOP advocates was able to meet with all 133 offices in the Wisconsin Legislature to ask them to support AB17. The results speak for themselves: AB17 gained 26 bipartisan cosponsors and earned a hearing before a key committee. However, advocacy is not just a one-day occasion. Wisconsin Chapter leaders continued to work closely with their state legislators to advocate for the bill to receive a vote on the Assembly floor. This hard work paid off when the Assembly passed AB 17 by a unanimous 96-0 vote! Now, Wisconsin volunteers are talking to their state Senators to see this bill pass in that chamber and be sent to the governor to be signed into law.



Pennsylvania / Delaware Chapter Advocacy Day in the Pennsylvania State Capitol



## Pennsylvania

On June 10, ESOP champions from across Pennsylvania converged on the State Capitol for the Commonwealth's first-ever ESOP Advocacy Day. Their top priority was securing support for [SB 478](#), a bipartisan bill that would establish an Office of Employee Ownership within the Department of Community and Economic Development and provide financial and technical assistance to businesses converting to ESOPs. Advocates also urged lawmakers to consider proven incentives such as tax credits, contracting preferences, loan guarantees, and federal SSBCI funds that other states already use to grow employee ownership. This was a huge success driven by TEA Pennsylvania/Delaware Chapter leaders.

## Ohio

Meanwhile, in Ohio, TEA advocates demonstrated how persistent grassroots outreach opens doors to future legislative victories. Volunteers fanned out across the Statehouse in Columbus, meeting directly with their representatives and targeting key legislative leaders to educate them on ESOPs and the economic benefits of employee ownership. Their efforts paid off as well, as they secured important new connections with legislators eager to become ESOP champions. Several expressed interest in sponsoring future legislation to promote employee ownership—a major win in a state that's already home to one of the oldest Employee Ownership centers in the country. Now, Ohio is poised to join the growing wave of states advancing pro-ESOP legislation.

## Moving Forward

The ESOP Association will continue to monitor legislative developments in the states and stand ready to support our chapters and volunteer advocates as they work to pass pro-ESOP policies. We are committed to helping our members turn advocacy into action. Together, we can build on the momentum throughout the country to ensure more states recognize the power of employee ownership to strengthen businesses, empower workers, and invest in local communities. [€](#)



## EMPLOYEE OWNERSHIP ACTION NETWORK

**Your Voice,  
Your ESOP,  
Your Future.**

EOAN makes it easy for you to contact your elected officials to encourage them to support pro-ESOP policies.

**Join Today**

Go to [esopassociation.org/eoan](https://esopassociation.org/eoan)



### Why it matters

- ★ Lawmakers want to hear from you so they can make informed decisions about ESOPs and your livelihood.
- ★ EOAN provides a unified voice for our community to educate and influence elected officials when it matters most. As an EOAN member, you have the information and tools you need to be an active participant on the state and federal levels.

### How it works

1. Sign Up: Provide your email and home address so we can automatically connect you with your representatives.
2. Get Informed: When the government is deliberating something that will affect ESOPs, you will receive an email with all the info you need on the issue.
3. Take Action: Send the pre-written message to your representatives informing them of the issue and requesting that they support ESOPs.

 ADVISE. ADVOCATE. ADVANCE.





**The ESOP Association**



**RUTGERS**

School of Management  
and Labor Relations

## **Invitation to Participate: 2025 National ESOP Employee Survey**

The ESOP Association and the Rutgers Institute for the Study of Employee Ownership and Profit Sharing encourage your company to participate in the 2025 ESOP Employee Survey, a major new research initiative to identify the critical success factors that help ESOPs deliver value to both companies and employees. Participating companies will distribute a short (15–20 minute) anonymous online survey to their employees. In addition, the CEO or another company executive familiar with the ESOP will participate in an interview with researchers, the interview will take between 30–60 minutes. In return, companies will receive a customized report comparing their results to those of peer ESOPs and national benchmarks. Participating companies will also have the option to include tailored questions in their survey.

Your company's insights will contribute to cutting-edge research on ESOPs that aims to strengthen the field. If you are potentially interested, please fill out the information in the form to register your company. Questions? Contact: AJ Clomax [ac2082@smlr.rutgers.edu](mailto:ac2082@smlr.rutgers.edu) and Douglas Kruse [dkruse@smlr.rutgers.edu](mailto:dkruse@smlr.rutgers.edu).

**Scan the QR Code below or visit  
[esopassociation.org/2025-esop-survey](https://esopassociation.org/2025-esop-survey)**





# The ESOP Association Gears Up for Employee Ownership Month with Free Virtual Miniseries

**2:00 PM ET Every Tuesday in the Month of August**

**August 5:** Raise your Profile – Getting Elected Officials to Visit your Company

**August 12:** ESOPATHON and Employee Ownership Month: a Perfect Match!

**August 19:** Boosting Engagement: Communication Tools for Employee Ownership Month

**August 26:** Terrific 20 – Twenty Ideas for Games and Activities that Can Be Used During Employee Ownership Month

[esopassociation.org/EOMprep](https://esopassociation.org/EOMprep)



As Employee Ownership Month approaches in October, The ESOP Association is setting the stage for an impactful Employee Ownership Month (EOM) celebration with the return of its popular Virtual Miniseries. This member-exclusive, four-part event kicks off on August 5 and is packed full of fresh ideas, proven strategies, and peer-driven inspiration.

Held every Tuesday at 2:00 PM ET throughout August, the EOM Virtual Miniseries is crafted to help ESOP companies of all sizes and experience levels plan meaningful and engaging celebrations. Each session is about 30 minutes and features peer-led presentations, practical strategies, and real-world examples of how companies have brought their EOM celebrations to life.

