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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
San Francisco Division

AMERICAN GENERAL LIFE
INSURANCE COMPANY,

Plaintiff,

v.

GAYLE HART, et al.,

Defendants.

Case No. 16-cv-03904-LB

**ORDER DENYING LEAVE TO SEEK
RECONSIDERATION**

Re: ECF No. 48

INTRODUCTION

This is a statutory-interpleader case. Defendants Gayle and Lawrence Hart recently moved to dismiss the original interpleader claim, their co-defendant David L. Lewis’s cross-claim against Gayle Hart, and Mr. Lewis’s third-party claim against Lawrence Hart.¹ The Harts argued that this case lacked the “minimal diversity” that the federal interpleader statute (28 U.S.C. § 1335) requires. The court denied that motion.² It reasoned that Mr. Lewis had been “sued in his capacity as trustee” of the Cora Lewis Management Trust and “not as the representative of [the deceased] Ms. Lewis’s estate.”³ For purposes of jurisdictional diversity, “[a] trust has the citizenship of its

¹ Mot. to Dismiss – ECF No. 37-1. Record citations are to material in the Electronic Case File (“ECF”); pinpoint citations are to the ECF-generated page numbers at the top of documents.

² Order – ECF No. 47.

³ See *id.* at 3; Mot. for Leave – ECF No. 48 at 2.

1 trustee.” *Johnson v. Columbia Props. Anchorage, LP*, 437 F.3d 894, 899 (9th Cir. 2006). Because
2 the trustee, Mr. Lewis, is a citizen of Georgia, while Ms. Hart is a citizen of California, the court
3 held that minimal diversity existed.⁴

4 The Harts now ask the court to reconsider that decision. (ECF No. 48); *see* Civ. L. R. 7-9.⁵ In
5 sum, the Harts argue that the court made a “clear[]” factual error in focusing on Mr. Lewis’s role
6 as trustee — and thus using his Georgia citizenship to determine diversity under the interpleader
7 statute. The Harts insist that Mr. Lewis also appears in this case as Ms. Lewis’s executor.⁶
8 Executors, unlike trustees, take the jurisdictional citizenship of their decedent. 28 U.S.C.
9 § 1332(c)(2). In the Harts’ view, the court thus should have treated Mr. Lewis as an executor and a
10 citizen of California like Ms. Lewis. “On that basis,” the Harts conclude, the court should
11 reconsider its previous order and “the cross-claim should be dismissed.”⁷

12 The court has carefully weighed the Harts’ motion but denies them leave to move for
13 reconsideration.

14 ANALYSIS

15
16 The court will not reconsider its order. Even if Mr. Lewis not only *is* both trustee and executor,
17 but also *is litigating as* both trustee and executor — and even if this dual role would defeat
18 “complete diversity” under 28 U.S.C. § 1332 — even then, the court has supplemental jurisdiction
19 over the Trustee’s cross-claim and third-party claim under 28 U.S.C. § 1367. The court chooses to
20 exercise that jurisdiction.

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23 ⁴ Order – ECF No. 47 at 2–3; *see* Opp. – ECF No. 38 at 6 (analyzing parties’ citizenship under
minimal-diversity test).

24 ⁵ Strictly speaking, the Harts ask for leave to move for reconsideration. (Mot. for Leave – ECF No.
48); Civ. L.R. 7-9.

25 ⁶ Mot. for Leave – ECF No. 48 at 2 (“The answer to the interpleader complaint and the cross-claim
26 plainly state [that] Mr. Lewis was defending the interpleader complaint as executor and bringing
claims against the Harts in that capacity as well.”), 5.

27 ⁷ *Id.* at 5. It is unclear whether the Harts wish the court to reconsider and dismiss the interpleader and
28 third-party claims, as well. The court assumes that they do. For the reasons given in the main
discussion, however, the court declines to do so.

1 **1. The Interpleader Complaint Supplies Original Jurisdiction**

2 The Trustee expressly invokes § 1367 as a jurisdictional basis for his affirmative claims
3 against the Harts.⁸ Supplemental jurisdiction indeed lies here. The federal supplemental-
4 jurisdiction statute provides:

5 [I]n any civil action of which the district courts have original jurisdiction, the
6 district courts shall have supplemental jurisdiction over all other claims that are so
7 related to claims in the action within such original jurisdiction that they form part
8 of the same case or controversy under Article III of the United States Constitution.
Such supplemental jurisdiction shall include claims that involve the joinder or
intervention of additional parties.

9 28 U.S.C. § 1367(a).

10 The court has original interpleader jurisdiction under 28 U.S.C. § 1335. As the court’s previous
11 order discussed, statutory interpleader requires only “minimal diversity” among parties to
12 establish “original” federal subject-matter jurisdiction. *See, e.g., State Farm Fire & Cas. Ins. Co.*
13 *v. Tashire*, 386 U.S. 523 (1967). It is jurisdictionally enough under § 1335, that is, if any two
14 adverse parties are citizens of different states. (The amount in controversy in the interpleader
15 claim is \$5000, well over the statutory minimum of \$500. *See* 28 U.S.C. § 1335(a).) The court
16 continues to hold that minimal diversity exists within the confines of the original interpleader
17 complaint. The Trustee, *qua* trustee, is undisputedly a citizen of Georgia; Ms. Hart, the original
18 interpleader defendant, is alleged to be a citizen of California.⁹

19 The Harts take issue with this. They contend that the court should have treated Mr. Lewis as an
20 executor. This would have given him the same California citizenship as his decedent, Ms. Lewis,
21 and would have destroyed subject-matter jurisdiction over the cross-claim. (And, again,
22 presumably over the third-party claim.¹⁰) The court believes that the Harts are mistaken. The
23 original interpleader complaint names Mr. Lewis only in his role as trustee.¹¹ It was apparently in
24 that capacity (according to the complaint) that the Trustee claimed the life-insurance proceeds at

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26 ⁸ ECF No. 17 at 6 (¶ 8).

