

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
GREENEVILLE DIVISION

STANDARD INSURANCE COMPANY,

Plaintiff,

vs.

JOEL MICHAEL GUY JR., CRYSTAL
MICHELLE DENNISON, ANGELA
CRAIN, ALVIN MADERE JR., and
PAULA MADERE KINLER,

Defendants.

2:18-CV-00074-DCLC

ORDER

Plaintiff Standard Insurance Company (“Standard Insurance”) has filed a “Motion for Discharge, Permanent Injunction, Dismissal, and Attorneys’ Fees and Expenses” [Doc. 52], Memorandum in Support [Doc. 53], and Affidavit in Support of Attorney’s Fees [Doc. 54]. Defendants Paula Madere Kinler, Alvin Madere, Jr., and Joel Michael Guy, Jr. have responded [Docs. 55, 56]. Defendants Dennison and Crain have not responded, and the time for response has now passed. This matter is now ripe for resolution.

I. Procedural and Factual Background

Standard Insurance issued a life insurance policy insuring the lives of Mr. Joel Michael Guy, Sr. and Ms. Lisa M. Guy. The Guys named their son, Joel Michael Guy, Jr., as the beneficiary of their life insurance policies. When both Mr. and Mrs. Guy were murdered, Guy, Jr., as the sole beneficiary, was potentially entitled to the proceeds. The problem was that he was accused of killing them, and Tennessee law prohibits the murderer from receiving life insurance proceeds on

someone he killed. He was indicted for first-degree murder and his trial is set next month. Because Guy, Jr. has not disclaimed any interest in the proceeds, Standard Insurance filed this interpleader action under 29 U.S.C. § 1132(a)(3)(B). [Doc. 1 ¶ 21]. Defendants Crystal Dennison, Angela Crain, Alvin Madere, and Paula Kinler are all named as defendants as they each are potential beneficiaries if Guy, Jr. is convicted of murdering his parents. [Doc. 1, ¶ 23-35].

Because these benefits cannot be distributed until the resolution of Defendant Guy, Jr.'s trial, on September 27, 2018, the Court stayed the action pending its resolution [Doc. 40]. On July 15, 2019, Standard Insurance filed a Motion to Temporarily Lift Stay [Doc. 45] to allow briefing as related to the interpleader action [Doc. 51]. Standard Insurance then filed the motion at issue.

Standard Insurance acknowledges that benefits under its policy of insurance should be paid and has deposited the appropriate amount of \$711,106.69 with the Clerk of Court on August 29, 2018 [Doc. 53, pg. 5].¹ Standard Insurance requests that the Court: (1) “enjoin[] Defendants and any other person or entity from instituting any action against Standard over the subject matter of this case and concerning the insurance benefits at issue;” (2) “discharg[e] Standard from any further liability under the relevant policies,” (3) “dismiss[] Standard from this case with prejudice,” and (4) award[] it \$20,359.50 in attorneys’ fees and \$1,071.37 in expenses [Doc. 53, pg. 14]. Defendants who responded do not dispute Standard Insurance is entitled to the first three requests for relief. However, they dispute Standard Insurance should either receive its attorney’s fees or argue for a reduced amount. Defendants Madere and Kinler oppose the full amount requested by Standard Insurance but concur that some attorney’s fees are appropriate with that amount being an

¹ This total includes the remaining benefits plus accrued interest up to the time of deposit. [Doc. 53, pg. 5]. Standard Insurance previously paid a portion that was undisputed to the appropriate beneficiaries under the policy.

award of \$6,055 [Doc. 55, pg. 3]. Defendant Guy, Jr. objects to the award of any fees or expense [Doc. 56, pg. 12].

II. Attorneys' Fees and Expenses

The only contested portion of Standard Insurance's motion is its request for attorney's fees and expenses. All other requested relief, including dismissing them from the case are not at issue. Standard Insurance argues that it is entitled to the award of reasonable attorney's fees in the amount of \$20,359.50 and \$1,071.37 in expenses. In support of its claim for attorney's fees, it has submitted the affidavit of Mr. Chad Wallace, the attorney who was primarily responsible for handling this claim on Standard Insurance's behalf.

