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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

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OM FINANCIAL LIFE INSURANCE  
COMPANY,

NO. CIV. 2:09-1989 WBS EFB

Plaintiff,

v.

MEMORANDUM AND ORDER RE:  
MOTION FOR ORDER OF DISCHARGE  
AND AWARD OF COSTS AND  
ATTORNEYS' FEES

MICHAEL W. HELTON, an  
individual, CASEY OZUNA, an  
individual, DEANNA OZUNA, an  
individual, CHRISTINA OZUNA,  
an individual, and DOES 1-10,

Defendants.

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This is an interpleader action involving a dispute over \$150,000.00 in death benefits from a life insurance policy ("Policy") administered by plaintiff OM Financial Life Insurance Company. Plaintiff filed this action in response to actual or potential competing claims to entitlement from defendants. Plaintiff now moves (1) to discharge plaintiff from further liability under the Policy to defendants and to dismiss plaintiff from this action with prejudice; (2) to permanently enjoin

1 defendants from instituting or prosecuting any proceeding against  
2 plaintiff in state or federal court relating to the Policy  
3 benefits or Policy; (3) to award plaintiff attorneys' fees and  
4 costs from the Policy benefits deposited with the court; and (4)  
5 for defendants to bear their own attorneys' fees and costs.

6 I. Factual and Procedural Background

7 In December of 2003, plaintiff's predecessor<sup>1</sup> issued  
8 life insurance policy number L0038577 to Catherine M. Helton  
9 ("insured" or "decedent"). (Compl. ¶ 12, Ex. A, at 3.)  
10 Defendant Michael W. Helton ("Helton"), who was allegedly the  
11 insured's husband at the time, was named as the primary  
12 beneficiary of the Policy. (Id. ¶¶ 13, 16, Ex. B.) On or about  
13 December 4, 2008, plaintiff received a Request for Service, dated  
14 December 3, 2008, from the insured to change her primary  
15 beneficiaries to defendants Casey Ozuna, Deanna Ozuna, and  
16 Christina Ozuna ("Ozuna children"), who are allegedly the  
17 insured's children. (Id. ¶ 14.)

18 On or about January 2, 2009, plaintiff received a  
19 letter from Helton indicating the insured had died on December  
20 10, 2008, and providing a copy of the Death Certificate. (Id. ¶  
21 14.) Helton informed plaintiff that he believed Tony Ozuna, the  
22 insured's former husband, had caused the Death Certificate to  
23 falsely indicate that the decedent was divorced. (Id. ¶ 16.)  
24 According to Helton, the divorce proceedings were still pending  
25 at the time of death. (Id. ¶ 16.) Helton's counsel informed  
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27 <sup>1</sup> Prior to January 1, 2007, OM Financial Life Insurance  
28 Company was known as Fidelity and Guaranty Life Insurance  
Company. (Compl. ¶ 1.)

1 plaintiff that the insured had filed for divorce on November 8,  
2 2008, and under California law she was prohibited from changing  
3 her beneficiary designation at that time. (Id. ¶ 17.) Helton's  
4 counsel claimed entitlement to the benefits of the Policy for  
5 Helton and requested that plaintiff refrain from making any  
6 payment. (Id. ¶ 17.) Plaintiff's counsel has also spoken with  
7 the Ozuna children on "numerous occasions" and they confirmed  
8 that they claim entitlement to the benefits under the Policy.  
9 (Jain Decl. (Docket No. 17) ¶ 5.)

10 Plaintiff claims no interest in the Policy benefits and  
11 is willing to pay the Policy benefits to the person or persons  
12 legally entitled to them; plaintiff has not paid the Policy  
13 benefits because of the risks in determining itself which actual  
14 or potential competing claims are valid. (Compl. ¶ 21.)  
15 Plaintiff alleges that no out-of-court resolution of the  
16 competing claims is possible and no independent agreement has  
17 been reached by defendants. (Id. ¶¶ 18-19.)

18 To avoid multiple liability or multiple litigation,  
19 plaintiff filed its Complaint for Interpleader and Declaratory  
20 Relief on July 17, 2009, and deposited the \$150,000.00 in Policy  
21 benefits, totaling \$152,833.76 with accrued interest, with the  
22 court. (Id. ¶ 23; Pl.'s Mem. (Docket No. 17) 4:23-24.)

## 23 II. Discussion

24 An interpleader action allows the stakeholder of money  
25 to sue various claimants to force them to litigate who is  
26 entitled to the money. Cripps v. Life Ins. Co. of N. Am., 980  
27 F.2d 1261, 1265 (9th Cir. 1992). Interpleader's primary purpose  
28 is to protect the stakeholder from multiple liability and the

1 expense of multiple litigation, not to compensate the  
2 stakeholder. See Aetna Life Ins. Co. v. Bayona, 223 F.3d 1030,  
3 1034 (9th Cir. 2000) (explaining that interpleader is governed by  
4 equitable principles).

5           Procedurally, an interpleader action consists of two  
6 stages: First, the court determines whether the requirements for  
7 "rule interpleader" under Federal Rule of Civil Procedure 22 or  
8 "statutory interpleader" under the Federal Interpleader Act, 28  
9 U.S.C. §§ 1335, 1397, 2361, have been met. Second, the court  
10 determines the respective rights of the adverse claimants. See  
11 Mack v. Kuckenmeister, Nos. 09-15290, 09-15291, 2010 WL 2853881,  
12 at \*9 (9th Cir. July 22, 2010) (citing Rhoades v. Casey, 196 F.3d  
13 592 (5th Cir. 1999)).