## What to Expect

The Miniseries is designed as a go-to resource for all your EOM needs and gives participants the opportunity to hear new strategies and fresh perspectives from TEA staff and fellow employee owners. Each session will tackle a range of topics offering creative approaches to celebrating employee ownership. This year's sessions include:


- **Planning Congressional Site Visits:** TEA staff will share how easy it can be to invite a member of Congress to your workplace, a key opportunity to showcase the power of employee ownership and strengthen legislative support.
- **ESOPATHON:** This session will provide step-by-step guidance for organizing and executing ESOPATHON events, a popular way to combine team building with fundraising and fun.

- **Maximizing Communication Tools:** Attendees will explore how to best use TEA's digital resources including the HUB, to access and share resources, start discussions, and elevate communications during EOM.
- **Engaging Games and Activities:** This session will highlight creative ideas for involving employee owners in meaningful ways, covering 20 game and activity ideas to help liven your celebration.

Whether a company is new to EOM planning or looking to expand on past efforts, the series offers something for everyone. It aims to help participants turn October into a month of pride, engagement, and education about the benefits of employee ownership.

## Free and Easy to Join

The miniseries is free to all TEA members. Registration is now open, and members can [sign in through the Association's website to reserve their spot](#). Once registered, attendees will receive an email confirmation with access information for the live sessions. Members can participate in any or all four sessions.

With the EOM Virtual Miniseries leading the charge, the countdown to Employee Ownership Month 2025 has officially begun. For ESOP companies across America, August is the time to prepare and get inspired for what's shaping up to be an exciting Employee Ownership Month. 



# TEA's Summer Interns Share Their Experiences Visiting an ESOP Company

In July, The ESOP Association's summer interns got to experience a day in the life of an ESOP with a trip to Mid South Building Supply in Springfield, Virginia. The trip made a real impression on Anna and Zoe, and they learned so much during their time with Mid South that we asked them to share their thoughts with our membership. Thanks to Steve Earle, Mid South Vice President and TEA's Vice Chair, and all the wonderful employee owners at Mid South Building Supply, for making it such a great day!



We'll let Anna and Zoe take it from here:

Visiting Mid South Building Supply was an amazing experience. As someone who knew only the basics of what an ESOP was and how it could be beneficial, listening to Mid South's story and experiences from the employees really opened my perspective.

ESOPs aren't just a fancy title; ESOPs work to help employees who put in time and effort into their company. As a 19-year-old, I haven't thought much about setting myself up for retirement. But visiting Mid-South Building Supply started to make me evaluate how I wanted to set myself up for success in the future. Working for an ESOP company is a great option because the retirement plan is built into the structure of the company. Steve Earle also brought up a great point that working for an ESOP company allows you to set up multiple strings of income for retirement. Along with the ESOP, you can have a 401k and any other investments which all combined can set you up for massive success.

Another great point made by Mid-South was that ESOPs are a tool that bring retirement savings to those who originally may not have expected to be able to retire with many savings at all. We heard about workers who had never dreamed about having a retirement account being able to retire with several hundred thousand dollars thanks to the ESOP at Mid South. An aspect of Mid South that also caught my attention was the environment. It was super friendly and passionate, and I can see why people have

decided to work at Mid South for over 20 years.

Lastly, a fact that piqued my interest was that an employee owner, who was not an executive and worked for the company for 30+ years, was able to retire with multiple hundreds of thousands of dollars in his ESOP. From my perspective, that was really comforting. I think there is a lot of pressure in the business world to climb the corporate ladder to have things such as a large retirement fund. But Mid South taught me that becoming an executive is not the only way to retire comfortably. I learned so much about how ESOPs can benefit employees, and it has made me seriously consider working for an ESOP company when I find a full-time job. In addition, I now have a much deeper understanding about ESOPs and how they function in a company. This trip was a great learning opportunity, and I am so glad I was able to participate.



## By Anna Balcer

Anna is heading into her second year at the University of Maryland, where she is studying Accounting.



After working at The ESOP Association for about two months, I was inspired to see the tremendous positive effect employee ownership has had on the culture of the workplace and the commitment from each hard-working employee at Mid South Building Supply, Inc. Having an ESOP has not only allowed Mid South Building Supply to give their employees a retirement plan; it has ensured that every employee is invested in growth, productivity, and success at the company. When the company grows, employees get to feel this gain for themselves as well.

It was heartwarming to hear the stories of employees getting to watch their accounts grow and how that makes a difference in the work they do. Last year the share value at Mid South reached a peak of about \$20,000, which showed hard work and resilience in response to the housing market crisis of 2008 and Covid-19's impact on the economy.

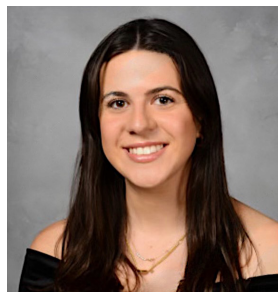
I found it encouraging to see how these figures indicate the company's growing success, but also how they set up employees with a better and more financially secure future. I learned that the average time an employee works at Mid South is 11 years, which is significantly longer than the U.S. average of just under four years. Additionally, while some employees have left the company, about 80% have come back to get rehired. This statistic reflects the effect an ESOP has on improving employee retention rates and the employees' commitment to creating a true family at Mid South.

It was amazing to witness such a lively, forward-thinking, and protective work environment where each employee had each other's back and wanted one another to succeed. It truly made me wonder why more people do not know about ESOPs. Furthermore, I was intrigued to hear that Mid South uses their ESOP to create a point of difference for their clients. Although they sell building

supplies that so many other companies may sell as well, their ESOP structure sets them apart as a company with employees who truly care for their customers and are committed to providing exceptional service.

