
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case 8:18-cv-01325-JLS-ADS

Date: April 24, 2019

Title: The Prudential Insurance Company of America v. Evelin Iturbide et al.

Present: **HONORABLE JOSEPHINE L. STATON, UNITED STATES DISTRICT JUDGE**

Terry Guerrero/Rolls Royce Paschal
Deputy Clerk

N/A
Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFF: ATTORNEYS PRESENT FOR DEFENDANT:

Not Present

Not Present

**PROCEEDINGS: (IN CHAMBERS) ORDER GRANTING DEFENDANT’S
APPLICATION FOR DEFAULT JUDGMENT (Doc. 31)**

Before the Court is Defendant Leonor Cruz’s Application for Default Judgment as to Defendant Evelin Iturbide.¹ (App., Doc. 31; Mem., Doc. 31-1.) The Court finds this matter appropriate for disposition without hearing, as the written submissions are sufficient to enter judgment. See Fed. R. Civ. P. 55(b)(2). Accordingly, the hearing set for **April 26, 2019, at 10:30 a.m., is VACATED**. Having reviewed the Application and supporting documents, the Court GRANTS Defendant Cruz’s Application.

I. BACKGROUND

A. Factual Background

Plaintiff The Prudential Insurance Company of America provides group life insurance benefits to the United States Department of Veterans Affairs, policy number G-32000 (“the Plan”), pursuant to 38 U.S.C. 1965 *et seq.* (Compl., Doc. 1 ¶ 8.) Decedent Juan Iturbide received life insurance under the Plan. (*Id.* ¶ 9.) Decedent Iturbide designated his spouse, Defendant Iturbide, as the sole primary beneficiary of death

¹ Though captioned as a motion, Plaintiff’s submission is better characterized as an *Application* for Default Judgment. See Fed. R. Civ. P. 55(b)(2); C.D. Cal. R. 55-1.

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benefits under the Plan; he designated his mother, Defendant Cruz, as the sole secondary beneficiary. (*Id.* ¶ 10; Election Form, Ex. A to Compl., Doc. 1-1.) Decedent Iturbide died on February 19, 2018. (Compl. ¶ 11; Casualty Report, Ex. B to Compl., Doc. 1-2.) Plaintiff concedes that \$400,000 are now due under the Plan (the “Proceeds”) to a designated beneficiary. (*Id.* ¶ 12.) Defendant Iturbide has been charged with murder in connection with her husband’s death. (*Id.* ¶ 12.) Otherwise entitled to the Proceeds, Defendant Iturbide may be disqualified from such entitlement by Hawaii state law, HI Rev Stat § 560:2-803 (2013), and federal law, 38 CFR 9.5(e), that disqualify a person intentionally causing a death from receiving insurance benefits resulting from such death. (*Id.* ¶¶ 14-16.) Plaintiff alleges that Defendant Cruz would be entitled to the Proceeds if Defendant Iturbide is so disqualified. (*Id.* ¶¶ 17-19.)

Plaintiff alleges that it cannot determine who has rightful legal claim to the Proceeds, but is otherwise ready, willing, and able to disburse the Proceeds at the direction of the Court. (*Id.* ¶ 21.)

B. Procedural Posture

Plaintiff filed this interpleader action on July 31, 2018. Plaintiff effectuated service of process on Defendant Iturbide on September 7, 2018. (Iturbide Proof of Service re Compl., Doc. 18.) Defendant Cruz waived service and subsequently filed her Answer on November 5, 2018. (Waiver of Service, Doc. 9; Cruz Answer, Doc. 15.) With the Court’s approval, Plaintiff deposited the Proceeds with the Court on November 8, 2018. (See Order re Deposit, Doc. 14; Registry Receipt No. LA179798.) The Clerk entered default against Defendant Iturbide on February 25, 2019. On February 27, 2019, the Court granted Plaintiff’s Motion for Discharge, thereby relieving Plaintiff of further liability to Defendants regarding the Proceeds. (Order re Discharge, Doc. 29.) Defendant Cruz filed the instant Application on March 7, 2019 seeking disbursement of the Proceeds in her favor. (App. at 10.)