14           Rule interpleader provides that "[p]ersons with claims  
15 that may expose a plaintiff to double or multiple liability may  
16 be joined as defendants and required to interplead." Fed. R.  
17 Civ. P. 22(a)(1). The court's subject matter jurisdiction over a  
18 rule interpleader action must be based on the general statutes  
19 governing jurisdiction. Bayona, 223 F.3d at 1033.

20           District courts also have jurisdiction to hear  
21 statutory interpleader actions in which (1) the value of the  
22 stake is \$500.00 or more, (2) at least two adverse claimants of  
23 diverse citizenship are claiming or may claim to be entitled to  
24 the stake, and (3) the stakeholder has deposited the stake with  
25 the court. 28 U.S.C. § 1335(a).

26           Here, the court has diversity jurisdiction pursuant to  
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1 § 1332.<sup>2</sup> The Complaint alleges that plaintiff is a citizen of  
2 Maryland, incorporated and with its principal place of business  
3 in Maryland; Helton is a citizen of California; Deanna Ozuna is a  
4 citizen of California; Christina Ozuna is a citizen of  
5 California; and Casey Ozuna is a citizen of Alaska. (Compl. ¶¶  
6 1-5.) This action meets the jurisdictional amount in controversy  
7 of greater than \$75,000.00 under § 1332 because the Policy  
8 benefits are \$150,000.00, plus accrued interest. (Id. ¶ 8, Ex.  
9 A, at 3, Ex. B.)

10 Specific jurisdiction under § 1335 also exists. First,  
11 the amount in controversy far exceeds \$500.00. Second, minimal  
12 diversity between adverse claimants is satisfied because Casey  
13 Ozuna is a citizen of Alaska and Helton is a citizen of  
14 California, and they are adverse claimants. (Id. ¶ 17; Jain  
15 Decl. ¶ 5.). Third, plaintiff has deposited the Policy benefits,  
16 plus accrued interest, with the court. (Compl. ¶ 23; Pl.'s Mem.  
17 4:23-24.)

18 Plaintiff is subject to actual or potential adverse  
19 claims to the decedent's Policy benefits from Helton and the  
20 Ozuna children. Accordingly, the court finds that interpleader  
21 is proper.

22 Once it is determined that interpleader is proper,  
23 federal courts may discharge the stakeholder from further  
24 liability. 28 U.S.C. § 2361; Wells Fargo Bank v. PACCAR Fin.  
25 Corp., No. 1:08-CV-00904 AWI SMS, 2009 WL 211386, at \*6-8 (E.D.

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26  
27 <sup>2</sup> Plaintiff's Complaint fashions the action as rule  
28 interpleader and invokes the court's diversity jurisdiction under  
§ 1332. However, plaintiff's Motion for Order of Discharge  
fashions the action as either rule or statutory interpleader.

1 Cal. Jan. 27, 2009) (explaining that in a rule interpleader  
2 action, “[i]f an interpleading plaintiff has no interest in the  
3 stake, the plaintiff should be dismissed”).

4 A court should readily discharge a disinterested  
5 stakeholder from further liability absent a stakeholder’s bad  
6 faith in commencing an interpleader action, potential independent  
7 liability to a claimant, or failure to satisfy requirements of  
8 rule or statutory interpleader. See generally 4 James Wm. Moore  
9 et al., Moore’s Federal Practice § 22.03[2][a] (3d ed. 2010); see  
10 also Prudential Ins. Co. of Am. v. Hovis, 553 F.3d 258, 264 (3d  
11 Cir. 2009) (“The modern approach . . . is that, where a claimant  
12 brings an independent counterclaim against the stakeholder, the  
13 stakeholder is kept in the litigation to defend against the  
14 counterclaim, rather than being dismissed after depositing the  
15 disputed funds with the court.”); Mendez v. Teachers Ins. &  
16 Annuity Ass’n, 982 F.2d 783, 787 (2d Cir. 1992) (holding that  
17 discharge under § 2361 requires § 1335 to be met and lack of bad  
18 faith in commencing the interpleader action).

19 Plaintiff has deposited the Policy benefits, plus  
20 accrued interest, with the court and does not claim any interest  
21 in the Policy benefits. (Compl. ¶ 21-22; Pl.’s Mem. 5:8.) The  
22 court can find no factor weighing against immediate discharge.  
23 Accordingly, the court will grant plaintiff’s motion to discharge  
24 plaintiff from further liability under the Policy to defendants  
25 and to dismiss plaintiff from this action with prejudice.

26 Although Helton and the Ozuna children have all either  
27 waived service or been served (Docket Nos. 7-8, 11, 14), none of  
28 defendants have filed an answer or a statement of opposition or

1 non-opposition to plaintiff's instant motion. At the hearing on  
2 the motions, counsel for Helton stated that he had no opposition  
3 to plaintiff's requests for a permanent injunction or for  
4 attorneys' fees. Nevertheless, to be prudent, the court will  
5 defer ruling on those requests until after the remaining  
6 defendants have either appeared or their defaults have been  
7 taken.

8 IT IS THEREFORE ORDERED that:

9 (1) plaintiff's motion to discharge plaintiff from further  
10 liability under the Policy to defendants and to dismiss plaintiff  
11 from this action with prejudice be, and the same hereby is,  
12 GRANTED; and

13 (2) plaintiff's motions to permanently enjoin defendants, to  
14 award plaintiff attorneys' fees and costs, and for defendants to  
15 bear their own attorneys' fees and costs will be taken under  
16 submission to be ruled upon after all parties have appeared or  
17 their defaults have been entered.

18 DATED: September 27, 2010

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21 WILLIAM B. SHUBB  
22 UNITED STATES DISTRICT JUDGE  
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