In their separate responses, Defendants Guy, Jr. and Madere and Kinler agree that the Court has discretion to award attorney's fees and expenses in an interpleader action. Defendant Guy, Jr., in arguing for the award of no fees or expenses, cites various cases that have denied the award of attorney's fees and expenses to insurance companies asserting an interpleader action, as in this case. [Doc. 56, pg. 3-12]; *see Unum Life Ins. Co. of America v. Kelling*, 170 F.Supp.2d 792 (M.D. Tenn. 2001); *Western Life Ins. Co. v. Nanney*, 290 F.Supp. 687 (E.D. Tenn. 1968); *Paul Revere Life Ins. Co. v. Riddle*, 222 F.Supp. 867 (E.D. Tenn. 1963); *Life Ins. Co. of North America v. Nava*, 667 F.Supp. 279 (M.D. La. 1987). While Defendants Madere and Kinler note that "numerous courts have declined to award attorneys' fees to insurance companies in interpleader cases, taking the view that the cost to resolve competing claims for insurance proceeds is an expense that arises in the insurers' ordinary course of business that should not be passed along to the ultimate beneficiary," they concede that a lesser award of \$6,055 in attorneys' fees would be reasonable [Doc. 55, pgs. 2-3]. They calculated this number by considering the time "Plaintiff reasonably

spent preparing the Complaint, depositing the funds with the Court, serving the parties, and moving for discharge” at a rate of \$350 per hour [*Id.*]

“Under Federal law, the general rule is that a disinterested ‘mere stakeholder’ plaintiff who brings a necessary interpleader action is entitled to a reasonable award of attorneys’ fees.” *Kelling*, 170 F.Supp.2d at 793 (citing *Mutual Life Ins. Co. v. Bondurant*, 27 F.2d 464, 465 (6th Cir. 1928). “An interpleading party is entitled to recover costs and attorney’s fees when it is (1) a disinterested stakeholder, (2) who has conceded liability, (3) has deposited the disputed funds into the court, and (4) has sought a discharge from liability.” *Holmes v. Artists Rights Enforcement Corp. (AREC)*, 1484 F.App’x 252, 259 (6th Cir. 2005) (citing *Septembertide Publishing. Stein and Day*, 884 F.2d 675 (2d Cir. 1989)). When considering such a matter, “[t]he only limiting principle is reasonableness, and it is at the discretion of the Court to determine what award is appropriate.” *Holmes* 1484 F.App’x at 259.

However, in cases involving insurance companies, like this one, courts have not followed the general rule for various reasons. First, an interpleader claim based on conflicting claims to policy proceeds is within the normal course of business for insurance companies. *Kelling*, 170 F.Supp.2d at 794. Second, insurance companies are not “disinterested stakeholders,” because “filing the interpleader action immunizes the company from further liability under the contested policy.” *Id.* (citing *Prudential v. Baton Rouge*, 537 F.Supp. 1147, 1150-51 (M.D. Ga. 1982)). Third, by taxing the potential beneficiary with paying attorney’s fees and expenses, “such an award would senselessly deplete the fund that is the subject of preservation through interpleader.” *Kelling*, 170 F.Supp. 2d at 795.

Standard Insurance demurs, claiming that this case is “not a run-of-the-mill interpleader.” [Doc. 53, pg. 8]. With \$696,000 at stake, Standard Insurance states that it brought together all

possible claimants in this case, which resulted in Defendants in Tennessee, Louisiana, and Wisconsin, as well as one in jail in Tennessee [*Id.*]. Standard Insurance argues that it spared Defendants from the time and expense of litigation to determine the respective rights of the claimants to the policy benefits [*Id.*]. As such, it posits that “the equities of this situation weigh in favor of the Court awarding [Standard Insurance] its reasonable attorneys’ fees and expenses.” [*Id.*].

Standard Insurance argues this case is significantly different from its normal course of business, i.e. this interpleader action was different and more complex than a typical interpleader action. Standard Insurance references location of the claimants and the potential slayer statutes that may come into play depending on the outcome of Defendant Guy, Jr.’s trial. It also references the Joyce Boudreaux Madere who was living at the time of the murder of the Guys but has since died. Standard Insurance examined how her death and her will impacts the distribution of the insurance proceeds. A further complication Standard Insurance identified is that the beneficiaries of the estate of Joyce Madere have declined to open an estate until after Guy, Jr.’s murder trial. According to Standard Insurance, this forced them to proceed to identify all possible legatees under Joyce Madere’s will and/or estate.

