

News

Asset Owner Cybersecurity in Crosshairs Amid Threats

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Principal [David Kaleda](#) was quoted in the *Pensions & Investments* article, “Asset Owner Cybersecurity in Crosshairs Amid Threats,” where he discussed the growing cybersecurity threats, and the Department of Labor’s evolving responses to them, that Plan sponsors need to be aware of.

In the article, *Pensions & Investments* indicated that Kaleda has had clients’ cybersecurity practices investigated as part of routine probes by the DOL and that, according to Kaleda, the DOL’s questions are “clearly gleaned from the guidance, so they’re just kind of using it as a checklist, effectively, in their investigations.”

“The DOL was trying to make it clear that plans, plan sponsors and their service providers need to look at this, and I think the retirement business community has gotten the message and is definitely looking at it,” he added.

As *Pensions & Investments* reported, Kaleda confirms that if the DOL finds cybersecurity deficiencies, it will require the plan sponsor or service providers to rectify the issue. If the department believes that a participant incurred a loss, such as if an account balance was stolen due to the plan’s poor policies and procedures, it likely would require restoration of the loss. It could impose a penalty on the plan in the event of a fiduciary breach resulting in a loss, he added, according to *Pensions & Investments*.

Pensions & Investments noted that, although many companies have spent more time and money on cybersecurity in recent years, “It’s clear that these cybercriminals are pretty crafty, they use a combination of methods and you always have to be on your guard as a fiduciary or a service provider,” according to Kaleda.

Pensions & Investments added that, according to Kaleda, there is litigation risk with respect to cybersecurity and plan sponsors. “This litigation will involve the loss of benefits as a result of cyber-enabled fraud,” he said. “I think the plaintiffs’ lawyers and the courts are trying to figure out how to apply the law in these circumstances.”

To read the article, [click here](#).