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II. LEGAL STANDARD

Under Rule 55 of the Federal Rules of Civil Procedure, default judgment is a two-step process. *See* Fed. R. Civ. P. 55; *see also Eitel v. McCool*, 782 F.2d 1470, 1471 (9th Cir. 1986). Prior to entry of default judgment, there must be an entry of default. *See* Fed. R. Civ. P. 55. Upon entry of default, the factual allegations of the complaint, save for those concerning damages, are deemed to have been admitted by the defaulting party. Fed. R. Civ. P. 8(b)(6); *see Geddes v. United Fin. Grp.*, 559 F.2d 557, 560 (9th Cir. 1977). “On the other hand, a defendant is not held to admit facts that are not well-pleaded or to admit conclusions of law.” *United States v. Cathcart*, No. C 07-4762 PJH, 2010 WL 1048829, at *4 (N.D. Cal. Feb. 12, 2010). “[I]t follows from this that facts . . . not established by the pleadings of the prevailing party, or claims . . . not well-pleaded, are not binding and cannot support the judgment.” *Danning v. Lavine*, 572 F.2d 1386, 1388 (9th Cir. 1978).

A district court has discretion to grant or deny a motion for default judgment. *Aldabe v. Aldabe*, 616 F.2d 1089, 1092 (9th Cir. 1980). The Ninth Circuit has set forth seven factors to be considered by courts in reviewing a motion for default judgment:

- (1) the possibility of prejudice to the plaintiff,
- (2) the merits of plaintiff’s substantive claim,
- (3) the sufficiency of the complaint,
- (4) the sum of money at stake in the action,
- (5) the possibility of a dispute concerning material facts,
- (6) whether the default was due to excusable neglect, and
- (7) the strong policy underlying the Federal Rules of Civil Procedure favoring decisions on the merits.”

Eitel, 782 F.2d at 1471-72.

“If the court determines that the allegations in the complaint are sufficient to establish liability, it must then determine the ‘amount and character’ of the relief that should be awarded.” *Landstar Ranger, Inc. v. Parth Enters., Inc.*, 725 F. Supp. 2d 916, 920 (C.D. Cal. 2010) (quoting 10A Charles Alan Wright, Arthur R. Miller, & May Kay Kane, *Federal Practice and Procedure* § 2688, at 63 (3d ed. 1998)). This is because the

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allegations of the amount of damages suffered are not necessarily taken as true. *Geddes*, 559 F.2d at 560. Under Ninth Circuit law, a default judgment for money may be entered without a hearing where “the amount claimed is a liquidated sum or capable of mathematical calculation.” *See Davis v. Fendler*, 650 F.2d 1154, 1161 (9th Cir. 1981).

III. DISCUSSION

A. Stages of Interpleader Action

“There are two steps to an interpleader action: . . . ‘the first determining that the requirements of [28 U.S.C.] § 1335 are met and relieving the plaintiff stakeholder from liability, and the second adjudicating the adverse claims of the defendant claimants.’” *Western Conference of Teamsters Pension Plan v. Jennings*, 2011 WL 2609858, at *4-5 (N.D. Cal. June 6, 2011) (quoting *New York Life Ins. Co. v. Connecticut Dev. Auth.*, 700 F.2d 91, 95 (2nd Cir.1983)); and see *Mack v. Kuckenmeister*, 619 F.3d 1010, 1023 (9th Cir. 2010) (quoting *Rhoades v. Casey*, 196 F.3d 592 (5th Cir.1999)). At the first stage, the Court discharged Plaintiff from liability. (Order re Discharge.) Now, at the second stage, Defendant Cruz seeks adjudication of her claim to the Proceeds. “While more frequently it is the plaintiff who moves for entry of default judgment, courts recognize the right of a defendant in an interpleader action to obtain a default judgment.” *Thrivent Financial for Lutherans v. Bloomquist*, 2018 WL 3312979, at *2 (D. Nev. July 3, 2018) (citing *Sun Life Assurance Co. of Canada, (U.S.) v. Conroy*, 431 F. Supp. 2d 220, 226 (D.R.I. 2006); *Am. Nat’l Bank & Trust Co. of Chicago v. Alps Elec. Co.*, 2002 WL 484845, at *2 (N.D. Ill. Mar. 29, 2002); and see *Standard Ins. Co. v. Asuncion*, 43 F. Supp. 3d 1154, 1155 (W.D. Wash. 2014).