Additionally, it was great to learn more about TEA's influence on companies' success. I attended TEA's National Conference in May 2025 and, as a new intern, I did not fully grasp what these conferences provide for so many companies. It was great to hear about how beneficial TEA events are for Mid South, and how they allow employee owners to network and develop relationships with other companies, as well as learn the best practices and ideas for how to make their ESOP work for them.

I am pleased to be part of an organization that works in the interest of ESOP companies, and after visiting Mid South, I plan to apply these new insights to better inform what I do at TEA. The employees at Mid South seem so genuinely proud of their employee ownership and the work that they do for the company. I appreciate that Steve Earle and others took the time out of their busy day to educate us on their company, and it really showed how much they care about and believe in their ESOP.



#### By Zoe Mendel

Zoe is heading into her senior year at Bucknell University in Pennsylvania, where she is majoring in Psychology.

Know a great candidate for an internship with The ESOP Association?  
Please send information to Danielle Duffy at [dduffy@esopassociation.org](mailto:dduffy@esopassociation.org).



| The ESOP Association

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# EO EMPLOYEE OWNED 25

## Will You be Joining us for EO25?

There's still time to secure your spot at Employee Owned 2025, the largest and most dynamic gathering of employee owners, ESOP companies, and professional ESOP service providers in the world. The reimagined EO25 takes place November 2-5, 2025, at a new location, the renowned Aria Resort & Casino in Las Vegas.



More than just a conference, EO25 is a bold redesign of what an employee ownership event can be. With fresh programming, nationally-recognized speakers, and unforgettable celebrations, this year's gathering is brand new and designed to energize, educate, and connect the ESOP community like never before.

EO25 is all about elevated learning. With more than 100 educational sessions spanning seven tailored learning tracks, attendees can dive into topics that match their interests and roles. Whether you're an employee owner, executive leader, board member, or professional service provider, there's a place for you to learn, grow and network at EO25. For those pursuing professional development, EO25 also offers the opportunity to earn up to 12 continuing education credits.

This year's event also features brand-new adult education workshops, developed specifically to help attendees apply knowledge in real-world settings. Led by nationally recognized education expert Erica Beck Spencer, these reimagined workshops are immersive, practical, and highly engaging, and are designed to leave you with new strategies and actionable insights. You'll get to experience first-hand the launch of TEA's integrated modern approach to adult learning, gaining hands-on experience through a participatory classroom setting.



EO25 is also going all-in on celebration and inspiration. Bringing the energy of Las Vegas to life, the event features not one but two exciting keynote speakers: Sugar Ray Leonard and Kevin Pollak. Sugar Ray Leonard is a boxing legend and Olympic gold medalist who plans to deliver a powerful

keynote on peak performance, perseverance, and leadership. Kevin Pollak, renowned actor and comedian perhaps best known for his roles in *The Usual Suspects* and *A Few Good Men*, [will host the event's opening celebration](#) with his signature wit and charm. Together, these speakers will







set the stage for a transformative conference, bringing a Hollywood flair to the event.

Also, be sure to check out the special events at EO25 celebrating Women in ESOPs, the Employee Ownership Foundation, Emerging ESOP Leaders, and the Annual Awards for Communications Excellence (AACE). Plus, there are two new special events this year, a Chapter Celebration: End Zone Extravaganza and the Around the World Sponsor Showcase & Reception, providing new opportunities for connecting with peers, industry experts, and potential business partners.

Nestled in the heart of the Las Vegas Strip, EO25's new location at The Aria Resort & Casino offers outstanding amenities, cutting-edge meeting spaces, and luxurious accommodations. It's the perfect backdrop for learning, networking, and celebrating with fellow employee owners. With a completely reimagined format, world-class speakers, transformative education, and unforgettable events, EO25 is the experience of the year. Whether you're looking to sharpen your skills, connect with peers, or celebrate your company's employee ownership journey, you'll find it in Las Vegas this November. Register today to join us at the most transformative, educational, and fun ESOP event of the year!

**Register Now**



*EO25 is all about elevated learning. With more than 100 educational sessions spanning seven tailored learning tracks, attendees can dive into topics that match their interests and roles.*





# Making the Most of Your TEA Corporate Membership with Chapter Events

As a corporate member of The ESOP Association, one of the smartest ways to maximize your membership is by engaging with your local TEA chapter. With 19 active chapters nationwide, you have access to year-round programming that's designed to grow your team's ESOP knowledge and help deepen your company's commitment to employee ownership. No matter where you are in the country, a chapter event is available to you as part of your membership.

Attending chapter and regional events is the best way to educate yourself about your ESOP, exchange insights with other employee owners from your region, and give back to the ESOP community through chapter involvement. Chapter events foster pride and understanding of what it means to be part of an employee owned company, with an opportunity to build local relationships that last beyond the event.

And because TEA chapter events are closer to home, they are often very cost effective. By attending you get the benefit of learning from many of our top speakers and presenters on ESOP topics, but at an affordable price and with less time out of the office.



New York / New Jersey  
Chapter Conference

## Here's what some TEA members have had to share about their experiences at chapter events:

"I attended my first chapter event back in 2012 and it definitely gave me the foundation and understanding I needed to bring back and share at my company. I continue to attend events each year because of that. I think one of my best experiences has been sharing HdL's experiences at the communications fair at our annual chapter conference. It's so great to meet other engaged employee owners during this time and hear what they are doing to promote employee ownership as well as share our experiences. I also enjoy the networking events held during the conferences that allow us time to meet with other employee owners in a fun environment."

