NONPRECEDENTIAL DISPOSITION
To be cited only in accordance with FED. R. APP. P. 32.1

United States Court of Appeals

For the Seventh Circuit
Chicago, Illinois 60604

Submitted August 25, 2026*
Decided August 26, 2026

Before

AMY J. ST. EVE, *Circuit Judge*

CANDACE JACKSON-AKIWUMI, *Circuit Judge*

JOHN Z. LEE, *Circuit Judge*

No. 25-3137

CONDRA L. SMITH,
Plaintiff-Appellant,

v.

CITIZENS TELECOM SERVICES COMPANY LLC,
Defendant-Appellee.

Appeal from the United States District Court for the Northern District of Indiana, Fort Wayne Division.

No. 1:19 CV 425

James T. Moody,
Judge.

O R D E R

Condra Smith's attorney reached a settlement agreement with Smith's former employer, Citizens Telecom Services, after Smith sued for discrimination, harassment, and retaliation in violation of Title VII of the Civil Rights Act of 1964. 42 U.S.C.

* We have agreed to decide the case without oral argument because the briefs and record adequately present the facts and legal arguments, and oral argument would not significantly aid the court. FED. R. APP. P. 34(a)(2)(C).

§ 2000e-2. But Smith then asked the district court not to enforce the agreement, asserting that she never authorized her attorney to make the offer. The court determined the agreement was enforceable because Smith's attorney had apparent authority to negotiate on Smith's behalf. We agree and affirm.

On February 23, 2024, the parties participated in an unsuccessful court-ordered settlement conference. Smith appeared along with her then-counsel, Sarah Guffey. A representative from Citizens Telecom appeared with attorney Peter Tschanz. Guffey acted as Smith's sole negotiator during the conference. By the end of the conference, the parties had not reached an agreement.

On March 26, 2024, Guffey and Tschanz agreed over email to settle the lawsuit for $102,000. Guffey wrote, "As we discussed over the phone, my client has authorized me to extend her $102,000.00 offer again to resolve the matter." And Tschanz responded, "My client will agree to resolve the case for $102,000.00." The parties continued to negotiate other details, like a neutral-reference provision. A few weeks later, the parties notified the court of the agreement, and the court scheduled a hearing. At the hearing, Smith notified the court that she did not consent to the agreement. Tschanz told the court that this was the first he had heard about Smith and Guffey's disagreement, believing the parties had entered into a binding settlement agreement.

After the hearing, Citizens Telecom moved to enforce the agreement, and the district court granted the motion. It decided that regardless of whether Smith actually authorized Guffey to settle the case, Guffey had the apparent authority to do so. Smith moved for relief from the judgment, and the court referred the case to a magistrate judge for an evidentiary hearing. After a contested hearing, the magistrate judge recommended denying Smith's motion, determining that Smith's counsel had actual authority to bind Smith to the negotiated settlement agreement. The district court adopted the magistrate judge's recommendation to enforce the agreement, but it instead relied on Guffey's apparent authority. The court also overruled as moot Smith's objections to the magistrate judge's report and recommendation because the objections related to the magistrate judge's conclusions about actual authority and so were irrelevant to the finding of apparent authority.

Smith appeals. We review a district court's decision to enforce a settlement agreement for abuse of discretion and apply the relevant state's contract law. *Magallanes v. Ill. Bell Tel. Co.*, 535 F.3d 582, 584 (7th Cir. 2008). Indiana recognizes two main types of authority that allow an agent to bind a principal: actual authority and apparent authority.[†] *Gallant Ins. Co. v. Isaac*, 751 N.E.2d 672, 675 (Ind. 2001). Actual authority exists when the agent reasonably believes that she is acting on the principal's behalf based on the principal's words or actions. *Id.* Apparent authority exists when a third party reasonably believes, based on the principal's direct or indirect manifestations, that the principal has authorized the agent to act. *Id.*

Smith argues that the district court erred by relying exclusively on apparent authority. She maintains that Guffey could not bind her to the settlement agreement absent actual authority. But that argument misunderstands the law. Apparent authority alone is enough for an agent to bind a principal to an agreement. *See id.* at 678.

