UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

Matthew J. Dayak, Jeffrey S. Jacobs and Thomas Dore, individually and on behalf of all others similarly situated v. Reyes Holdings, LLC, the Board of Directors of Reyes Holdings, LLC, and Reyes Holdings, LLC Employee Benefits Committee

Dayak · No. No. 22-cv-02974 · Decided March 31, 2026

SUMMARY

The United States District Court for the Northern District of Illinois denied Defendants’ Rule 12(b)(6) motion to dismiss a putative ERISA class action concerning alleged excessive recordkeeping fees and underperforming target-date funds in the Reyes Holdings 401(k) Thrift Plan. The court held that Plaintiffs plausibly alleged breaches of the fiduciary duty of prudence and the duty to monitor fiduciaries.

CASE DETAILS

COURT	United States District Court for the Northern District of Illinois, Eastern Division
WRITING FOR THE COURT	John F. Kness
JURISDICTION	United States District Court for the Northern District of Illinois, Eastern Division
DECIDED	March 31, 2026
DOCKET	No. 22-cv-02974
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss Plaintiffs' first amended putative class action complaint alleging ERISA fiduciary-duty violations.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences in the plaintiffs' favor, disregards mere legal conclusions, and asks whether the complaint states a plausible claim for relief.
PRECEDENTIAL VALUE	Nonprecedential district-court opinion

TOPICS

erisa · employee benefits · class actions · motions to dismiss · employment law

PRACTICE AREAS

ERISA · employee benefits · fiduciary duty · civil procedure

QUESTIONS PRESENTED

1. Whether the complaint plausibly alleged that the Committee breached ERISA's duty of prudence through excessive recordkeeping and administrative fees.
2. Whether the complaint plausibly alleged that the Committee breached the duty of prudence by selecting and retaining underperforming target-date funds.
3. Whether the complaint plausibly alleged that Reyes and the Board breached their fiduciary duty to monitor the Committee.
4. Whether the alleged miscalculations, comparator-plan allegations, failure to conduct a request for proposal, and target-date-fund allegations required dismissal under Rule 12(b)(6).

HOLDINGS

1. A complaint plausibly alleges an ERISA breach-of-prudence claim based on excessive recordkeeping fees when it alleges facts indicating that the plan paid materially higher fees than reasonably comparable plans, even if the plaintiffs' initial fee calculations may be imperfect because of limited publicly available information.
2. An allegation that plan fiduciaries failed to conduct a request for proposal can support an ERISA imprudence claim when combined with allegations that the plan paid excessive recordkeeping fees and possessed substantial bargaining power, even though ERISA does not categorically require fiduciaries to solicit quotes or competitive bids at regular intervals.
3. The complaint plausibly alleged a breach of the duty of prudence based on the selection and retention of underperforming target-date funds.
4. Because the complaint plausibly stated the underlying duty-of-prudence claim, the defendants' argument that the duty-to-monitor claim failed merely because it was derivative of Count I did not warrant dismissal of Count II.

KEY QUOTATIONS

> *"Each complaint "must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.' "" *(Section II)

> *"These allegations provide enough context to suggest plausibly that the comparator plans provide an appropriate benchmark for the Plan's recordkeeping fees."* (Section III.A.1(b))

> *"These allegations, although thin, are enough to meet the plausibility standard at the pleading stage."* (Section III.A.2)

FACTUAL BACKGROUND

The plaintiffs participated in the Reyes Holdings 401(k) Thrift Plan, a defined-contribution plan with approximately $645 million to $1.4 billion in assets and between 15,779 and 24,254 participants during the alleged class period. They alleged that the plan's fiduciaries permitted excessive recordkeeping and administrative fees, including fees paid through revenue sharing, and retained target-date funds that underperformed comparable commercial funds and allegedly failed to adjust their risk-return profiles appropriately. The complaint also alleged that Reyes and its Board failed to monitor the Committee's performance and investment-evaluation processes.

PROCEDURAL HISTORY

Plaintiffs filed a first amended complaint on behalf of the Reyes Holdings 401(k) Thrift Plan, themselves, and similarly situated participants. They alleged that the Committee breached the duty of prudence by permitting excessive recordkeeping fees and selecting underperforming target-date funds, and that Reyes and its Board breached a duty to monitor the Committee. Defendants moved to dismiss for failure to state a claim. The court denied the motion in its entirety.

DISPOSITION

other

CASES CITED

- Hallinan v. Fraternal Order of Police of Chicago Lodge No. 7, 570 F.3d 811, 820 (7th Cir. 2009)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Kaminski v. Elite Staffing, Inc., 23 F.4th 774, 777 (7th Cir. 2022)
- Thomas v. JBS Green Bay, Inc., 120 F.4th 1335, 1336, 1338 (7th Cir. 2024)
- Albert v. Oshkosh Corp., 47 F.4th 570, 577, 579-80 (7th Cir. 2022)
- Fifth Third Bancorp v. Dudenhoeffer, 573 U.S. 409, 425 (2014)
- Coyer v. Univar Solutions USA Inc., No. 22 CV 0362, 2022 WL 4534791, at *3-4 (N.D. Ill. Sept. 28, 2022)
- Allen v. GreatBanc Trust Co., 835 F.3d 670, 678 (7th Cir. 2016)
- Hughes v. Northwestern University, 595 U.S. 170, 177 (2022)
- Hughes v. Northwestern University, 63 F.4th 615, 626-27, 632 (7th Cir. 2023)
- Pinnell v. Teva Pharmaceuticals USA, Inc., No. 19-5738, 2020 WL 1531870, at *6 (E.D. Pa. Mar. 31, 2020)
- Baumeister v. Exelon Corp., No. 21-cv-6505, 2022 WL 4477916, at *2 (N.D. Ill. Sept. 22, 2022)
- Smith v. CommonSpirit Health, 37 F.4th 1160, 1169 (6th Cir. 2022)
- Matousek v. MidAmerican Energy Co., 51 F.4th 274, 280 (8th Cir. 2022)
- Mazza v. Pactiv Evergreen Services Inc., No. 22 C 5052, 2023 WL 3558156, at *3-4 (N.D. Ill. May 18, 2023)
- Mateya v. Cook Group Inc., No. 22-cv-1271, 2023 WL 4608536, at *7 (S.D. Ind. June 16, 2023)
- Probst v. Eli Lilly & Co., No. 22-cv-01106, 2023 WL 1782611, at *7-12 (S.D. Ind. Feb. 3, 2023)