— Jennifer Pierce, Communications Manager, HdL Companies, California/Nevada Chapter



Great Lakes Regional Event  
Silent Auction for ESOPATHON



Illinois Chapter  
Chicago Summer Event





Heart of America  
Spring Seminar



Iowa / Nebraska  
Golf Outing



California / Nevada  
Chapter ESOPortunities



Mid-Atlantic & Carolinas  
Chapter Spring Conference




Rocky Mountain & Texas / Oklahoma  
Chapter Regional Conference

“I wholeheartedly recommend TEA chapter events to anyone involved in an ESOP. These events are valuable on so many levels. The networking opportunities alone are outstanding, you’re surrounded by passionate, knowledgeable people who truly get what it means to be part of an employee owned company. Beyond that, the professional growth is incredible. Whether you’re just beginning your ESOP journey or you’re well-seasoned, there’s always something new to learn. Chapter events also offer a deeper understanding of the structure, benefits, and long-term impact of ESOPs. Every event leaves me more inspired and informed.”

— Jessica Ogiba, Director of Communications, KE&G Construction, Inc., Rocky Mountain Chapter

Culture, communications, technical and financial issues, networking and much more -- chapter events help your ESOP grow and build stronger employee owners. They’re not just meetings, they’re tools for shared knowledge, connection, and long-term success. No other employee ownership organization offers high-quality education and training in an affordable, local setting. Make the most of your membership by checking out the list of upcoming events in your area and find one that works for you. Ready to get involved? Upcoming events are right around the corner and filling up fast.

View the full schedule and register for upcoming events by visiting our [Events and Meetings page](#). 

# TEA Chapter & Regional 2025 Events

## CALIFORNIA/ NEVADA

California & Nevada

### ESOP Employee Accelerator

August 12

Recology  
San Francisco, CA

### Golf Outing

September 24

Bartley Cavanaugh Golf Course  
Sacramento, CA

### Annual Conference

September 24-26

Hyatt Regency Sacramento  
Sacramento, CA



## HEART OF AMERICA

Kansas & Missouri

### ESOP Employee Accelerator

August 21

Dialectic Engineering  
Kansas City, MO

### Happy Hour + Networking

August 21

Dialectic Engineering  
Kansas City, MO



## MID-ATLANTIC & CAROLINAS

Maryland, North Carolina,  
South Carolina, Virginia,  
Washington, DC,  
& West Virginia

