

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF GEORGIA**

In re: MASTER LENDING GROUP, LLC,

Debtor.

Case No. 23-40569

Chapter 7

PRUCO LIFE INSURANCE COMPANY,

Plaintiff,

Adversary No.

v.

JUDITH HIRSCH, individually, and
TIFFANY CARON, solely in her capacity as
Chapter 7 Trustee for the bankruptcy estate of
Master Lending Group, LLC,

Defendants.

INTERPLEADER COMPLAINT

Plaintiff, Pruco Life Insurance Company (hereinafter, “Plaintiff” or “Pruco”), through its undersigned counsel, files this Interpleader Complaint and in support thereof alleges and says as follows:

1. This adversary proceeding (the “Adversary Proceeding”) arises in and is related to the bankruptcy case captioned *In re Master Lending Group, LLC*, Case No. 23-40569 (the “Bankruptcy Case”), which is currently pending in the United States Bankruptcy Court for the Southern District of Georgia, Savannah Division.

I. THE PARTIES

2. Pruco is an insurance company organized and existing under the laws of the State of Arizona, with its principal place of business located in Newark, New Jersey.

3. Defendant, Judith Hirsch (“Judith”) is an adult individual domiciled in Georgia. Upon information and belief, she is the widow of Gregory Hirsch, deceased (the “Insured”). Judith is a putative beneficiary of the life insurance proceeds at issue in this action.

4. On or about July 6, 2023, Master Lending Group, LLC (the “Debtor”) filed a voluntary petition under chapter 7 of the United States Bankruptcy Code. Defendant Tiffany Caron (the “Chapter 7 Trustee”), is the duly appointed trustee of the Debtor’s bankruptcy estate. The Chapter 7 Trustee is named in her capacity as the trustee of the Debtor’s bankruptcy estate, which is a putative beneficiary of the life insurance proceeds at issue in this action.

5. Upon information and belief, the Debtor is domiciled in Georgia.

II. JURISDICTION AND VENUE

6. As to jurisdiction and venue, Plaintiff repeats the allegations set forth in paragraph 1, above.

7. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 157 and 1334(b). This adversary proceeding is commenced pursuant to Bankruptcy Rule 7001(2), (7) and (9).

8. Upon information and belief, this Adversary Proceeding is a “core proceeding” as that term is defined in 28 U.S.C. § 157(b)(2). To the extent the Court determines this Adversary Proceeding is not a “core proceeding,” Plaintiff consents to entry of final orders or judgment by the bankruptcy court with respect to the matters raised herein.

9. Venue is proper in this district under 28 U.S.C § 1409(a) and (e).

III. FACTS SUPPORTING INTERPLEADER

10. On or about July 15, 2020, Pruco issued an individual life insurance policy, owned by and covering Gregory Hirsch (the “Insured”), bearing policy number L7000224 (the “Policy”). Attached hereto as Exhibit A is a specimen copy of the Policy.¹

11. At inception, the beneficiary of the Policy was the Insured’s spouse, defendant Judith Hirsch. See Exhibit A.

12. By a Request to Change Beneficiary form dated April 2, 2023, a copy of which is attached hereto as Exhibit B, the Insured changed the beneficiary designation under the Policy as follows:

IRREVOCABLE Beneficiary: Primary

LST Holdings, Ltd. