IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

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| ELIZABETH D. BLALOCK, and STACEY D. MILLER on behalf of themselves and all others similarly situated,<br><br>Plaintiffs,<br><br>v.<br><br>CASEY'S GENERAL STORES, INC.,<br><br>Defendant. | ) | Case No. 4:25-cv-00113-SMR-SBJ<br><br>ORDER ON MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT |

Plaintiffs Elizabeth D. Blalock and Stacey D. Miller move for preliminary approval of a proposed class action settlement and provisional certification of a settlement class. For the reasons stated below, the motion is GRANTED. [ECF No. 30].

## I. BACKGROUND

The following background is drawn from the parties' submissions in support of the motion. This case arises from Casey's General Stores, Inc.'s ("Casey's") administration of a tobacco surcharge under its employee health benefit plan (the "Plan"). Casey's imposed a surcharge of approximately $35 per pay period—roughly $910 annually—on plan participants who used tobacco products or who failed to complete an online affidavit process during open enrollment. Casey's automatically classified all participants as tobacco users, requiring them to affirmatively complete that process to avoid the surcharge.

Plaintiffs are current and former Casey's employees who maintained coverage under the Plan. Blalock is a current employee; Miller is a former employee of Casey's Marketing Company, a wholly owned subsidiary. Both paid the tobacco surcharge of approximately $35 per pay period.

Blalock filed this action on March 28, 2025, and amended the complaint on July 1, 2025, to add Miller as a named plaintiff. [ECF No. 18]. The amended complaint asserts two claims. Count I alleges that the Plan's tobacco surcharge violates ERISA's nondiscrimination provisions because it was not tied to a compliant wellness program: the Plan offered no reasonable alternative standard through which tobacco users could obtain the full reward and omitted required notices from plan materials. 29 U.S.C. § 1182. Count II alleges that Casey's breached its fiduciary duties under ERISA by collecting the surcharges and retaining those funds to offset its own contributions to the Plan. *Id*. §§ 1104, 1106.

Following the amended complaint, the parties exchanged information about the Plan and the surcharge program, participated in a full-day mediation session on October 9, 2025, and reached a settlement.

The settlement fund totals $5,100,000. Approximately 13,874 class members will receive *pro rata* cash payments based on the tobacco surcharges they paid during the class period—no claim forms are required. The settlement administrator will calculate and issue payments automatically from Defendant's payroll and benefits records. Before distribution, the fund will pay attorney's fees and costs—capped at one-third of the fund—along with notice and administration expenses and case contribution awards of up to $7,500 per class representative.

## II. PROVISIONAL CLASS CERTIFICATION

### *A. Legal Standard*

Federal Rule of Civil Procedure 23(a) requires four elements before a class may be certified: numerosity, commonality, typicality, and adequacy of representation. Fed. R. Civ. P. 23(a); *Luiken v. Domino's Pizza, LLC*, 705 F.3d 370, 372 (8th Cir. 2013). The party seeking certification must also satisfy one of the three requirements of Rule 23(b). *Comcast Corp. v.*

*Behrend*, 569 U.S. 27, 33 (2013). Plaintiffs seek certification under Rule 23(b)(1), which applies where separate lawsuits would expose the defendant to conflicting legal obligations or effectively decide absent class members' rights without their participation. Fed. R. Civ. P. 23(b)(1)(A)–(B).

The Court must conduct a rigorous analysis to ensure Rule 23's requirements are satisfied. *Custom Hair Designs by Sandy v. Cent. Payment Co., LLC*, 984 F.3d 595, 600 (8th Cir. 2020). When a class has not been previously certified, courts must first determine whether provisional certification is appropriate before granting preliminary approval. *Amchem Prods., Inc. v. Windsor*, 521 U.S. 591, 620 (1997). For settlement classes, manageability concerns do not apply because no trial will occur. *Id*.

### *B. Application*

#### 1. Rule 23(a) Requirements

The proposed class comprises approximately 13,874 individuals—a number that makes joinder impracticable and satisfies numerosity. *Paxton v. Union Nat'l Bank*, 688 F.2d 552, 559–60 (8th Cir. 1982) (finding numerosity satisfied with a subclass of more than 400 members).

Common questions satisfy the commonality requirement. All class members' claims arise from the same surcharge program administered under the same Plan terms. The central questions—whether the Plan's surcharge was tied to a compliant wellness program, whether the Plan offered a reasonable alternative standard and adequate notice, and whether Casey's breached its fiduciary duties in collecting and retaining the surcharge funds—are common to all class members and capable of classwide resolution. *Postawko v. Mo. Dep't of Corrs.*, 910 F.3d 1030, 1038 (8th Cir. 2018) (holding commonality was satisfied where claims involve a question "capable of classwide resolution—which means that determination of its truth or falsity will resolve an issue that is central to the validity of each one of the claims in one stroke") (citation omitted).

