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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

METROPOLITAN LIFE INSURANCE
COMPANY,

Plaintiff,

v.

SELENA SANCHEZ, HAYDEE ARIAS
SANCHEZ, A.J.S., a minor, and A.J., a
minor,

Defendants.

No. 2:16-cv-00787-MCE-AC

MEMORANDUM AND ORDER

Through the present motion, Plaintiff Metropolitan Life Insurance Company (“MetLife”) 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, MetLife’s motion will be granted.¹

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¹ Because oral argument would not have been of material assistance, the Court ordered this matter submitted on the briefs. E.D. 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 Neal Sanchez (“Decedent”). Sanchez died
5 on July 29, 2015.

6 The underlying facts are undisputed. At the time of his death, Decedent was a
7 participant in the JM Eagle Life and Disability Program (“the “Plan”), an ERISA-regulated
8 employee welfare benefit plan sponsored by his employer, JM Eagle, and funded by a
9 group certificate of life insurance issued by MetLife. The Plan benefits included basic life
10 insurance in the amount of \$29,000, optional life insurance in the amount of \$29,000,
11 and Accidental Death and Dismemberment (“AD&D”) insurance in the amount of
12 \$29,000, to be payable to designated beneficiaries in accordance with the Plan upon
13 Decedent’s death. Decedent’s most recent beneficiary designation form on file with the
14 Plan administrator was dated March 5, 2014, and designated Decedent’s three children,
15 Selena Sanchez, A.J.S., and A.S., as well as his then wife, Haydee Arias Sanchez, as
16 equal beneficiaries, each to receive 25 percent of his available death benefits.²

17 On or about October 2014, Decedent’s employer, JM Eagle, updated its benefits
18 system and as a result required all of its employees to complete new beneficiary
19 designations. Due to a technical error, however, the system did not allow employees to
20 update their beneficiary designations for their life insurance benefits, and instead
21 permitted updates only as to 401(k) beneficiaries. Accordingly, on or about January 10,
22 2015, Decedent updated his 401(k) beneficiaries to name only his three children, with
23 each to receive 33 percent of available funds. Due to the Plan’s glitch, however,
24 Decedent did not update his life insurance beneficiaries, which technically remained
25 designated to be split four ways between his three children and now ex-wife.

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28 ² Decedent and his wife apparently divorced between the time he designated these beneficiaries
and the date of his death.

1 liability. The second stage involves an adjudication of the adverse claims of the
2 defendant claimants.” Metro. Life Ins. Co. v. Billini, 2007 WL 4209405 at *2 (E.D. Cal.
3 2007) (quoting First Interstate Bank of Or. v. U.S., 891 F. Supp. 543, 546 (D. Or. 1995)).
4 The motion presently before this Court focuses on the first stage of the interpleader
5 process.

6 Jurisdiction over an interpleader may be established in two ways. A “rule
7 interpleader” is brought pursuant to Federal Rule of Civil Procedure 22. Alternatively,
8 subject matter jurisdiction for a so-called “statutory interpleader” rests on the Federal
9 Interpleader Act, 28 U.S.C. § 1335, and exists where there is diversity between the
10 claimants, the amount in controversy exceeds \$500.00, and the stakeholder has
11 deposited the disputed funds with the Court. 28 U.S.C. § 1335. MetLife has brought this
12 action as a rule interpleader under Rule 22. Compl, ¶ 6.

13 The stakeholder seeking discharge and judgment in interpleader has the burden
14 of demonstrating that interpleader is justified. Interfirst Bank Dallas, N.A. v. Purolator
15 Courier Corp., 608 F. Supp. 351, 353 (D.C. Tex. 1985). MetLife has made that requisite
16 showing. As set forth in the Background section of this Memorandum and Order, it is
17 undisputed that Decedent’s ex-wife and his three children all claim entitlement to the
18 remaining policy proceeds. MetLife has therefore demonstrated, as it must, that it faces
19 the prospect of multiple liability with respect to its policy proceeds because of conflicting
20 claims.

21 Once the stakeholder, here MetLife, has satisfied the jurisdictional requirements
22 of an interpleader claim, it is entitled to both a discharge of liability and a dismissal of the
23 action. 28 U.S.C. § 2361; United States v. High Technology Products, Inc., 497 F.3d
24 637, 641-42 (6th Cir. 2007).

25 The Court also has discretion to award a disinterested stakeholder its attorney’s
26 fees and costs, to be paid from the interpled funds provided the stakeholder has acted in
27 good faith. See Gelfgren v. Republic Nat’l Life Ins.Co., 680 F.2d 79, 81 (9th Cir. 1982).
28 According to the Ninth Circuit, such reimbursement is justified because “by promoting

1 early litigation on ownership of the fund, thus preventing dissipation, . . . the plaintiff
2 should not have to pay attorney fees in order to guard himself against the harassment of
3 multiple litigation.” Schirmer Stevedoring Co., Ltd. v. Seaboard Stevedoring Corp.,
4 306 F.2d 188, 193 (9th Cir. 1962).

5 Here, there is no indication that MetLife was anything other than a disinterested
6 stakeholder as to the policy proceeds acting in good faith. The court has broad
7 discretion in determining reimbursable fees and costs under that scenario so long as the
8 amounts sought are reasonable. Sun Life Assur. Co. of Canada v. Chan’s Estate,
9 2003 WL 22227881 at *3 (N.D. Cal. Sept 22, 2003). MetLife seeks the recovery of
10 \$5,801.34 in that regard, consisting of \$3,860.76 in attorney’s fees, \$444.58 in costs,
11 and an additional \$1,496.00 in attorney’s fees in preparing this motion and related
12 pleadings. Murray Decl., ¶¶ 2-3 and Ex. 1. The Court finds these sums were
13 reasonable incurred by MetLife in initiating this interpleader action, effecting service of
14 process, preparing the instant motion to dismiss/discharge, and otherwise participating in
15 this litigation.

16 17 **CONCLUSION**

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19 Because MetLife has demonstrated that it qualifies for a discharge in interpleader,
20 MetLife’s Motion for Interpleader Dismissal and Discharge (ECF No. 20) is GRANTED.
21 The Court consequently orders as follows:

22 1. MetLife is dismissed from this action with prejudice and discharged of all
23 liability with respect to the JM Eagle Life and Disability Program (the “Plan”), an ERISA-
24 regulated employee welfare benefit Plan issued by MetLife to the Decedent. MetLife is
25 also discharged of all liability with respect to the remaining benefits payable under the
26 Plan (“Plan Benefits”).

27 2. Defendants Selena Sanchez, Haydee Arias Sanchez, A.J.S., a minor, and
28 A.J., a minor, individually, and their respective agents, attorneys and/or assigns are

1 enjoined and perpetually restrained from instituting any suit at law or equity, or action of
2 any kind whatsoever, against MetLife and/or its parent companies, subsidiary
3 companies, agents, affiliates, representatives or attorneys with respect to the Plan and
4 the Plan Benefits.

5 3. MetLife is awarded the sum of \$5,801.34 as its reasonable attorneys' fees
6 and costs incurred in this action, to be deducted and paid from the funds deposited with
7 the Court, to be made payable via a check to "Metropolitan Life Insurance Company"
8 and to be mailed forthwith to its counsel of record in this action: Hinshaw & Culbertson
9 LLP, Attention: Misty A. Murray, 633 West Fifth Street, 47th Floor, Los Angeles,
10 California 90071.

11 IT IS SO ORDERED.

12 Dated: May 12, 2017

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14 MORRISON C. ENGLAND, JR.
15 UNITED STATES DISTRICT JUDGE
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