Smith also argues that Guffey's own statements did not give her apparent authority to act on Smith's behalf. Smith is correct that apparent authority depends on the principal's manifestations alone, not the agent's. *See id.* at 675. The key question then is whether Smith made the "necessary manifestation" to "instill a reasonable belief in the mind of" Tschanz that Guffey had authority to enter into the settlement agreement. *Id.* at 677. The necessary manifestation need not be direct communication but can arise from the principal placing the agent in a position to act on her behalf. *Id.*; *Malone v. Basey*, 770 N.E.2d 846, 852 (Ind. Ct. App. 2002). And the manifestation may come from "past acts performed which could reasonably lead the third party to believe the agent is clothed with the apparent authority to bind." *Malone*, 770 N.E.2d at 852. Here, Smith had placed Guffey in the position of sole negotiator at the parties' settlement conference. So Tschanz could reasonably believe, based on Smith's past representations, that Guffey was still acting on Smith's behalf when Guffey made the settlement offer over email. *See Scott v. Randle*, 697 N.E.2d 60, 67 (Ind. Ct. App. 1998) ("[W]hen a party places an agent in the position of sole negotiator on his behalf, it may be reasonable for the third person to believe that the agent possesses authority to act for the principal."). Indeed, Tschanz had no reason to believe otherwise.

Smith also seems to suggest that even if Guffey had apparent authority at some point, that authority was destroyed at the hearing when Tschanz learned that Smith did not consent to the agreement. At the hearing, Tschanz told the court that he was learning for the first time that Smith did not consent to the agreement. And according to Smith, the agreement had not yet been finalized before the hearing. If Smith were

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[†] Indiana also recognizes inherent authority where the agent is a person with a particular status, such as the president of a corporation. *See Menard, Inc. v. Dage-MTI, Inc.*, 726 N.E.2d 1206, 1211–12 (Ind. 2000). But that is not at issue here.

correct about the timing, then Tschanz could no longer have reasonably believed that Guffey was acting on Smith's behalf, and therefore Guffey would not have apparent authority to enter into the agreement. *See Gallant*, 751 N.E.2d at 675. But Smith is mistaken about the timing. The record shows that the settlement agreement was finalized before the hearing, when Tschanz accepted Guffey's offer over email. *See, e.g.*, *Wallem v. CLS Indus., Inc.*, 725 N.E.2d 880, 883 (Ind. Ct. App. 2000) (citing *Rosi v. Bus. Furniture Corp.*, 615 N.E.2d 431, 435 (Ind. 1993)) ("It is fundamental that a contract is formed by the exchange of an offer and acceptance between contracting parties.")

Smith also generally challenges the denials of her motions to compel discovery of certain emails between Guffey and Tschanz and to impose sanctions against the attorneys for their conduct in reaching a settlement. According to Citizens Telecom, we lack jurisdiction to review these challenges because they concern non-final orders issued by a magistrate judge and the district judge did not make a reviewable decision on those matters. *See Egan v. Freedom Bank*, 659 F.3d 639, 644 (7th Cir. 2011). We see no jurisdictional problem. Smith challenged these decisions in her objections to the magistrate judge's report and recommendation, and the district judge reviewed those objections and overruled them.

We also see no error on the merits. We review discovery rulings and sanctions decisions for abuse of discretion. *Wolf v. Riverport Ins. Co.*, 132 F.4th 515, 522 (7th Cir. 2025) (discovery); *Vega v. Chi. Bd. of Ed.*, 109 F.4th 948, 954 (7th Cir. 2024) (sanctions). The district judge reasonably concluded that Smith's requested discovery did not bear on its apparent-authority analysis. And the court did not abuse its discretion by declining to impose sanctions for the attorneys' actions in reaching the settlement.

AFFIRMED