### Summer Breakfast Meeting

July 29

Mid South Building Supply  
Springfield, VA

### Let's Talk ESOPs - North Carolina

August 13

Freedom Industries  
Rocky Mount, NC

### Fall Conference

September 22-23

Hilton Richmond Hotel & Spa/  
Short Pump  
Richmond, VA



## FLORIDA

Florida

### ESOP Insights and Connections

September 12

Bella Atalia  
Naples, FL



## HAWAII

Hawaii

### ESOP Employee Accelerator

July 29

Sea Engineering, Inc.  
Honolulu, HI

### Annual Conference

October 2

Japanese Cultural Center of Hawaii  
Honolulu, HI



## ILLINOIS

Illinois

### ESOP Employee Accelerator

October 21

Parkside  
Bolingbrook, IL

### ESOP Employee Accelerator

October 23

Nussbaum  
Hudson, IL



## IOWA/NEBRASKA

Iowa & Nebraska

### ESOP Networking Event

August 6

Smash Park

### ESOP Employee Accelerator

August 19

VGM Group  
Waterloo, IA



## MINNESOTA/ DAKOTAS

Minnesota, North Dakota,  
& South Dakota

### Fall Conference

August 28

Cherapa Place Interconnect  
Sioux Falls, SD



## NEW ENGLAND

Connecticut, Maine,  
Massachusetts, New  
Hampshire, Rhode Island,  
& Vermont

### HR Conference

August 20-21

BerryDunn  
Portland, ME

### Fall Conference

September 25-26

Boston Marriott Burlington  
Burlington, MA





## NORTHWEST

Alaska, Idaho, Montana,  
Oregon, & Washington

### ESOP Employee

### Accelerator

**August 14**

Bob's Red Mill  
Milwaukie, OR

### Let's Talk ESOPs - Oregon

**September 11**

PacWest Center  
Portland, OR

### Let's Talk ESOPs - Washington

**September 22**

Seattle Gymnastics Academy  
Seattle, WA

### Fall Conference

**October 9-10**

Embassy Suites Portland  
Downtown  
Portland, OR



## SOUTHEAST

Alabama, Arkansas,  
Georgia, Louisiana,  
Mississippi, & Tennessee

### Board of Directors Conference

**October 1**

Holland & Knight  
Nashville, TN

### Fall Conference & Roundtables

**October 1-2**

Holland & Knight  
Nashville, TN



## TEXAS/OKLAHOMA

Texas & Oklahoma

### Let's Talk ESOPs - Oklahoma

**July 31**

Bridges Health  
Oklahoma City, OK

### Let's Talk ESOPs - Houston

**August 12**

Stress Engineering Services, Inc.  
Houston, TX

### Let's Talk ESOPs - Central Texas

**August 13**

Alterman, Inc.  
Live Oak, TX

### Fall Conference

**September 9-10**

Renaissance Dallas North Hotel  
Dallas, TX

### ESOP Employee Accelerator

**October 30**

BVA Group  
Dallas, TX



## OHIO/KENTUCKY

Ohio & Kentucky

### Thoroughbred Conference

**August 6**

Marriott Louisville East  
Louisville, KY



## ROCKY MOUNTAIN

Arizona, Colorado, New  
Mexico, Utah, & Wyoming

### Fall Conference

**August 26-27**

The Antlers Hotel  
Colorado Springs, CO

### Let's Talk ESOPs - Colorado

**October 16**

GH Phipps Construction  
Companies  
Greenwood Village, CO

### Let's Talk ESOPs - Arizona

**October 21**

MGC Contractors  
Phoenix, AZ



## WISCONSIN

Wisconsin

### Member Showcase & Golf Outing

**August 12-13**

Deer Valley Golf Course  
Barneveld, WI



## MULTISTATE Regional Conference

New York & New Jersey | Pennsylvania & Delaware

### MULTISTATE REGIONAL CONFERENCE

Delaware, New Jersey, New York,  
& Pennsylvania

**September 9-11**

Mohegan Sun Pennsylvania  
Wilkes-Barre, PA



## MIDWEST Regional Conference

Heart of America | Illinois | Iowa & Nebraska | Minnesota & Dakotas | Wisconsin

### MIDWEST REGIONAL CONFERENCE

Illinois, Iowa, Kansas, Minnesota,  
Missouri, Nebraska, North Dakota,  
South Dakota, & Wisconsin

**September 16-18**

Hilton Chicago/Oak Brook Hills  
Resort & Conference Center  
Oak Brook, IL



## GREAT LAKES Regional Conference

Indiana | Michigan | Ohio & Kentucky

### GREAT LAKES REGIONAL CONFERENCE

Indiana, Kentucky, Michigan, & Ohio

**October 6-8**

Kalahari Resort and Convention  
Center  
Sandusky, Ohio



Watch TEA's  
Chapter Event Site,  
[esopassociation.org/  
events/chapters](https://esopassociation.org/events/chapters), for  
more info.

*We hope to see you there!*



The ESOP Association's Inaugural

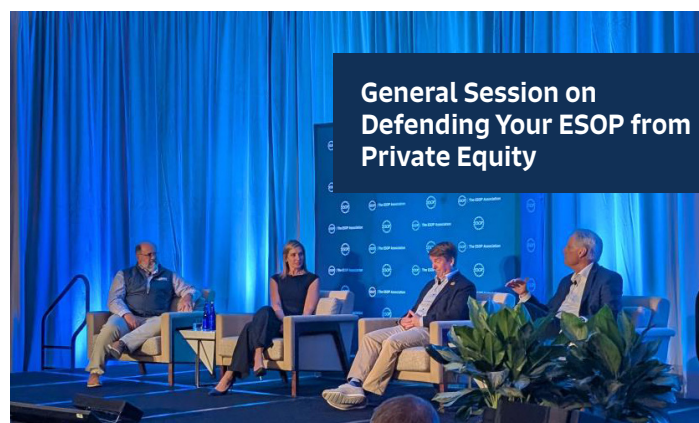
# CFO SUMMIT

## ESOP Finance Leaders From Across the U.S. Convene for TEA's Inaugural CFO Summit!

In June, more than 120 ESOP CFOs and their guests gathered in Park City, Utah, for The ESOP Association's first-ever CFO Summit. This groundbreaking experience brought together ESOP finance leaders from across the country for focused discussions, expert-led panels, and valuable networking opportunities, all designed to tackle the unique challenges faced by CFOs in the current economic climate.

One of the most memorable moments of the Summit came on opening night, when Olympic gold medalist Jim Craig delivered a powerful keynote address. Sharing stories from the legendary 1980 "Miracle on Ice" hockey team, Craig inspired attendees with messages about the value of trust in building successful teams, the courage it takes to step outside your comfort zone, and the importance of defining success on your own terms. Jim Craig's talk helped to energize and motivate our CFOs as the Summit began in earnest the following morning.

The general sessions kicked off with a deep dive into the pressing political and economic issues affecting ESOP



CFOs today, including the impact of tariffs and potential changes stemming from the recent tax reform bill, now signed into law. Roundtable sessions throughout the Summit gave attendees the opportunity to tailor their learning experience, selecting from topics that ranged from navigating mergers & acquisitions and maximizing ESOP value through leveraging, to managing repurchase obligations and ESOP valuations.

One standout session on Tuesday featured a lively discussion on private equity interest in ESOPs, with a panel featuring Ben Holder (Plastic Products Company), Leah Turnbull (BMO), Trey Winthrop (Bob's Red Mill), and TEA CEO Jim Bonham. The panelists explored how ESOPs can maintain long-term employee ownership while navigating unsolicited offers and growing PE interest. The session drew high engagement, with thoughtful questions and real-world insights exchanged throughout.

Attendees also enjoyed focused roundtables, where small-group discussions allowed CFOs to connect over shared challenges and the latest best practices in ESOP







Attendees pose with  
Keynote Speaker Jim Craig

finance. Roundtables were consistently engaging, leaving participants with actionable takeaways, new perspectives, and a growing supportive community of fellow CFOs.

Outside the meeting rooms, attendees had the chance to enjoy the best of Park City. From a tour of the local High West Distillery to thrilling bobsled runs down the Olympic track and serene hikes through the mountain trails, the Summit offered plenty of opportunities to relax, recharge, and build lasting connections. Altogether, the Summit experience helped foster deeper relationships among our CFOs that will last far beyond the event.

In fact, 93 percent of attendees said they plan to attend next year's CFO Summit, and 98 percent told us they would recommend the event to other ESOP CFOs! The ESOP Association extends a sincere thank you to all our sponsors, speakers, and attendees for making the inaugural 2025 CFO Summit a resounding success.

