

Accounting Paper



The Metropolitan Life Insurance Company (the MetLife Inc.) is the leading services provider in spheres of life insurance, retirement benefits, assets' management, and other business decisions. The corporation possesses the business positions in the USA, Japan, the Middle East, the Latin America, Europe, and the Pacific region. The range of the insurance services is focused on both individual and business insurances offerings. In 1999, the company faced the judicial difficulties caused by the complaints of the former Vice President Ronald A. Roganti. He was also overseeing the subsets of the MedLife business (R. Roganti & Associates and the Tower Agency Group). The protracted lawsuit initiated by the former employee of the MetLife, where the group of the company's units appeared as the defenders, concerns the business misdeeds, violation of the employment laws, payments for damages, claims of the correct recalculation of the pension plans, and compensations for the unpaid income.

The charges of the employee were based on the apprehension of irresponsible activities of the company, the results of medical fraud for the speculative purpose, the manifestation of retaliated actions against the one by the company. When he asserted about the abuse to the supervisors, it has led to the removal of the certain functional responsibilities over the business subsets and, as a consequence, reduction of the payment. The following reaction of the employee was the accusation statement of R. Roganti, composed in 2003 for consideration by the Occupational Safety and Health Administration (OSHA). It pointed to the violation the Sarbanes-Oxley Act as the number of other labor laws and decrease of his compensation in order to

reduce the pension plans and benefits. As it was noted later in the court, the complaint of violation the Sarbanes-Oxley Act was dismissed, as Roganti did not exhausted the administrative procedure, according to which the compilation of such statements should be preceded by the administrative procedures of district court.

According to the fact of alleging retaliation, there was the second compliant with OSHA dated 2004 year, which was also dismissed. The filled Statement of Claim with the NASD (National Association of Securities Dealers) to arbitrate the lawsuit with MetLife Inc. was about the need to pay a range of eligible payments (including, back pay), while the one was working in the structural divisions of the company. The payments also included liquidated damages, attorneys' fees, reimbursement for lost benefits, disbursements and interest, and other relevant costs. It was a long court, which was held in 2010 and ended by the awarding of MetLife Inc. obligation to pay to Roganti more than \$ 2 million, as the compensation for damages.

The payment amount was very controversial at the subsequent review and has been provoked the plaintiff's claims, as they were not justified and allegedly did not include the damages awarded as a punishment for the MetLife Inc. However, this fact did not satisfy all settlements raised in the Statement of Claim. The amount awarded to Roganti viewed as compensation for the income, which was denied by the MetLife Inc. However, he asserted that the reduction of income, received by the company, has affected the reduction of his pension plan. Therefore, the appropriate amount should also be recovered and the compensatory payments need to be recalculated and revised. The financial scheme of the transaction, according to Roganti, was questioned, because the Plan Administrator did

not meet the demands of the plaintiff and did not impose the fair obligations on the defendants.

The defendants have not receive the favorable appeal for a long time. The company denied the obligation of the pension benefits on the basis that the claims were barred by collateral estoppel that the failure of the compliant for infringement of the SOX owing to the fact that Roganti did not use his administrative remedy, and other unfounded claims of the plaintiff. However, during the trial, the inverse facts were revealed that enabled Roganti to defend the rights as the former employee with regard to the company's violation of its social and corporate responsibilities.

According to the Employee Retirement Income Security Act (ERISA), the trial confirmed the Roganti's entitlement to obtain the payment of retirement benefits and the requirement to recalculate the arbitral award compensation. The court argued the decision in spite of the denial of the company about the time difference between the employee's dismissal and the right to apply to the appropriate pension contributions. Instead, it was appealed that although at the time of the award of compensation, he was not an employee of the company, but the amount of the payment, which concerned the pay back of the compensation for his efforts on the MetLife work position, should be included in calculation of benefits. Therefore, the company's withholding of eligible pay should not create a biased basis for calculating pension benefits.

Financial issues were resolved in the provisions of the judicial decision, which stated that the defendants are obliged to pay to the plaintiff the sum of compensation costs of more than \$ 2.49 million above the pension benefit. In

addition, all compensation, which was not involved in the case, had to be canceled that did not meet those types of relief, sought by Roganti's request. Due to the identified ambiguities of arbiter's award, the compensation did not include the position defined by the plaintiff and it has complicated the further legal investigation. The complexity of the financial issue, lied in the arbitral award owing to the Plan Administrator, did not allow determining the calculation of the pension benefits in award represented the back pay.

According to the SEC and finance reporting rules, the corporate conduct of the MetLife Inc. is provided by the data of legal proceedings that is reflected in the SEC releases. As the company mentioned it has the practice of defendant in large number of suits. The mentioned litigation concern the appropriate claims that should not affect the business, corporate responsibility to shareholders and stakeholders, and do not lead to the damages of the employees. The above situation referred to the prompts of the company to response in litigation.

The claim of Roganti is seemed to be relevant to the business items of the MetLife Inc. as the company has claimed to provide honest policy towards all interested groups. Although the SEC inherence and finance reporting of the company, the SEC had administrative proceeding in 2006 in the matter of false statements of the registered representative who defraud the office in the USA. Moreover, the activity of the SEC revealed the failures of the company to supervise and to develop procedures for implementation of the supervision to response to violations. The violations of Section 17 (1)(1) of the Exchange Act and Rule 17a-4, concerning the reports of interest and public protection, were also involved in the company's practice. Although the company asserted about unpredictable occurrence of some legal

occasions, the policy of the corporation, its social and corporate responsibilities should be changed in order to maintain the status of conciseness defendant. In addition, the violations of some business subsidiaries damaged the image of the public-oriented corporation. The violations of the SEC Acts has negatively affected the company's business profile and complicated the relationship with its counteragents, investors, and employees.