Blalock and Miller's claims are typical of the class. As class representatives, they paid the same surcharge under the same Plan terms as all other class members, and their claims rest on the same legal theories and course of conduct. *Id*. at 1039 (noting that typicality is "fairly easily met so long as other class members have claims similar to the named plaintiff[s]").

Both the class representatives and proposed class counsel satisfy the adequacy requirement. Blalock and Miller actively participated in the litigation, maintained communication with counsel, and committed to prosecuting this action on behalf of the class; their interests align with those of the absent class members and no conflict appears. Proposed class counsel—Siri & Glimstad LLP and Koley Jessen P.C., L.L.O.—have substantial experience in complex class action and ERISA litigation and have competently represented the class in reaching this settlement. *See Paxton*, 688 F.2d at 562–63.

2. Rule 23(b)(1) Requirements

Plaintiffs seek certification under Rule 23(b)(1). The Plan operates under uniform terms applicable to all participants. Separate adjudications would risk inconsistent rulings on whether the Plan's surcharge program complied with ERISA's nondiscrimination provisions and whether Casey's acted consistently with its fiduciary obligations—producing incompatible standards of conduct for a plan that applies uniformly to all. *See Amchem*, 521 U.S. at 614. Certification is warranted under Rule 23(b)(1)(A).

Certification is also warranted under Rule 23(b)(1)(B). Both claims are brought on behalf of the Plan. Individual adjudications would be dispositive of the interests of all plan participants and would substantially impair their ability to protect those interests. ERISA fiduciary breach claims of this character are paradigmatic examples of claims appropriate for certification under Rule 23(b)(1). *Hans v. Tharaldson*, Civil No. 3:05-cv-115, 2010 WL 1856267, at *9 (D. N.D.

May 7, 2010) (citing *In re Schering Plough ERISA Litig.*, 589 F.3d 585, 604 (3d Cir. 2009)); *Hochstadt v. Bos. Sci. Corp*., 708 F. Supp. 2d 95, 105–06 (D. Mass. 2010) (recognizing that actions charging a breach of trust by a fiduciary affecting a large class of beneficiaries and requiring an accounting to restore the subject of the trust are prime examples of cases appropriate for certification under Rule 23(b)(1)(B)).

3. Settlement Class Definition

The Court provisionally certifies the following settlement class for settlement purposes:

> All individuals residing in the United States who, from January 1, 2019 through December 31, 2025, paid a tobacco surcharge in connection with their participation in the Casey's General Stores, Inc. Employee Health Care Benefit Plan.

Excluded from the class are: (1) the judges presiding over this action and their immediate families and staff; (2) Casey's officers and directors; and (3) the successors or assigns of any excluded person. Blalock and Miller are designated as class representatives. Oren Faircloth of Siri & Glimstad LLP and Adam J. Wachal of Koley Jessen P.C., L.L.O. are appointed as class counsel. Fed. R. Civ. P. 23(g).

## III. PRELIMINARY APPROVAL OF SETTLEMENT

### *A. Legal Standard*

A class action settlement agreement is "presumptively valid." *In re Uponor, Inc., F1807 Plumbing Fittings Prods. Liab. Litig*., 716 F.3d 1057, 1063 (8th Cir. 2013); *see also Martin v. Cargill, Inc*., 295 F.R.D. 380, 383 (D. Minn. 2013) (cautioning that preliminary approval is not a judicial rubber stamp). The Court acts as a fiduciary and guardian of the rights of absent class members. *In re Wireless Tel. Fed. Cost Recovery Fees Litig*., 396 F.3d 922, 932 (8th Cir. 2005). At the preliminary stage, the Court asks whether the settlement falls within the range of possible judicial approval—whether it is free from glaring substantive or procedural deficiencies and warrants notice to the class. *Myers v. Iowa Bd. of Regents*, Case No. 3:19-cv-00081-SMR-SBJ, 2023 WL 7102158, at *5 (S.D. Iowa June 22, 2023).

A settlement may be approved if it is fair, reasonable, and adequate, and the agreement is not the product of fraud or collusion. *Marshall v. Nat'l Football League*, 787 F.3d 502, 509 (8th Cir. 2015) (citation omitted). Four factors govern the inquiry: (1) adequate representation by class representatives and counsel; (2) arm's-length negotiation; (3) adequacy of the relief provided, considering the costs, risks, and delay of litigation, the distribution method, and the terms of any proposed fee award; and (4) equitable treatment of class members relative to each other. Fed. R. Civ. P. 23(e)(2). Courts also consider the merits of plaintiffs' case weighed against the settlement terms, the defendant's financial condition, the complexity and expense of further litigation, and the degree of opposition. *Marshall*, 787 F.3d at 508. The single most important factor is a balancing of the strength of Plaintiffs' claims against the terms of the settlement. *Van Horn v. Trickey*, 840 F.2d 604, 607 (8th Cir. 1988).