Stay tuned, dates and location for the 2026 CFO Summit will be announced soon. We look forward to seeing you next year! [E](#)



Attendees had fun at  
the Utah Olympic Park

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# Playing With House Money: New Lawsuits Fault Fiduciaries for Failing to Gamble With Employer Contributions

By: Andrew Salek-Raham, Attorney, Groom Law Group, Chartered



A plaintiff-side law firm recently filed seven class action lawsuits challenging the way in which ESOP fiduciaries invest employer contributions held in what is commonly called an ESOP's other investment account ("OIA"). More specifically, the plaintiffs in these lawsuits argue that, because the repurchase obligation is solely a sponsor liability, a prudent and loyal fiduciary investing employer contributions would not act to preserve employer contributions for future distributions but would instead "put it all on red."

To date, the firm has filed seven lawsuits: *Cothran* (M.D. Fla. 2023); *Moran* (C.D. Cal. 2024); *Schultz* (W.D. Pa. 2024); *Andrews* (D. Ariz. 2024); *Tufano* (M.D. Pa. 2024); *Hearn* (N.D. Okla. 2024); and *Trull* (W.D.N.C. 2025).

Defendants in all cases but *Moran* have filed motions to dismiss. To date, only the *Schultz* court has issued a substantive ruling—a February 20, 2025, decision dismissing the plaintiff's prohibited transaction claim but allowing the breach of fiduciary duty claim to proceed.<sup>1</sup> *Cothran* and *Tufano* settled before a decision issued—*Cothran* for \$1.1 million and *Tufano* for \$2.1 million.

These novel claims warrant close monitoring. If courts allow some or all of the plaintiffs' claims to proceed, these lawsuits—coupled with the recent *Shipp* lawsuit challenging leveraging transactions—could represent the start of a new wave of litigation challenging fiduciary decisions around ongoing plan administration and management of the repurchase obligation.

## 1. Plaintiffs' allegations

While the specifics of the plaintiffs' allegations and legal claims differ slightly among the seven lawsuits, there are several themes common to the group.

**Imprudent investments.** The plaintiffs allege that following a capital preservation strategy for investing employer contributions harms participants, who could earn more if the ESOP's funds were invested in an index fund tracking the S&P 500. The plaintiffs argue that fiduciaries should invest aggressively because (i) many ESOP participants are far from retirement and comfortable with risk; and (ii) any losses would not risk participants' ability to receive distributions since the repurchase obligation is always a sponsor, not ESOP, liability. The complaints identify a handful of ESOPs that invest OIA funds aggressively to suggest that the defendants' capital preservation strategy is atypical. Therefore, the plaintiffs say, investing conservatively violates the fiduciary duty of prudence found in section 404 of the Employee Retirement Income Security Act of 1974 ("ERISA").

**Disloyal investments.** The plaintiffs also allege that fiduciaries act for the sponsor's, not the ESOP's, benefit to the extent the goal of a conservative investment strategy is to preserve funds for distributions—for example, as part of a recycling approach to share repurchases and reallocations. Because the ESOP sponsor is legally obligated to satisfy participants' put rights if the ESOP's assets are insufficient, the plaintiffs argue that a capital preservation strategy defrays a corporate financial obligation at the expense of higher returns for the ESOP in violation of ERISA section 404's duty of loyalty and section 406(a)(1)(D)'s prohibition on the "use by or for the benefit of a party in interest, . . . any assets of the plan."

**Imprudent and disloyal segregation.** In the cases in which the sponsor company's plan document requires certain separated employees to convert their shares for cash during a distribution waiting period—sometimes called "segregation"—the plaintiffs also allege that (i) the decision to segregate wrongly prevents former employees from enjoying appreciating employer stock; and (ii) investing segregated account assets conservatively is ill-advised for the



same reasons discussed above. Consequently, the plaintiffs allege that conservatively invested segregated accounts violate ERISA section 404's duties of prudence and loyalty.

## 2. Defendants' pleading stage theories

Several themes have likewise emerged from the defendants' early-stage responses to these novel theories.

**The nature of ESOPs.** The defendants have argued that the plaintiffs' theories rest on flawed assumptions about the nature and purpose of ESOPs, which is not to maximize gains but to promote employee ownership and pay distributions based on the appreciation of employer stock. Many mature ESOPs—like the one at issue in *Schultz*, which was established in the late-1970s—have sustained themselves by contributing funds to the ESOP to repurchase shares and facilitate recycling. This system, the defendants have argued, requires a predictable stable of cash on hand to meet the annual repurchase obligation, which can fluctuate drastically and unpredictably year-to-year. Moreover, far from disloyal conduct, mature ESOPs benefit from employer contributions to effectuate share recycling. Pre-funding the repurchase obligation in this way protects assets from the company's creditors or from alternative corporate uses, provides an additional benefit to participants beyond employer stock, and acts as a hedge to the ESOP's heavy investment in an inherently risky single employer security.

**No prohibited transaction.** The defendants have also argued that the plaintiffs failed to allege a nonexempt prohibited transaction claim. *First*, the defendants have argued that section 408's implementing regulations do not require—but instead expressly permit—an ESOP sponsor to “assume the rights and obligations of the employer” with respect to participants' put option.<sup>2</sup> *Second*, the defendants have argued that the plaintiffs have not—and cannot—identify the “transaction” that is supposedly prohibited: the “transaction” can't be the employer contributions, which are expressly permitted; it can't be the decision to hold contributions in cash, which isn't a “transaction” at all. And, if holding cash is not barred by section 406, then it would be absurd to suggest that the “transaction” that section 406 prohibits is the investment of OIA assets in capital preservation options that earn a *greater* return than (permissible) cash holdings.

