

**IN THE UNITED STATES BANKRUPTCY COURT FOR THE
SOUTHERN DISTRICT OF GEORGIA
SAVANNAH DIVISION**

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)
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In re:)
) Chapter 7
)
MASTER LENDING GROUP, LLC,)
) Number 23-40569-EJC
)
 Debtor.)
_____)
)
TIFFANY E. CARON, Chapter 7 Trustee,)
)
 Plaintiff,)
) Adversary Proceeding
v.)
) Number 23-04013-EJC
)
JUDITH HIRSCH,)
)
 Defendant.)
)
_____)

**ORDER DENYING WITHOUT PREJUDICE MOTION TO STAY
PROCEEDINGS PENDING INTERPLEADER**

On July 6, 2023, Master Lending Group, LLC (the “Debtor”) filed a Chapter 7 petition. (Dckt. 1). The Debtor’s sole owner was Gregory M. Hirsch. (Dckt. 1, p.

41, ¶ 28). His wife Judith Hirsch, acting under power of attorney, signed the petition and other papers on his behalf. (Dckt. 1, p. 5, ¶ 17). Mr. Hirsch passed away on August 4, 2023. (Dckt. 103, p. 2). On September 5, 2023, the Chapter 7 Trustee, Tiffany E. Caron, filed this adversary proceeding against Mrs. Hirsch seeking to recover for the bankruptcy estate proceeds of a \$5,000,000.00 life insurance policy Mr. Hirsch purchased from Pruco Life Insurance Company (“Pruco”). (Adv. Dckt. 1, p. 4).

Mrs. Hirsch moved to dismiss this adversary proceeding on October 6, 2023. (Adv. Dckt. 7, 8). On October 30, 2023, the Chapter 7 Trustee filed the instant Motion to Stay Proceedings Pending Interpleader of Life Insurance Proceeds. (Adv. Dckt. 12). In that motion, the Trustee stated the following:

After the filing of the Complaint, Pruco placed a restriction on the Policy such that the benefits will not be paid until either a consensual resolution can be achieved between the parties or the funds can be deposited into court or otherwise disbursed in accordance with a court order. The parties are presently working with Pruco on a consent order to interplead the Policy proceeds into the Court’s registry, while they engage in discussions to determine if an early resolution of this action can be achieved. The interpleader of the Policy proceeds is a core element and likely dispositive of some of Plaintiff’s claims against Defendant. At a minimum, once the Policy proceeds are interpleaded into the Court’s registry, the issues and discovery needed to complete this case will be narrowed.

(Adv. Dckt. 12, p. 3). For these reasons, the Trustee “move[d] to stay this action until thirty (30) days after the submission of the consent order for interpleader.”

(Adv. Dckt. 12, p. 3). Mrs. Hirsch, however, filed a response in opposition to the motion stating the following:

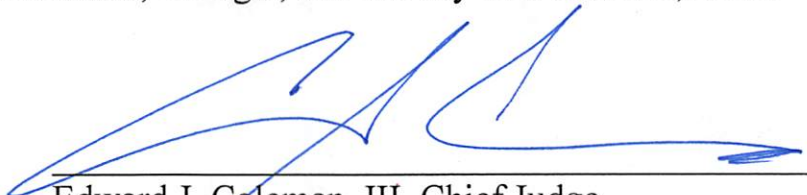
While the parties did briefly discuss the possibility of a consent order, they were unable to come to an agreement and are no longer in discussions. As a result, staying the current proceeding until thirty (30) days after the submission of a consent order would result in staying the proceedings until the happening of an uncertain event which may never occur.

(Adv. Dckt. 16, p. 2). The Clerk scheduled both the Motion to Dismiss and the Motion to Stay Proceedings Pending Interpleader of Life Insurance Proceeds for hearing on November 30, 2023. (Dckt. 9, 13).

At the hearing, the Court heard argument from counsel for the Chapter 7 Trustee and from counsel for Mrs. Hirsch. The Trustee’s counsel stated that Pruco will interplead under Rule 22 of the Federal Rules of Civil Procedure, made applicable to this adversary proceeding by Rule 7022 of the Federal Rules of Bankruptcy Procedure, once it obtains local counsel. Contrary to the representations in the motion, however, such interpleader would not take the form of a consent order. For his part, counsel for Mrs. Hirsch opposed the motion. At the conclusion of the hearing, the Court announced that the motion would be denied without prejudice because Pruco has not yet filed an interpleader action. Consistent with the Court’s

oral ruling, the Motion to Stay Proceedings Pending Interpleader of Life Insurance Proceeds (adv. dckt. 12) is hereby **DENIED WITHOUT PREJUDICE**.

Dated at Savannah, Georgia, this 4th day of December, 2023.



Edward J. Coleman, III, Chief Judge
United States Bankruptcy Court
Southern District of Georgia