B. Defendant Has Satisfied Local Rule 55-1

Defendant Cruz’s Application complies with Local Rule 55-1. Defendant accompanied the Application with a sworn declaration stating the pleading on which default was entered, that Defendant Iturbide is not an infant or incompetent person, and

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that the Servicemembers Civil Relief Act does not apply. (Perry Decl., Doc. 31-2 ¶¶ 3-9.) Because Defendant Iturbide has not appeared in this case, service of the Application is not required. C.D. Cal. R. 55-1. Nonetheless, Defendant Cruz served Defendant Iturbide with a copy of the Application. (Iturbide Proof of Service re App., Doc. 18.) The Court therefore finds that the requirements of Local Rule 55-1 have been satisfied.

C. Eitel Factors

1. Possibility of Prejudice to Present Parties

“The first *Eitel* factor considers whether a plaintiff will suffer prejudice if a default judgment is not entered.” *Landstar Ranger*, 725 F. Supp. 2d at 920. Plaintiff contends that it may be subject to multiple liability without the Court’s adjudication of the Defendants’ respective claims to the Proceeds. (Compl. ¶ 20.) “Here, absent a default judgment, Plaintiff would suffer prejudice because Plaintiff ‘would be denied the finality of judgment sought through their interpleader action.’” *Am. Gen. Life Ins. Co. v. Maurer*, 2017 WL 7803793, at *8 (C.D. Cal. July 14, 2017) (quoting *Trustees of IL WU-PMA Pension Plan v. Coates*, 2013 WL 556800, at *5 (N.D. Cal. Feb. 12, 2013); and see *Oregon Mut. Ins. Co. v. Homeward Residential, Inc.*, 2013 WL 12122294, at *3 (N.D. Cal. Oct. 24, 2013); *Western Reserve Life Assurance Co. of Ohio v. Canul*, 2012 WL 844589, at *2 (E.D. Cal. Mar. 12, 2012) (finding that the plaintiff “would be prejudiced if a default judgment is not granted” because the plaintiff “has no other alternative by which to evaluate [d]efendant’s claim to the life insurance policy”); *Am. Gen. Life Ins. Co. v. Durbin*, 2016 WL 3583826, at *3 (C.D. Cal. June 10, 2016) (“[Plaintiff] would be prejudiced if default judgment is not entered because it would be denied the benefits of the interpleader device, i.e., ‘protect[ing] stakeholders from multiple liability as well as from the expense of multiple litigation.’” (quoting *Aetna Life Ins. Co. v. Bayona*, 223 F.3d 1030, 1034 (9th Cir. 2000))). Moreover, Defendant Cruz would suffer prejudice absent default judgment. See *Western Conference of Teamsters*, 2011 WL 2609858, at *3 (“Plaintiff and [answering defendant] would suffer prejudice if the Court does not enter default judgment. The dispute concerns [d]efendants’ competing claims to

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interpleaded funds. Without entry of default judgment, the competing stakeholders' claims cannot be resolved."); *Durbin*, 2016 WL 3583826, at *3.

Accordingly, this factor favors entry of a default judgment.