## 3. *Schultz* motion to dismiss decision

The *Schultz* court is the only court to have issued a motion to dismiss opinion. The court granted the defendants' motion as to the plaintiffs' prohibited transaction claim but allowed the breach of fiduciary duty claim to proceed.

In dismissing the prohibited transaction claim, the court accepted the defendants' argument that the plaintiff failed to allege the type of “transaction” section 406(a)(1)(D) prohibits, which are limited to “discrete acts” such as

furnishing goods or services or lending money. Pursuing a principal preservation strategy, the court held, simply does not fit the bill. And, even if it did, because the plaintiffs alleged the ESOP initiated this strategy in 2009—outside of the six-year statute of limitations period—the court explained the continuation of the strategy during the relevant period could not form the foundation of a plausible section 406(a)(1)(D) claim.

With respect to the breach of fiduciary duty claim, the court applied Third Circuit precedent in allowing the plaintiffs' claim past the pleadings stage. More specifically, it held that the plaintiffs' allegation that other ESOPs employed a more aggressive strategy raised a plausible inference that the defendants' conservative approach was atypical and imprudent. Any dispute over whether those plans were appropriate “benchmarks” is a factual one better suited for summary judgment or trial, the court said.

Although it allowed the trimmed case to proceed, the court appeared sympathetic to many of the defendants' arguments. It specifically noted that the defendants may ultimately show after discovery that the conservative investment strategy was prudent given the ESOP's characteristics. The court also noted that the plaintiffs' allegations, which focus on the 2009 to 2023 period, “conveniently omit[ted]” any discussion of the 2008 stock market crash. The court also cited *Fish*<sup>3</sup> to acknowledge that investing conservatively could be a prudent hedge against the risk of sponsor insolvency. Finally, the court noted its “skeptical[ism] that damages can be calculated based on market appreciation in hindsight.”

\*\*\*\*\*

Following *Schultz*, it is likely that several courts will issue opinions on the pending and potential forthcoming motions to dismiss in the next several months—the *Hearn* motion to dismiss will be the first one to watch, followed by *Trull* and *Andrews* and *Trull*. If these courts allow the breach of fiduciary duty or prohibited transaction claims (or both) to proceed, we could see more the plaintiffs filing similar class action lawsuits in the future. Stay tuned. €

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Andrew is a Principal, and Rich an Associate, with Groom Law Group. Their firm represented the defendants in *Cothran* and currently represents defendants in *Andrews*, *Schultz*, and *Shipp*.

<sup>1</sup> *Schultz*, No. 2:24-cv-618, Dkt. 38, 2025 WL 563585 (W.D. Pa., Feb. 20, 2025).

<sup>2</sup> See 29 C.F.R. 2550.408b-3(j).

<sup>3</sup> *Fish*, 749 F.3d 671 (7th Cir. 2014).

# Baker Roofing Company Marks 110 Years With Transition to 100% Employee Ownership

Historic commercial roofing leader launches ESOP, empowering employees and securing a legacy of 'Always Good Work'

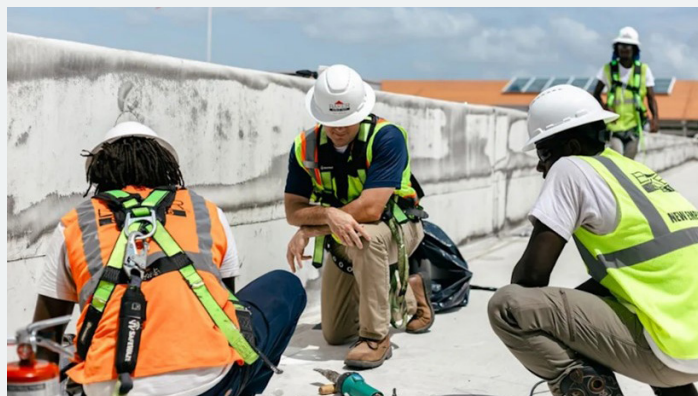
Baker Roofing Company, one of the nation's largest and most respected commercial roofing contractors, today announced it has become 100% employee-owned through the launch of an Employee Stock Ownership Plan (ESOP). The move marks a defining moment in the 110-year-old company's legacy, rewarding its workforce and ensuring the company's core values endure for generations to come. Baker Roofing Company team members inspect a roof installation in the Southeast U.S. The 110-year-old contractor recently transitioned to 100% employee ownership through an ESOP, empowering employees to share in the company's continued growth.

Founded in 1915 by W.P. Baker in downtown Raleigh, Baker Roofing has grown from a single-shop operation into a multi-state commercial roofing leader with over 27 locations across the Southeast and Mid-Atlantic. Throughout that growth, the company has stayed true to its founding promise: "We shall do good work, at a profit if we can, at a loss if we must, but always good work."<sup>TM</sup>

## Why ESOP? Preserving Culture and Stability

The ESOP structure provides a strategic, long-term succession plan that preserves Baker Roofing's independence while aligning with its mission-driven culture. The company remains privately held, with no outside ownership - a deliberate decision to prioritize employee well-being, customer continuity, and cultural consistency.

By remaining independently owned and operated by its employees, Baker Roofing is better positioned to maintain its focus on long-term relationships, quality service, and customer trust. This provides a level of stability and alignment that sets it apart in an increasingly consolidated industry. The move supports Baker Roofing's continued



commitment to its people and to the communities it serves, while reinforcing a long-term vision that allows the company to operate with greater freedom, accountability, and alignment across every level of the organization.