27 ⁹ See Compl. – ECF No. 3 at 2 (¶¶ 4–5); Order – ECF No. 47 at 2–3.

28 ¹⁰ See Mot. for Leave – ECF No. 48 at 2, 4–5.

¹¹ E.g., Compl. – ECF No. 3 at 1–4 (caption, 2 (¶ 5), 3–4 (¶ 15).

1 issue.¹² The complaint does not mention the fact that Mr. Lewis serves as both trustee and
 2 executor.¹³ Nor does the interpleader claim depend on Mr. Lewis’s status as executor.¹⁴ The
 3 question of Mr. Lewis’s citizenship *as executor* thus does not arise under the interpleader
 4 complaint itself. It is only with Mr. Lewis’s responsive pleading — comprising his answer, cross-
 5 claim, and third-party claim — that his dual role emerges. It is only this latter pleading that the
 6 Harts cite to invoke the decedent’s California citizenship.¹⁵ The interpleader complaint itself gave
 7 the court original subject-matter jurisdiction.

8
 9 **2. The Interpleader and the Trustee’s Affirmative Claims Spring from the “Same Case or Controversy”**

10 The question under § 1367(a) then becomes whether the interpleader claim, and the Trustee’s
 11 claims against the Harts, “are so related . . . that they form part of the same case or controversy
 12 under Article III.” *See* 28 U.S.C. § 1367(a). The court holds that they do. Section 1367(a)’s “same
 13 case or controversy” formulation “unambiguously extends jurisdiction to the limits of Article III.”
 14 *Montoya v. Espanola Pub. Sch. Dist. Bd. of Educ.*, 861 F. Supp. 2d 1307, 1310 (D.N.M. 2012)
 15 (quoting *Jones v. Ford Motor Credit Co.*, 358 F.3d 205, 212 n. 5 (2nd Cir. 2004)). The facts that
 16 underlie the Trustee’s affirmative claims meet this test. Those claims allege (in sum) that the Harts
 17 “subjected Ms. Lewis to various forms of elder abuse, unlawfully absconded with Ms. Lewis’s
 18 property, and wrongfully coerced Ms. Lewis to designate Ms. Hart as the beneficiary of Ms.
 19 Lewis’s multiple life insurance policies.”¹⁶ The interpleader complaint likewise springs from the
 20 Harts’ relationship with the deceased Ms. Lewis and from the competing claims that the Harts and
 21 the Trustee made to the proceeds of Ms. Lewis’s American General life-insurance policy.¹⁷ Those

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 24 ¹² See *id.* at 3–4 (¶¶ 13–15). On the propriety of the Trust, apart from the executor, seeking the
 25 disputed life-insurance proceeds, see especially *id.* at 4 (¶ 16) (“[A]t Decedent’s direction, [her
 26 lawyers] created the Cora Lewis Management Trust for the transfer of all of decedent’s assets.”).

27 ¹³ *Id.*, *passim*.

28 ¹⁴ See *id.* at 3–6 (¶¶ 6–28).

¹⁵ Mot. for Leave – ECF No. 48 at 2, 5.

¹⁶ ECF No. 17 at 5 (¶ 1).

¹⁷ See Compl. – ECF No. 3 at 3–4 (¶¶ 11, 13–16).

1 competing claims are exactly what led American General to interplead the insurance proceeds.¹⁸
2 The interpleader claim, and the Trustee’s claims against the Harts, are thus “so related” as to “form
3 part of the same case or controversy.”

4 Finally, the court chooses to exercise supplemental jurisdiction over the Trustee’s cross-claim
5 and third-party claim. The supplemental-jurisdiction statute lays out several considerations that
6 “may” lead a court, in its discretion, to decline such jurisdiction, but the court finds that, in the
7 circumstances of this case, none of these warrants declining to exercising supplemental
8 jurisdiction. *See, e.g.*, 28 U.S.C. § 1367(c); *Acri v. Varian Assocs., Inc.*, 114 F.3d 999, 1000 (9th
9 Cir.), *supplemented*, 121 F.3d 714 (9th Cir. 1997), *as amended* (Oct. 1, 1997) (“[A] federal district
10 court with power to hear state law claims has discretion to keep, or decline to keep, them under the
11 conditions set out in § 1367(c) . . .”).

12 * * *

13 Additional problems infect the Harts’ present analysis. It is unnecessary to elaborate upon
14 them. The discussion above conveys the court’s essential reasoning and suffices to establish the
15 court’s subject-matter jurisdiction over all the claims that are in play: those in the original
16 interpleader complaint (ECF No. 3), and those in the Trustee’s responsive pleading (ECF No. 17).

18 **CONCLUSION**

19 The court denies the Harts’ motion for leave to seek reconsideration of the court’s order of
20 December 27, 2016.

21 This disposes of ECF No. 48.

22 **IT IS SO ORDERED.**

23 Dated: January 11, 2017



24
25 LAUREL BEELER
United States Magistrate Judge

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28 ¹⁸ Id. at 3–5 (¶¶ 13–24).