UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Timothy Leighton, John Taney, Arlen Orth, Richard Terry, and William Wallace, individually and as representatives of a class of similarly situated persons,

Plaintiffs,

v.

Case No. 19-cv-1089 (JNE/TNL)
ORDER

Delta Air Lines, Inc. and Administrative Committee of Delta Air Lines, Inc.,

Defendants.

Five former employees of Delta Air Lines brought this putative class action against Delta and its Administrative Committee ("the Committee") for improperly reducing their pension benefits. Plaintiffs receive pensions through the Northwest Airlines Pension Plan for Contract Employees ("the Plan"), which is governed by the Employee Retirement and Income Security Act of 1974, ("ERISA"). After unsuccessfully appealing Delta's pension reductions to the Committee, Plaintiffs sued for benefits due under ERISA § 502(a)(1)(B), 29 U.S.C. § 1132(a)(1)(B), and injunctive relief under ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3).

This case is before the Court on Defendants' motion to dismiss. Alternatively, Defendants moved for summary judgment on the administrative record. For the reasons stated below, Plaintiffs have stated a claim for benefits due but not for injunctive relief. Therefore, Defendants' motion to dismiss is granted in part and denied in part. The Court denies without prejudice Defendants' motion for summary judgment.

BACKGROUND

While employed by Delta, Plaintiffs suffered workplace injuries and filed claims for workers' compensation benefits under Minnesota law. *See, e.g.*, Schultz Decl. Ex. B, DELTA000114–20 ("Leighton Stipulation"), at 2.[1] Delta settled these claims, paying each plaintiff a single lump sum. *Id.* at 4–5. Plaintiffs have since retired and begun to receive their pensions. *See, e.g.*, Schultz Decl. Ex. B, DELTA000102–06 ("Leighton Appeal Letter"), at 1. Citing a provision of the Plan that requires Delta to offset pensions by the amount of other income-replacement benefits, Delta has reduced each plaintiff's monthly pension by an amount calculated in his workers' compensation settlement agreement. *See, e.g.,* Schultz Decl. Ex. B. DELTA000093–96 ("Leighton Appeal Decision"), at 3.

Plaintiffs' Workers' Compensation Settlements

Minnesota workers' compensation law requires employers to provide wage replacement benefits to workers disabled by a workplace injury. *See* Minn. Stat. § 176.101 (2017).[2] For temporarily disabled workers, the benefits end when the employee "withdraws from the labor market," returns to work, or after 130 weeks. *See id.* § 176.101, subd. 1. For permanently disabled workers, wage replacement payments end

[1] Because Defendants have alternatively moved for summary judgment, the Court will cite to their affidavits when referencing the administrative record.

[2] This statute was amended in 2018 to provide that an employee's workers' compensation benefits cannot extend past age 72, but at the time Plaintiffs settled their claims, the presumed age of retirement was 67. Minn. Sess. L., H.F. No. 3873, ch. 185, art. 5 § 4 (2018); *see, e.g.*, Leighton Stipulation, at 7.

when the employee would have retired, which is presumed to be age 67. *See id.* § 176.101, subd. 4; *Frandsen v. Ford Motor Co.*, 801 N.W.2d 177, 183 (Minn. 2011).

Each plaintiff settled his workers' compensation claim with Delta for a single lump-sum payment. *See, e.g.*, Leighton Stipulation, at 4–5. The agreement calculated the sum from the amount he would have received had he been entitled to permanent total disability benefits. For example, one settlement agreement reads:

> The lump sum paid pursuant to the Stipulation is intended to compensate the employee over the employee's life expectancy based upon his current age of 59 which is 21.61 years (259.32 months). Accordingly, the net lump sum of $63,800.00 paid to the employee pursuant to this Stipulation represents a payment of $246.02 per month. Further, the lump sum payment represents a compromise of the present-day value of the employee's potential entitlement to permanent and total disability benefits. The present-day value is calculated by determining the employee's entitlement to permanent and total disability pursuant to Minn. Stat. § 176.101, subd. 4, including the employer and insurer's right to reduce the amount of permanent total disability by the social security disability benefits the employee would be entitled to receive. As part of this settlement the parties have further taken into consideration reductions described by 42 U.S.C. § 424 (a) and (b).

Schultz Decl. Ex. C, DELTA000193–99 ("Taney Stipulation"), at 5. In exchange for the lump sum, each plaintiff agreed to settle any claims for medical or other benefits arising from the workplace injury at issue. *See id.* at 5–6.