### *B. Analysis*

#### 1. Adequate Representation and Arm's-Length Negotiation

The class representatives and class counsel have adequately represented the class, and the record establishes that the settlement is the product of arm's-length negotiation rather than fraud or collusion. *Keil v. Lopez*, 862 F.3d 685, 693 (8th Cir. 2017) (citation omitted). Both requirements are met. The class representatives and counsel adequately represented the class for the reasons already discussed, and the negotiating record—a full-day mediation with fees addressed only after the parties had fixed the substantive terms—reflects arm's-length negotiation rather than collusion.

2. Adequacy of Relief

Both sides face meaningful risk if this litigation continues. The amended complaint identifies specific regulatory requirements under ERISA's wellness program framework and alleges the Plan fell short of each—a theory that has cleared the pleading stage but has never been tested on its merits.

This case arises in a developing area of ERISA litigation in which no comparable case has proceeded to a trial verdict, significant legal questions under the governing regulatory framework remain unresolved, and courts addressing tobacco surcharge claims have reached sharply divergent conclusions. *See, e.g.*, *Fisher v. GardaWorld Cash Serv. Inc*., CIVIL ACTION NO. 3:24-CV-00837-KDB-DCK, 2025 WL 2484271, at *7–8 (W.D. N.C. Aug. 28, 2025) (dismissing fiduciary breach claim because surcharges used to offset an employer's own plan obligations injure plan participants, not the plan itself); *Bokma v. Performance Food Grp., Inc*., 783 F. Supp. 3d 882, 900–03 (E.D. Va. 2025) (denying dismissal of the same fiduciary breach claim on materially identical allegations and declining to resolve whether *Loper Bright* requires courts to disregard the DOL's wellness program regulations at the pleading stage); *Mehlberg v. Compass Grp. USA, Inc*., Case No. 24-cv-04179-SRB, 2025 WL 1260700, at *6–7 (W.D. Mo. Apr. 15, 2025) (denying dismissal and sustaining fiduciary breach and antidiscrimination claims on allegations closely tracking those held insufficient in *Fisher*); *see also Lipari-Williams v. Mo. Gaming Co*., 339 F.R.D. 515, 520–24 (W.D. Mo. 2021) (certifying an ERISA tobacco surcharge class and resolving threshold questions of statutory interpretation). Class certification, summary judgment, trial, and likely appeal all lie ahead; any appeal would delay recovery and add further uncertainty. The settlement provides immediate, certain relief against that backdrop.

The $5,100,000 settlement fund represents approximately 26% of total class-wide damages as estimated by Plaintiffs' model—a recovery that compares favorably to results in comparable complex ERISA class actions. The distribution method reinforces that adequacy. Because Defendant maintains payroll and benefits records identifying participants who paid the surcharge and the amounts they paid, no claim forms are required; the settlement administrator will calculate each class member's *pro rata* share automatically and issue payments by check. Uncashed checks will be reissued in a second mailing; any residual thereafter reverts to the Plan for administrative expenses rather than to Defendant. Class counsel will seek fees not exceeding one-third of the fund plus reasonable costs—a percentage within the range commonly approved in this Circuit—and case contribution awards of up to $7,500 per class representative. *See Caligiuri v. Symantec Corp.*, 855 F.3d 860, 865–66 (8th Cir. 2017). The Court will evaluate those requests at the final approval hearing. The parties represent that no side agreements exist.

3. Remaining Factors

The settlement treats class members equitably: each member's *pro rata* distribution is tied directly to the surcharges each member paid, with no arbitrary distinctions and no claim forms required. Continued litigation would impose substantial costs on both parties and the Court—motion practice on unsettled legal questions, class certification, expert reports and *Daubert* proceedings, summary judgment, trial, and likely appeal. *See In re CenturyLink Sales Pracs. & Secs. Litig.*, Civil File No. 18-296 (MJD/KMM), 2021 WL 3080960, at *6 (D. Minn. July 21, 2021) (recognizing similar factors supported class action settlement). Defendant has represented that it can satisfy its settlement obligations. The Court will assess class member opposition, if any, at the final approval stage. The settlement is fair, reasonable, and adequate.