2. The Merits of Plaintiff's Substantive Claims and the Sufficiency of the Complaint

The second and third *Eitel* factors look at (1) the merits of a plaintiff's substantive claims and (2) the sufficiency of the complaint. *Eitel*, 782 F.2d at 1471. These two factors require that a plaintiff "state a claim on which [it] may recover." *PepsiCo, Inc. v. Cal. Sec. Cans*, 238 F. Supp. 2d 1172, 1175 (C.D. Cal. 2002) (internal quotation marks and citation omitted). Because "[t]he primary purposes for an action in interpleader are '(1) to protect the party depositing the funds with the court from secondary, follow-up actions and (2) to protect the resources of the interpleading party,'" a claim for interpleader is sufficiently stated where the plaintiff acknowledges its obligation to pay one or more of the defendants and resolution of the defendants' respective claims to the interpleaded funds will protect the plaintiff from multiple liability. *Coates*, 2013 WL 556800, at *6 (quoting *Western Reserve*, 2012 WL 844589 at *2); and see *Durbin*, 2016 WL 3583826, at *4; *Mack*, 619 F.3d at 1024. Here, Plaintiff pleads an obligation to pay, an inability to determine the rightful payee, and possible exposure to multiple liability. (Compl. ¶¶ 12, 20-23.) Taking these allegations as true, the Complaint sufficiently states a claim for relief in interpleader.

Accordingly, this factor weighs in favor of default judgment.

3. Amount of Money at Issue

Under the fourth factor, the Court considers "the amount of money at stake in relation to the seriousness of Defendant's conduct." *PepsiCo*, 238 F. Supp. 2d at 1176. In an interpleader action, however, this factor is typically neutral because the plaintiff is not asserting an interest in the interpleaded funds but is rather seeking relief to *divest* itself of any such interest. *Transamerica Life Ins. Co. v. Estate of Ward*, 2011 WL

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5241257, at *4 (E.D. Cal. Oct. 31, 2011) (finding the nearly \$400,000 at stake “a significant sum of money” but nonetheless finding the fourth *Eitel* factor neutral where “[the plaintiff] is not asserting an interest in those funds and . . . seeks to resolve the conflicting claims to the interplead funds and ensure that the funds are released to the proper party so that no outstanding claims thereto remain”); *Coates*, 2013 WL 556800, at *6; *Durbin*, 2016 WL 3583826, at *4. Indeed, Plaintiff here disclaims any interest in the Proceeds. (Compl. ¶ 22.) Thus, “Plaintiff[] . . . [is] not asserting a claim to the funds, but [is] attempting to distribute the funds to the party entitled to the plan benefits. There is no dispute that the funds to be deposited and distributed are determined by the Plan.” *Coates*, 2013 WL 556800, at *6.

Accordingly, this factor is neutral.

4. The Possibility of a Dispute Concerning Material Facts

“The fifth *Eitel* factor examines the likelihood of dispute between the parties regarding the material facts surrounding the case.” *Craigslist, Inc. v. Naturemarket, Inc.*, 694 F. Supp. 2d 1039, 1060-61 (N.D. Cal. 2010). Where the plaintiff has filed a well-pleaded complaint, the possibility of dispute concerning material facts is remote. *See id.* at 1061; *Landstar Ranger*, 725 F. Supp. 2d at 921-22 (“Since [plaintiff] has supported its claims with ample evidence, and defendant has made no attempt to challenge the accuracy of the allegations in the complaint, no factual disputes exist that preclude the entry of default judgment.”). As discussed, Plaintiff has adequately stated a claim in interpleader. Defendant Iturbide has failed to appear and has therefore admitted all material facts alleged in the Complaint, including that Defendant Cruz may be entitled to the Proceeds under the terms of the Plan. (See Compl. ¶¶ 17-19.) Therefore, no factual disputes exist that would preclude the entry of default judgment.

This factor thus favors the entry of default judgment.