The Court notes that, as a general rule, insurance companies are not entitled to any award for attorney’s fees or expenses related to the prosecution of an interpleader action. However, that general rule may yield in those cases that present unique factual circumstances that distinguish it from the usual interpleader action involving insurance companies. The Court finds this is such a case that warrants a deviation from the general rule. This case is, in fact, different from the basic interpleader action. The amount of additional work exceeded that of the typical interpleader action as Standard Insurance had to determine the additional beneficiaries. As Standard Insurance has

noted, the remaining funds under Mrs. Guy's policy would go to Joyce Boudreaux Madere's remaining legatees, specifically Defendants Madere and Kinler. The proceeds of Mr. Guy Sr.'s policy would go to his remaining children, specifically Defendants Dennison and Crain. *See* [Doc. 53, pg. 4].

Defendants Madere and Kinler agree that this case is an exception to the general rule that insurance companies should not receive its attorney's fees and expenses. Standard Insurance has asked for the Court to award attorney's fees in the amount of \$20,359.50 based on 57.4 hours of attorney time and 3.1 hours of paralegal time and expenses in the amount of \$1,071.37. In contrast, Madere and Kinler agree that 17.3 hours of the time expended should be paid at the rate of \$350.00 for a total of \$6,055.00.

The Court has reviewed the hours expended by the attorneys for Standard Insurance. In addition to those hours agreed upon by Madere and Kinler, the Court finds that an additional 4.6 hours incurred on February 7, 2018, is also compensable as it pertains to reviewing the claim file and determining who the necessary parties are. The Court also finds that 3.9 hours identified at in the affidavit of Chad Wallace [Doc. 54, pg. 6] should also be included. These hours also pertain to filing the interpleader action and determining the appropriate beneficiaries. This adds 8.5 hours the Court finds recoverable. The Court agrees with Defendants Madere and Kinler that a \$350.00 hourly rate is a reasonable attorney rate under these circumstances. The Court has found such a rate reasonable in other cases. *See Herring v. SCI Tennessee Funeral Servs., LLC*, No. 2:15-CV-280, 2018 WL 2407192, at *1 (E.D. Tenn. May 24, 2018). Thus, the Court finds that Standard Insurance is entitled to attorney's fees in the amount of 25.8 hours, at the rate of \$350.00 for a total attorney fee award of \$9,030.00. The Court finds the expenses should be borne by each party, and Standard Insurance's request for its expenses is denied.

III. Conclusion

Therefore, it is **ORDERED** that Standard Insurance 's Motion for Discharge, Permanent Injunction, Dismissal, and Attorneys' Fees and Expenses [Doc. 52] is **GRANTED IN PART** and **DENIED IN PART**. As such:

1. Standard Insurance is **DISCHARGED** from any and all obligations to any person or entity, including Defendants, in connection with the disputed insurance benefits under Standard Insurance group life policy number 647393-F and Standard group AD&D policy number 647393-G because Standard Insurance has performed all duties and obligations under these policies pertaining to the benefits payable under them as a result of the deaths of Lisa M. Guy and Joel Michael Guy, Sr.
2. Defendants, and any other person or entity unidentified at this time, who has made a claim or who may make a claim to the benefits payable under Standard group life policy number 647393-F or Standard group AD&D policy number 647393-G as a result of the deaths of Lisa M. Guy and Joel Michael Guy, Sr., are **PERMANENTLY ENJOINED** from taking any action or commencing or continuing any proceeding against Standard Insurance relating to the disputed benefits or the group insurance policies.
3. Standard Insurance is **DISMISSED** from this case, with prejudice.
4. This Court expressly determines that there is no just reason for delay and expressly directs entry of final judgment as to Standard Insurance pursuant to Federal Rule of Civil Procedure 54(b). Standard Insurance has performed all duties and obligations under the group policies pertaining to the disputed insurance benefits payable under them as a result of the deaths of Joel Michael Guy, Sr. and Lisa M. Guy.

5. The remaining issue in this case—who should receive the insurance benefits and in what amounts—do not involve Standard Insurance but is an issue to be litigated only by and between Defendants.
6. The Clerk of this Court is directed to draw a check in the amount of \$9,030.00 from the deposited funds, made payable to Standard Insurance Company, as reimbursement for Standard Insurance 's reasonable attorneys' fees. The Clerk is directed to mail or deliver the check to Baker, Donelson, Bearman, Caldwell & Berkowitz, attn. Chad E. Wallace, 100 Med Tech Parkway, Suite 200, Johnson City, Tennessee 37604.
7. This case shall remain **STAYED** pending the resolution of the pending charges against Defendant Guy, Jr. The parties shall continue to file a status report regarding the progress of such charges by March 1, 2020 and every sixty (60) days thereafter. Upon resolution of the criminal charges, the Court will enter a scheduling order in this case.

SO ORDERED:

s/ Clifton L. Corker
United States District Judge