## IV. NOTICE TO THE CLASS

Rule 23(e) requires the Court to direct notice in a reasonable manner to all class members who would be bound by the proposed settlement. Fed. R. Civ. P. 23(e)(1). For classes certified under Rule 23(b)(1), the Court has discretion to direct appropriate notice to the class. Fed. R. Civ. P. 23(c)(2)(A). Due process requires notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections. *Mullane v. Cent. Hanover Bank & Tr. Co.*, 339 U.S. 306, 314 (1950). Individualized notice by mail satisfies that standard. *Grunin v. Int'l House of Pancakes*, 513 F.2d 114, 121 (8th Cir. 1974).

The proposed notice plan satisfies these requirements. The settlement administrator will provide direct mail notice to all class members at addresses in Defendant's records and will update addresses using the National Change of Address Registry, with procedures for undeliverable mail. The administrator will also establish a settlement website containing the long-form notice, the settlement agreement, this order, the complaint, and information on how to submit objections. A toll-free telephone number will provide additional information. Defendant will issue Class Action Fairness Act notice to the appropriate federal and state officials within ten days of filing the motion for preliminary approval.

The proposed notices use plain language and appear readily understandable. They explain the litigation, the settlement terms, and class members' rights and options in straightforward terms. The notice plan employs direct mail to known addresses, supplemented by a comprehensive website and telephone line. The notice plan is approved.

## V. SETTLEMENT ADMINISTRATION

EisnerAmper is appointed as settlement administrator. The settlement administrator shall implement the notice plan, establish and maintain the settlement website and toll-free telephone line, calculate and process distributions in accordance with the plan of allocation, and perform all other tasks required for settlement administration. All reasonable costs of notice and administration will be paid from the settlement fund.

Within twenty-one (21) days of this order, Defendant shall provide the settlement administrator with the names and contact information of all settlement class members. Class counsel and Defendant's counsel shall cooperate in preparing these notices.

The Court reserves for final approval any further scrutiny of the distribution mechanics—including the *pro rata* calculation methodology, check issuance, reissuance procedures, and reversion of residual funds to the Plan—for further development as needed at the final approval stage.

## VI. OBJECTIONS

Because the settlement class is certified under Rule 23(b)(1), class members have no right to opt out and will be bound by the settlement upon final approval. Class members may nonetheless object to the settlement, the proposed fee award, or the proposed case contribution awards. Fed. R. Civ. P. 23(e)(5). To be considered, an objection must be submitted in writing to the settlement administrator, postmarked no later than twenty-eight (28) days before the Final Fairness Hearing, and must:

- State the class member's full name, current address, and telephone number;
- Identify the specific grounds for the objection and the scope of the matters objected to;
- Include any supporting documents the objector wishes the Court to consider;

- Identify all counsel representing the objecting class member, if any;
- Include a list of all other cases in which the objector or the objector's counsel has filed an objection to a proposed class action settlement in the past five years, including the case name, court, and docket number;
- State whether the objector intends to appear at the Final Fairness Hearing, personally or through counsel; and
- Bear the objector's signature.

Appearance at the Final Fairness Hearing is not required for a timely written objection to be considered. Class members who fail to object in accordance with these requirements will be deemed to have waived any objection and may not appeal or otherwise challenge the settlement, release of claims, final approval order and judgment, fee award, or case contribution awards.

## VII. FINAL APPROVAL HEARING AND RELATED MATTERS

A final approval hearing is scheduled for **October 26, 2026** at **11:15 a.m.** in Des Moines–Room 510–5th Floor Southeast. At that hearing, the Court will determine whether to grant final approval of the settlement, finally certify the class, approve the fee and cost award to class counsel, approve the case contribution awards to the class representatives, and enter final judgment. The hearing may be continued without further notice to the class.

Class counsel shall file the motion for final approval and the motion for attorneys' fees, costs, and case contribution awards no later than forty-five days before the Final Fairness Hearing. These requests appear reasonable at this stage; the Court will defer ruling until the final approval hearing.

All proceedings in this case, except those necessary to implement this order or the settlement, are stayed pending the final approval hearing.

If the settlement is not finally approved, is terminated under its terms, or fails to become effective, this order shall become void. In that event, the settlement shall be of no force or effect. Neither the settlement nor any order related to it, including this order, may be used or referred to for any purpose, including as evidence of wrongdoing by Defendant, of the propriety of class certification, or of the strength or weakness of any claim. The Court retains jurisdiction over this action to ensure that the settlement is properly administered and implemented.

## VIII. CONCLUSION

The proposed settlement falls within the range of possible approval and warrants notice to the class. Plaintiffs' motion for preliminary approval is GRANTED. [ECF No. 30]. The schedule of deadlines set forth above shall govern the remaining proceedings.

IT IS SO ORDERED.

Dated this 22nd day of June, 2026.

Stephanie M. Rose

STEPHANIE M. ROSE, CHIEF JUDGE
UNITED STATES DISTRICT COURT