Although the agreements calculated the settlement amount from each plaintiff's potential entitlement to permanent total disability benefits, not all Plaintiffs claimed they qualified for permanent total disability. For example, Mr. Leighton and Mr. Terry argued they were entitled to temporary partial disability while Mr. Taney and Mr. Wallace argued they were entitled to temporary total disability. *See* Leighton Stipulation, at 2; Schultz Decl. Ex. E, DELTA000338–44 ("Terry Stipulation"), at 2; Taney Stipulation, at

2; Schultz Decl. Ex. F, DELTA 000411–25 ("Wallace Stipulation"), at 5.[3] Of the named plaintiffs, only Mr. Orth argued that he was entitled to permanent total disability. Schultz Decl. Ex. D, DELTA 000262–71 ("Orth Stipulation"), at 2. Despite these differences, the parties calculated the lump-sum settlements using the same methodology. Each stipulation stated that the settlements "represent[] a compromise of the present-day value of the employee's potential entitlement to *permanent and total disability* benefits." *E.g.* Taney Stipulation, at 5 (emphasis added).

The settlement agreements were structured to "take[] into consideration" Plaintiffs' potential entitlement to disability benefits under the Social Security Act, which provides Social Security Disability Insurance ("SSDI") to qualified individuals. *See* 42 U.S.C. § 423(a). If an SSDI recipient also receives periodic benefits under a state workers' compensation regime, the recipient will have her SSDI payments reduced by the amount of workers' compensation she receives. *Id.* § 424a(a); 20 C.F.R. § 404.408(a), (c). This ensures that the federal government does not pay duplicative income replacement benefits. *See* S. Rep. No. 89-404, pt. 1, at 260–62 (1965) (explaining the purpose of SSDI benefit offsets).

When an SSDI beneficiary receives a lump-sum workers' compensation settlement, SSDI payments will still be reduced. 42 U.S.C. § 424a(b). The Social Security Administration ("SSA") will prorate the payment at a weekly rate to calculate the SSDI

[3] Some plaintiffs raised alternative arguments regarding their disabled status by stating that they "may become" permanently and totally disabled. *See* Terry Stipulation, at 3; Taney Stipulation, at 2; Wallace Stipulation, at 5.

reduction. 20 C.F.R. § 404.408(g). If the settlement agreement specifies a proration rate for the lump sum, the SSA will calculate the SSDI offset by that amount. *See* SSA, Program Operations Manual System (POMS), Disability Insurance (DI) § 52150.060.D.2.a. If the settlement is prorated over the claimant's lifetime, the weekly rate will be lower than if the settlement were only prorated to retirement and, therefore, the SSDI reduction will also be lower. *See id.* In this case, the parties considered potential SSDI offsets and structured the settlement agreements accordingly. *See, e.g.*, Leighton Stipulation, at 5 ("As part of this settlement the parties have further taken into consideration reductions described by 42 U.S.C. § 424 (a) and (b).").

Plaintiffs' Pension Reductions

Plaintiffs are participants in the Plan, which is governed by ERISA. *See* ERISA § 2(2)(A), 29 U.S.C. § 1002(2)(A). The Plan provides them with monthly retirement income, which is reduced by the amount of workers' compensation benefits, if any, they receive. *See* Schultz Decl. Ex. A ("NWA Plan") § 3.1.2. The Plan defines workers' compensation benefits as:

> [A]ny periodic benefits payable to a Participant:
>
> (i) as compensation for a personal injury (including any occupational disease) arising out of and in the course of employment for the Employer, and
>
> (ii) with respect to a period of time after the Participant has attained age sixty-five (65) years, and
>
> (iii) in accordance with a statute such as a workers' compensation or similar law . . . and
>
> (iv) as compensation for lost income or earnings (rather than as compensation for the loss of the function or use of a bodily member or other bodily function).

> The amount of the "Workers' Compensation Benefits" payable to the Participant shall be determined and redetermined from time to time to take into account the commencement, discontinuance, increase or decrease of such benefits.

Id. § 1.2.32. If a participant receives benefits that meet this definition while also receiving pension payments, the pension must be reduced by the amount of that benefit.

Delta notified each plaintiff that it was reducing his monthly benefit "to account for Workers' Compensation benefits paid to [him] due to loss of wages with respect to a period of time after age 65." Schultz Decl. Ex. B, at DELTA0100–01 ("Leighton Reduction Letter"). For example, according to Delta's Workers' Compensation Department, $52,000 of Leighton's lump sum settlement was "due to loss of wages and represented future Workers' Compensation benefits payable for a life expectancy of 19.19 years." *Id.* Delta then reduced Leighton's monthly pension by the amount specified in his workers' compensation settlement agreement. *Id.*

Administrative Proceedings

The Committee is a Plan fiduciary and oversees claim procedures. NWA Plan § 7.1. It has discretionary authority to interpret the plan and to make final benefit eligibility decisions. *Id.* § 7.7(b). Participants must exhaust an administrative review process before they can file a legal claim for an improper denial of benefits. *Id.* § 7.10.6.

Plaintiffs appealed their benefit reductions to the Committee and made two arguments. First, they argued that because the settlement was a lump sum paid before the participant turned 65, it was a non-periodic benefit discontinued before retirement. *See, e.g.*, Leighton Appeal Letter. Plaintiffs noted that, when calculating the offset, the Plan disregards benefits payable before they turned 65. *See, e.g.*, *id.* Alternatively, they argued

that under Minnesota workers' compensation law, any workers' compensation payment must cease at age 67. *See* Minn. Stat. § 176.101, subd. 4 (2017). The Plan incorporates state workers' compensation law into its definition of workers' compensation benefits, so Plaintiffs argued that the settlement cannot purport to provide benefits past age 67. *See, e.g.*, Leighton Appeal Letter.

On appeal, the Committee found that converting lump sum settlements into monthly benefit amounts, and reducing pensions accordingly, was appropriate under the Plan. Leighton Appeal Decision, at 3. After noting that converting lump sums into monthly amounts is recognized by the SSA, it found that the settlement was provided in lieu of payable benefits. *Id.* Therefore, by accepting the settlement, the participant agreed to forego any monthly workers' compensation benefit that he may be entitled to. *Id.* It also concluded that Minn. Stat. § 176.101 permits employers to make payments past age 67. *Id.* at 4. Because the settlement agreement calculated the sum "pursuant to §176.101, subd. 4," Delta had agreed to provide the payment after age 67. *Id.*

After exhausting administrative review, Plaintiffs now argue they are entitled to benefits due under ERISA § 502(a)(1)(B). They also seek equitable relief under ERISA § 502(a)(3) to stop Delta from reducing future payments. Defendants moved to dismiss, and alternatively, for summary judgment, arguing that discovery is unnecessary in this case because the administrative record is already before the Court. Defendants also seek dismissal of Plaintiffs' claim for equitable relief as duplicative of their claim for benefits.

DISCUSSION

I. ERISA Claim for Benefits Due

When an ERISA plan grants its administrator discretion to make benefits eligibility decisions and interpret the terms of the plan, a district court must review those decisions for abuse of discretion. *Firestone Tire & Rubber Co. v. Bruch*, 489 U.S. 101, 115 (1989). An administrator's interpretation of controlling legal principles is reviewed de novo. *Riley v. Sun Life & Health Ins. Co.*, 657 F.3d 739, 741 (8th Cir. 2011). Plaintiffs argue that because the eligibility determination here relied on an interpretation of a legal document not included in the plan—the settlement agreement—the Committee's review of the agreement should be subject to de novo review.[4] However, a de novo standard applies only to an ERISA administrator's interpretation of law. *See id.* Because the Committee's decision did not rely upon an interpretation of law, the Court will review its decisions for abuse of discretion. *See, e.g.*, Leighton Appeal Decision, at 3.

On abuse of discretion review, if an ERISA fiduciary has reasonably interpreted the plan, a court should not replace that interpretation with its own. *King v. Hartford Life & Accident Ins. Co.*, 414 F.3d 994, 999 (8th Cir. 2005) (en banc). The administrator's decision should be upheld if it was supported by "substantial evidence" at the time of the decision and the court should not consider new evidence or post hoc rationales. *Id.*

[4] Plaintiffs cite a First Circuit case for the proposition that plan administrator interpretations of materials outside the plan are subject to de novo review. *See Hannington v. Sun Life & Health Ins. Co.*, 711 F.3d 226, 230–31 (1st Cir. 2013). However, the court later clarified that *Hannington* does not stand for this broad principle because it only applied a de novo standard to an interpretation of a statute. *Niebauer v. Crane & Co., Inc.*, 783 F.3d 914, 924 (1st Cir. 2015).

Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to support" the administrator's conclusion. *Id.* The administrator's decision "must be supported by both a reasonable interpretation of the plan and substantial evidence in the materials considered by the administrator." *Id.* at 1000.

Review by the district court is generally "limited to evidence that was before the administrator." *Jones v. ReliaStar Life Ins. Co.*, 615 F.3d 941, 945 (8th Cir. 2010). On this motion, the Court will review the arguments contained in the Committee's final decision letters and the supporting evidence in the administrative record. *See King*, 414 F.3d at 999. When reaching its decisions, the Committee considered five pieces of evidence: Delta's letters notifying Plaintiffs of the reduction, Plaintiffs' appeal letters, Plaintiffs' letters to the Committee, email correspondence from a Delta manager considering Plaintiffs' appeals, and the settlement agreement reached in the underlying workers' compensation cases. *See, e.g.*, Leighton Appeal Decision, at 1.

A. *Finley* Factor Analysis

The Eighth Circuit assesses five factors when deciding whether an ERISA administrator interpreted a plan reasonably: (1) whether the interpretation was consistent with the goals of the plan, (2) whether the interpretation renders any language of the Plan meaningless or internally inconsistent, (3) whether the interpretation conflicts with the substantive and procedural requirements of ERISA, (4) whether the words at issue were interpreted consistently, and (5) whether the interpretation is contrary to the clear language of the plan. *Finley v. Special Agents Mut. Benefit Ass'n, Inc.*, 957 F.2d 617, 621

(8th Cir. 1992). These factors are not dispositive but inform an abuse of discretion analysis in the ERISA context. *King*, 414 F.3d at 999.

1. Consistency with the Goals of the Plan

One goal of the plan is to ensure that a participant does not unfairly receive multiple forms of income replacement in retirement. *See* NWA Plan § 3.1.2. To achieve this goal, the plan reduces pension payments by the amount of any workers' compensation a beneficiary receives because both are forms of income replacement. Although workers' compensation is typically a pre-retirement wage-replacement benefit, it is possible that a beneficiary could receive both workers' compensation and a pension at the same time. For example, although Delta's normal retirement age is 65, current Minnesota law mandates that workers' compensation payments cease at age 72. *See* Minn. Stat. § 176.101, subd. 4 (2019); NWA Plan § 1.2.18. The Plan's offset provision ensures that a beneficiary does not receive workers' compensation in addition to a pension between ages 65 and 72.

The Committee argues that because the lump sums "represent" a monthly payment for the rest of each Plaintiff's life, they are equivalent to retirement income. *See, e.g.*, Leighton Stipulation, at 5. For example, in Mr. Leighton's settlement agreement, his lump sum of $52,000 "represents" an amount of $225.81 per month for the rest of his life. *Id.* The Committee determined that it should deduct $225.81 per month to avoid Mr. Leighton receiving both his pension and that additional income each month. Leighton Decision Letter, at 3. The Committee performed a similar reduction for all Plaintiffs.

One problem with this reasoning is that Plaintiffs agreed to a single payment, not an income stream that would supplement their pension. In other words, Plaintiffs are not receiving a monthly workers' compensation entitlement in addition to their monthly pension. In fact, Plaintiffs' entitlement to workers' compensation was never determined because the parties settled without stipulating to liability. *See, e.g.*, Leighton Stipulation, at 3–7. The stipulations prevent a finding of liability because Plaintiffs agreed to settle all claims for Minnesota workers' compensation benefits. *See, e.g., id.* at 6–7.

Furthermore, the settlement calculations here do not reflect the type of workers' compensation entitlement claimed by each plaintiff. For example, although Mr. Leighton only claimed to be entitled to "temporary partial disability," the stipulation calculated his settlement based on his potential entitlement to "permanent total disability." Leighton Stipulation, at 2, 5. Had the calculation reflected his claim, it would have calculated the payments based on his potential entitlement to temporary partial disability. This mismatch between the payment calculation and the underlying claim suggests that the calculation was made for some purpose other than to create a periodic workers' compensation entitlement.

To fully understand the stipulation, the Court must look to the context of the entire agreement, which notes that it took "into consideration reductions described by 42 U.S.C. § 424 (a) and (b)," a statute that governs SSDI offsets. Leighton Stipulation, at 5. SSDI provides income replacement until a person reaches retirement age, but those benefits must be reduced by the amount of any workers' compensation award. *See* 42 U.S.C. §§ 423(a)(1)(B), 424a. If a beneficiary receives a workers' compensation award in the

form of a lump-sum settlement, his SSDI benefit is reduced by the prorated amount described in the settlement agreement. *See* SSA, POMS, DI § 52150.065.

The settlement agreements in this case considered these SSDI offsets and described a proration rate for the lump sums over Plaintiffs' lifetimes to maximize potential SSDI benefits. *See, e.g.*, Leighton Stipulation, at 5. If the calculation had only prorated Mr. Leighton's award to retirement age, his monthly income would have been higher and his SSDI income would have been reduced by that higher amount. By calculating a periodic payment rate over his lifetime, the stipulation took "into consideration" SSDI offsets by creating a lower offset amount under 42 U.S.C. § 424a. *See id.*

The language used in the stipulations, which mirrors the language used by the SSA, confirms that the parties were structuring the settlements with SSDI in mind. The SSA's operations manual states that a lump sum award "is a final settlement, award, *compromise* and release, or other approved agreement that *represents*" a workers' compensation payment. SSA, POMS, DI § 52150.060.A (emphasis added).[5] Similarly, the stipulations state that each lump sum "represents a compromise" of a potential entitlement to workers' compensation *See, e.g.*, Leighton Stipulation, at 5.

In short, the stipulations made a monthly calculation to account for SSDI payment offsets and to maximize Plaintiffs' pre-retirement SSDI income. They did not unfairly

[5] The SSA's Program Operations Manual System ("POMS") "is a primary source of information used by Social Security employees to process claims for Social Security benefits." SSA, Public Policy Home, POMS Home, https://secure.ssa.gov/apps10/poms.nsf/Home?readform (last visited Feb. 14, 2020).

supplement Plaintiffs' monthly pensions. Therefore, the Committee's decision to deduct the "represented" monthly payment did not support the plan's goal of preventing duplicative retirement income. Instead, it reduced Plaintiffs' pensions by an amount calculated to accommodate SSDI benefits. This factor weighs in favor of Plaintiffs.

2. Renders Plan Language Meaningless or Internally Inconsistent

The Committee's interpretation of the Plan renders the term "periodic" meaningless. The Plan defines workers' compensation benefits as "any periodic benefit payable." NWA Plan § 1.2.32. The Committee argues that because the one-time lump-sum payment settles a claim for a periodic benefit, that one-time payment is also periodic. Under this reading, any settlement for a workers' compensation claim would be periodic, making the phrase "periodic benefits payable" identical to "benefits payable" and rendering the word "periodic" meaningless. This factor weighs in favor of Plaintiffs.

3. Conflicts with the Requirements of ERISA

Nothing in the Committee's interpretation appears to conflict with the substantive or procedural requirements of ERISA. The statute allows employers to determine what, if any, pension benefits they offer and to offset pension amounts by other income streams. *See Alessi v. Raybestos-Manhattan, Inc.*, 451 U.S. 504, 514 (1981) (holding that a New Jersey law prohibiting employers from offsetting pensions by workers' compensation benefits was preempted by ERISA). An offset is valid under ERISA if it is authorized by the Plan. *See Leonard v. Sw. Bell Corp. Disability Income Plan*, 341 F.3d 696, 699 (8th Cir. 2003). Therefore, this factor weighs in favor of Defendants.

4. Consistent Interpretation of the Plan Language

Based on the administrative record, the Committee and Delta appear to have consistently interpreted the Plan language to require an offset for lump-sum workers' compensation settlement payments. A Delta manager's email, considered by the Committee, states that "[i]t has long been established that 'periodic benefits' also apply to [l]ump sum settlements which are intended to reimburse an individual into the future." Schultz Decl. Ex. B, at DELTA000111–13. The Committee echoed this conclusion: "The Committee confirmed that the Plan . . . offsets such amount against the participant's pension benefit." Leighton Appeal Decision, at 2. Based on these statements, it appears that the Committee interpreted the offset provision consistently. This factor weighs in favor of Defendants.

5. Contrary to the Clear Language of the Plan

The Committee's interpretation violates the clear language of the plan by concluding that a settlement payment is the same as a payable workers' compensation benefit. The Committee defined payable as something "that may, can, or must be paid," and argued that because Delta paid the settlement, the underlying workers' compensation benefit was something that "can" be paid. *See, e.g.*, Leighton Appeal Decision, at 3. Despite this assertion, a payment made to settle a legal claim is not the same relief as the payment Delta would have owed had Plaintiffs ultimately succeeded in their workers' compensation actions. Because Delta challenged Plaintiffs' workers' compensation claims and the parties stipulated to the dismissal of those claims, the underlying benefit was never "payable." The Committee did not explain why a payment made to dismiss a

claim for a legal benefit is identical to the underlying legal benefit itself. The fact that a compromise amount "represents" a potential entitlement does not mean that the actual entitlement was ever owed, or payable, to Plaintiffs.

Furthermore, nothing in the Plan contemplates workers' compensation settlements and nothing in the stipulations contemplates the pension plan. This mutual silence suggests that nothing in the clear language of either document supported the Committee's conclusion.[6] Therefore, this factor weighs in favor of Plaintiffs.

B. Conflict of Interest

In addition to the *Finley* factors, the presence of a conflict of interest is a factor the Court must consider in cases where the employer "both funds the plan and evaluates the claims." *Metro. Life Ins. Co. v. Glenn*, 554 U.S. 105, 112 (2008). Although there is not "a precise standard" for weighing a conflict, the Supreme Court has provided some examples. *Id.* at 119. For instance, a conflict may rise to the level of an abuse of discretion where an insurer has a history of biased claims administration, has taken

[6] In their reply brief, Defendants cited several cases in which courts concluded that a Plan permitted a pension offset for lump-sum settlements. The Court's conclusion here is based solely on the Plan language in this case, which is unlike the language in other cases: the plans in the cases cited by Defendants expressly permitted such an offset. *See, e.g.*, *Carden v. Aetna Life Ins. Co.*, 559 F.3d 256, 262 (4th Cir. 2009) (describing plan language that discusses "Lump Sum Payments From Workers' Compensation"); *Trujillo v. Cyprus Amax Minerals Co. Ret. Plan Comm.*, 203 F.3d 733, 736–37 (10th Cir. 2000) (discussing plan language that states "[i]n the case of lump sum settlements under worker's compensation, the lump sum shall be divided by the weekly payment to which he was entitled under worker's compensation"); *Barboza v. Cal. Ass'n of Prof'l Firefighters*, 594 F. App'x 903, 906 (9th Cir. 2014) (noting that the plan entitled the administrator to offset benefits "regardless of their characterization"); *Brantley v. Pepsi Bottling Grp., Inc.*, 718 F. Supp. 2d 903, 908 (E.D. Tenn. 2010) (quoting plan language that states: "Participant's other income benefits [to be offset] shall include . . . Workers' Compensation and other similar disability payments required by law including without limitation . . . compromise and release settlements.").

inconsistent positions on a claim, or only emphasizes financially advantageous facts when evaluating a claim. *Id.* at 117–18; *see also Chronister v. Unum Life Ins. Co. of Am.*, 563 F.3d 773, 776 (8th Cir. 2009). By contrast, if the claims administrator has taken steps to reduce bias, the mere existence of a conflict does not indicate an abuse of discretion. *Glenn*, 554 U.S. at 117.

In this case, Delta funds the Plan and the Committee evaluates claims. *See* NWA Plan §§ 7.1, 7.7. Based on the administrative record, it is unclear whether the Committee operates as a distinct entity from Delta. The Committee relied on analysis from a Delta manager when it evaluated Plaintiffs' claims, but as discussed above, it was required to do so by the Plan. *See, e.g.*, Leighton Appeal Decision, at 1. On the record before the Court, there is not enough evidence to suggest that a potential conflict of interest affected the Committee's decision. *See Farley v. Ark. Blue Cross & Blue Shield*, 147 F.3d 774, 776 n.4 (8th Cir. 1998) ("A palpable conflict of interest or serious procedural irregularity will ordinarily be apparent on the face of the administrative record or will be stipulated to by the parties."). Therefore, this factor is neutral.

C. Conclusion on Abuse of Discretion Review

Based on the record before the Court, the Court concludes that the Committee did not reasonably interpret the plan and denies Defendants' motion with respect to the ERISA § 502(a)(1)(B) denial of benefits claim. *See King*, 414 F.3d at 1000. Because the Court finds that Plaintiffs have stated a claim for an abuse of discretion based on the Committee's interpretation of the Plan, the Court need not review Plaintiffs' alternative theory that Defendants misinterpreted state workers' compensation law.

II. ERISA Claim for Equitable Relief

Defendants argue that Plaintiffs' ERISA § 502(a)(3) claim for equitable relief should be dismissed because it is duplicative of their claim for benefits. As ERISA's catch-all provision for civil enforcement, § 502(a)(3) permits actions against fiduciaries who breach their fiduciary duties. *Varity Corp. v. Howe*, 516 U.S. 489, 514–15 (1996).[7] Although Plaintiffs may not ultimately obtain duplicate recoveries under both § 502(a)(1)(B) and (a)(3), they can plead alternate theories of liability under both provisions. *See Jones v. Aetna Life Ins. Co.*, 856 F.3d 541, 546–47 (8th Cir. 2017). Breach of fiduciary duty and wrongful denial of benefits are distinct causes of action so a plaintiff may pursue both under ERISA. *Id.* at 547.[8]

To state a claim for a breach of fiduciary duty, Plaintiffs must plead facts to establish a plausible breach. *See Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007)). ERISA § 404(a)(1) requires plan fiduciaries to act "solely in the interest of the participants and beneficiaries" when administering the plan. 29 U.S.C. § 1104(a)(1). This is an objective standard that

[7] 29 U.S.C. § 1132(a)(2) permits claims for breaches of fiduciary duties, but only allows recovery by the plan itself. *Mass. Mut. Life Ins. Co. v. Russell*, 473 U.S. 134, 144 (1985). By contrast, § 1132(a)(3) allows individuals to recover for fiduciary breaches. *Varity Corp.*, 516 U.S. at 515.

[8] Defendants cite a more recent case that rejected a claim for equitable relief as duplicative of a claim for benefits. *See Sepulveda-Rodriguez v. MetLife Grp., Inc.*, 936 F.3d 723, 731 (8th Cir. 2019). In *Sepulveda-Rodriguez*, the court upheld a benefit denial decision and rejected plaintiff's (a)(3) claim for breach of fiduciary duty. Defendants argue that the court in that case rejected the (a)(3) claim because the remedy was also available under (a)(1)(B). However, Defendants' reading of *Sepulveda-Rodriguez* would render it inconsistent with *Jones v. Aetna*, 856 F.3d at 541. To the extent, if any, that *Sepulveda-Rodriguez* is inconsistent with *Jones*, the court must follow *Jones*, the earlier precedent. *See Mader v. United States*, 654 F.3d 794, 800 (8th Cir. 2011) (en banc).

"focuses on the fiduciary's conduct preceding the challenged decision." *Braden v. Wal-Mart Stores, Inc.*, 588 F.3d 585, 595 (8th Cir. 2009). Although a plaintiff does not need to plead "specific facts explaining precisely how the defendant's conduct was unlawful" to survive a motion to dismiss, the complaint must at least allow the court to reasonably infer that the plaintiff is entitled to relief. *Id.* (internal quotations omitted).

Here, Plaintiffs allege that the Committee denied their claims because it consulted with the Workers' Compensation Department, a party alleged to have an interest adverse to participants. Compl. ¶¶ 40, 153–54. This allegation fails to state a claim for breach of fiduciary duty because the Plan and federal regulations require the Committee to apply the plan provisions consistently to similarly situated claimants. *See* NWA Plan § 7.10.1; 29 C.F.R. § 2560.503-1(b)(5). In order to fulfill that obligation, the Committee had to communicate with the department that offsets employee pensions to learn about its past practices. The Committee also had a fiduciary obligation to follow these Plan requirements. *See* ERISA § 404(a)(1)(D). While it is theoretically possible that the Committee made its decision for the purpose of putting Delta's financial interests over the interests of the beneficiaries, Plaintiffs failed to plead facts that support such an inference. Therefore, Plaintiffs failed to state a claim for breach of fiduciary duty.

CONCLUSION

The Court grants in part and denies in part Defendants' motion to dismiss. The Court also concludes that Defendants are not entitled to summary judgment at this time

and denies the motion without prejudice. Based on the files, records, and proceedings herein, and for the reasons stated above, IT IS ORDERED THAT:

1. Defendants' Motion to Dismiss, or in the Alternative, Motion for Summary Judgment [ECF No. 7] is GRANTED IN PART and DENIED IN PART.

2. Count 2 is DISMISSED WITH PREJUDICE.

Dated: February 18, 2020

s/ Joan N. Ericksen
JOAN N. ERICKSEN
United States District Judge