This transition to employee ownership also includes Baker Home Exteriors, a wholly owned subsidiary of Baker Roofing Company that specializes in residential exterior remodeling. Together, both businesses will continue to serve commercial and residential customers with the same commitment to craftsmanship and service that has defined Baker for over a century.

## No Changes to Operations or Leadership

Baker Roofing's existing leadership team will continue to manage day-to-day operations. Customers and partners can expect uninterrupted service and the same high standards that have defined the company for over a century.

## A Platform for Long-Term Success

The ESOP transition reinforces Baker Roofing's commitment to thoughtful, sustainable growth. As an employee-owned company, Baker is uniquely equipped to navigate industry challenges and opportunities with a unified sense of purpose and accountability.

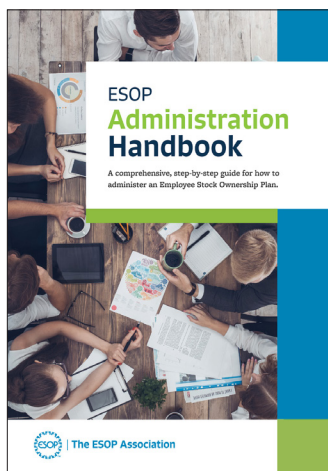
Learn more at [BakerRoofing.com](https://BakerRoofing.com)

Has your ESOP done something newsworthy? Has the company or an employee owner won any awards or achieved special recognition? Let us know! We'd love to feature you in future editions of ESOPs in the News.

Send your ESOP news to Demetrios Karoutsos at [dkaroutsos@esopassociation.org](mailto:dkaroutsos@esopassociation.org).



# ESOP Technical Publications



## ESOP Administration Handbook

The ESOP Association Administration Handbook, an essential resource for anyone responsible for administering an ESOP, will take you from the beginning steps of setting up an ESOP through crucial aspects of compliance, all the way to government regulations and reporting.

TEA's past Advisory Committee Chair, Lori Stuart, says, *"This book is absolutely essential for all ESOP Admins to own. No matter your experience or at what stage your company's ESOP – this book provides every administrator with the resources needed to do their job effectively and efficiently."*

Lynn Archer, Sr. Vice President, GreatBanc Trust Company, and former Chair of the Advisory Committee on Administration says *"I'm really proud of the work our committee has done by giving thoughtful, detailed and comprehensive instruction on ESOP Administration. Whether the reader is a novice or a skilled professional – this Handbook is an essential resource."*

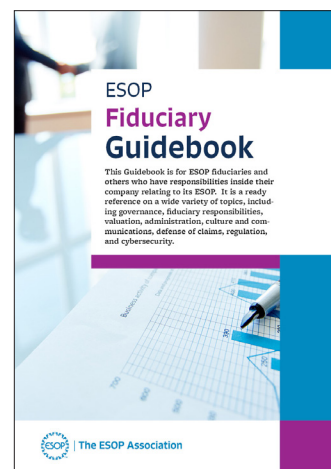
**Member Price: \$100 | Non-Member Price: \$299**

## ESOP Fiduciary Guidebook

This comprehensive guide is designed to equip ESOP fiduciaries with the knowledge and tools they need to confidently navigate their responsibilities and ensure the success of their ESOP. The ESOP Association's fiduciary guidebook provides the necessary guidance needed by those in leadership positions within ESOPs on how to manage their ESOP effectively.

According to TEA member Ted Becker, Partner at McDermott, Will & Emery, LLP, *"This Guidebook is for ESOP fiduciaries and others who have responsibilities inside their company relating to its ESOP. It is a ready reference on a wide variety of topics, including governance, fiduciary responsibilities, valuation, administration, culture and communications, defense of claims, regulation, and cybersecurity."*

**Member Price: \$50 | Non-Member Price: \$199**



[Read the Table of Contents and Forward >>](#)

TEA members can purchase these publications on TEA's website at a significantly discounted rate. (Please be sure you're logged in!)

**Get Your Copy Today!**

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# The ESOP Association National Events



To learn more and register for the ESOP Association's events, visit [esopassociation.org/events](https://esopassociation.org/events).



## CEO SUMMIT 2025

August 24-26, 2025 | Jackson Hole, WY

Join and network with your fellow ESOP CEOs at our world-class program designed to prepare you to face your toughest challenges. Learn from leading keynote speakers and strategize at expert-led, specialized roundtables to develop solutions for the most pressing issues.



## EMPLOYEE OWNED 2025

November 2-5, 2025 | Las Vegas, NV

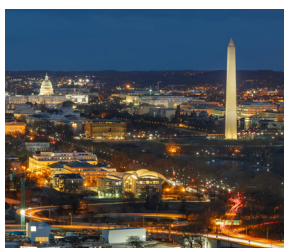
The world's largest and premier Employee Ownership event. With world-class speakers, networking and educational opportunities, this is one conference you can't afford to miss!



## THE PROFESSIONALS' FORUM 2026

February 4-6, 2026 | Charleston, SC

Join others who provide professional services to ESOP companies—including valuation, legal, and tax advice—at this special, interactive event. Compare notes on best practices and the latest legal and regulatory happenings.



## NATIONAL CONFERENCE 2026

May 5-8, 2026 | Washington, DC

The premier event for ESOP culture, communications and advocacy! Learn from award-winning keynote speakers and the best communicators in the ESOP community, network with your peers and meet your elected officials.



## CFO SUMMIT 2026

June 2026

A new program specifically for CFOs. Tackle the toughest financial issues & grow your peer network.



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## Community



[network.esopassociation.org](#)

Have conversations and share resources with TEA members on the HUB





# ESOP | Report

July 2025 | The Voice of The ESOP Association | *Serving the Entire ESOP Community*