5. The Possibility of Excusable Neglect

“The sixth *Eitel* factor considers whether defendant’s default may have been the

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product of excusable neglect.” *Landstar Ranger*, 725 F. Supp. 2d at 922. This factor favors default judgment when the defendant has been properly served or the plaintiff demonstrates that the defendant is aware of the lawsuit. *Id.* (concluding that this factor favored default judgment and “possibility of excusable neglect is remote” where defendant had been properly served). Here, Defendant Iturbide was served with both the Complaint and the instant Application. (Iturbide Proof of Service re Compl.; Iturbide Proof of Service re App.) Moreover, Defendant Iturbide’s criminal counsel communicated to Plaintiff that Defendant Iturbide is aware of this action and does not object to the relief sought in the Complaint. (See Jan. 15, 2019 K. Durante Email, Doc. 24-1.) Hence, although the Court understands that Defendant Iturbide’s current incarceration might hamper her participation in this action, it nonetheless reasonably infers that her default was not the product of excusable neglect.

Accordingly, this factor weighs in favor of the entry of default judgment.

6. Policy Favoring Decisions on the Merits

“The final *Eitel* factor examines whether the strong policy favoring deciding cases on the merits prevents a court from entering default judgment.” *Craigslis*, 694 F. Supp. 2d at 1061. Although “[c]ases should be decided upon their merits whenever reasonably possible,” *Eitel*, 782 F.2d at 1472, “Rule 55(a) allows a court to decide a case before the merits are heard if defendant fails to appear and defend.” *Landstar Ranger*, 725 F. Supp. 2d at 922. Notwithstanding the strong policy presumption in favor of a decision on the merits, where a defendant fails to appear and respond, default judgment is appropriate. See *Craigslis*, 694 F. Supp. 2d at 1061. In this case, Defendant Iturbide has failed to appear or otherwise respond to the Complaint. Therefore, this factor favors the entry of default judgment.

7. Conclusion as to the *Eitel* Factors

In sum, the *Eitel* factors weigh in favor of the entry of default judgment as to Defendant Iturbide. Accordingly, for the reasons stated above, the Court GRANTS

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Defendant Cruz's Application.

IV. REMEDIES

The Court has already granted Plaintiff's requested relief of (1) attorneys' fees and costs, (2) discharge of liability to Defendants regarding the Plan and Proceeds, and (3) enjoining Defendants from further suit against Plaintiff regarding the Plan or Proceeds. (See Order re Discharge.)

Defendant Cruz now seeks disbursal of the Proceeds in her favor. (App. at 10.) The Court finds such disbursal appropriate because, upon entry of default judgment against Defendant Iturbide, there are no other remaining claimants to the Proceeds. See *Western Conference of Teamsters*, 2011 WL 2609858, at *4 (granting default judgment against one claimant and distributing interpleaded funds to the only remaining claimant); *Sun Life Assurance*, 431 F. Supp. 2d at 226 ("A named interpleader defendant who fails to answer the interpleader complaint and assert a claim to the res forfeits any claim of entitlement that might have been asserted."); *Standard Ins.*, 43 F. Supp. 3d at 1156 (same); *Nationwide Mut. Fire Ins. Co. v. Eason*, 736 F.2d 130, 133 n. 4 (4th Cir. 1984) ("Clearly, if all but one named interpleader defendant defaulted, the remaining defendant would be entitled to the fund."); see also *Primerica Life Ins. Co. v. Briggs*, 2016 WL 1294411, at *4 (D. Nev. Mar. 18, 2016); *Hawkins v. Boyd*, 2016 WL 7626577, at *4 (E.D.N.Y. Nov. 18, 2016) (quoting *Metro. Life Ins. Co. v. Little*, 2013 WL 4495684, at *2 (E.D.N.Y. Aug. 17, 2013)). Accordingly, the Court GRANTS Defendant Cruz's request.

V. CONCLUSION

For the foregoing reasons, the Court GRANTS Defendant Cruz's Application for Default Judgment against Defendant Iturbide. The Court AWARDS Defendant Cruz the interpleaded funds less Plaintiff's previously-determined attorneys' fees and costs. (See Order re Discharge.) Defendant Cruz is ORDERED to submit a proposed judgment, no later than seven (7) days from the date of this Order, consistent with the relief described

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in this Order and the Court's Order re Discharge.

Initials of Preparer: tg/rrp