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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

THE PRUDENTIAL INSURANCE  
COMPANY OF AMERICA,  
  
Plaintiff,  
  
v.  
  
A.M., a minor; D.P., a minor; ANDREA  
MORGAN in her personal capacity;  
INGERLISHA MARTINEZ, as mother  
and next friend of the minor child A.M.;  
and ANDREA MORGAN, in her  
capacity as mother and next friend of  
the minor child D.P.,  
  
Defendants.

No. 2:13-cv-00820-MCE-AC

**MEMORANDUM AND ORDER**

Through the present motion, Plaintiff The Prudential Company of America (“Prudential”) seeks discharge in interpleader now that the contested proceeds to its policy of group life insurance have been paid into the Court’s registry. As set forth below, Prudential’s Motion is granted.<sup>1</sup>

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<sup>1</sup> Because oral argument was not of material assistance, the Court ordered this matter submitted on the briefs. E.C. Cal. Local Rule 230(g).

1 **BACKGROUND**

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3 This is an interpleader action involving a dispute over entitlement to life insurance  
4 benefits payable as a result of the death of Xantavia M. Phillips (“Phillips” or “the  
5 Insured”). Phillips was killed on June 29, 2008, while on active duty with the United  
6 States Army in Fort Hood, Texas.

7 The underlying facts are undisputed. At the time of his death, Phillips was insured  
8 through a Servicemembers’ Group Life Insurance policy (“SGLI policy”) provided by  
9 Prudential to The Department of Veteran Affairs of the United States pursuant to 38  
10 U.S.C. § 1965, et seq. As a result of the Insured’s death, a total death benefit of  
11 \$400,000.00 became payable under the SGLI policy. Because no signed beneficiary  
12 designations were on file, the death benefit was payable to the insured’s surviving  
13 spouse, and if none, to the insured’s surviving children in equal shares.

14 It is undisputed that the Insured was unmarried at the time of his death. Also  
15 undisputed is the fact that the insured left one legitimate child, D.P. from a prior marriage  
16 to Andrea Morgan. Proof of paternity between D.P. and the Insured has been  
17 conclusively established.<sup>2</sup> In addition to D.P., however, another child, A.M., has also  
18 claimed to be the Insured’s issue. A.M.’s mother, Ingerlisha Martinez, has stated in a  
19 declaration that A.M. receives Social Security benefits as a result of the Insured’s death.  
20 Ingerlisha further claims that the Insured claimed A.M. as a dependent when he filed his  
21 federal tax return with the Internal Revenue Service. Finally, while no direct DNA testing  
22 with the Insured was apparently performed, a January 3, 2013, DNA test established a  
23 99.7% likelihood that A.M. is related to the Insured’s mother, Clarice Phillips.

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27 <sup>2</sup> Andrea Morgan had been named, along with her child, D.P. as co-equal beneficiaries of the  
28 SGLI policy by the Insured in an unsigned designation. Given that fact, Andrea was initially considered a  
potential claimant to the policy benefits and was named as a Defendant in this action. Since then,  
however, Andrea has waived, in writing, any entitlement to the policy proceeds.



1 Interpleader Act, 28 U.S.C. § 1335, and exists where there is diversity between the  
2 claimants, the amount in controversy exceeds \$500.00, and the stakeholder has  
3 deposited the disputed funds with the Court. 28 U.S.C. § 1335.<sup>3</sup> Prudential has brought  
4 this action as a statutory interpleader. See Mot., 4:22-24, Compl, ¶ 8.<sup>4</sup>

5 The stakeholder seeking discharge and judgment in interpleader has the burden  
6 of demonstrating that interpleader is justified. Interfirst Bank Dallas, N.A. v. Purolator  
7 Courier Corp., 608 F. Supp. 351, 353 (D.C. Tex. 1985). Prudential has made that  
8 requisite showing. First, it is undisputed that A.M. lives in Louisiana, and that D.P. is a  
9 resident of California. Second, the funds in dispute obviously exceed \$500.00 and have  
10 been deposited with this Court. Third, as set forth in the Background section of this  
11 Memorandum and Order, it is undisputed that both A.M. and DP claim entitlement to the  
12 remaining SGLI policy proceeds. Prudential has therefore demonstrated, as it must, that  
13 it faces the prospect multiple liability with respect to its policy proceeds because of  
14 conflicting claims. Id. Once the stakeholder, here Prudential, has satisfied the  
15 jurisdictional requirements of an interpleader claim, it is entitled to both a discharge of  
16 liability and a dismissal of the action. 28 U.S.C. § 2361; United States v. High  
17 Technology Products, Inc., 497 F.3d 637, 641-42 (6th Cir. 2007).

## 18 19 CONCLUSION

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21 Because Prudential has demonstrated that it qualifies for a discharge in  
22 interpleader, Prudential's Motion for Interpleader Relief and Discharge (ECF No. 49) is  
23 GRANTED. Prudential is therefore discharged of any and all further liability to  
24 individuals with competing claims against the proceeds of Prudential's SGLI policy  
25 payable as a result of the June 29, 2008 death of Xantavia M. Phillips. Prudential is

26 <sup>3</sup> Statutory interpleader under 28 U.S.C. § 1335 is supplemented by 28 U.S.C. §§ 1397 and 2361.

27 <sup>4</sup> The Court notes that Prudential also alleges original jurisdiction on grounds that the underlying  
28 claims involve rights and liabilities governed by federal law; namely, the provisions of the Serviceman's  
Group Life Insurance statute, 38 U.S.C. § 1865.

1 accordingly dismissed from this action with prejudice. Although the first stage of the two-  
2 part interpleader process has now been completed, the remaining parties must still  
3 litigate their entitlement to the interpled funds in the second phase of these proceedings.

4 Counsel for Prudential shall serve a copy of this Memorandum and Order on all  
5 parties within thirty (30) days after the date it is electronically filed.

6 IT IS SO ORDERED.

7 Dated: July 22, 2014

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MORRISON C. ENGLAND, JR., CHIEF JUDGE  
UNITED STATES DISTRICT COURT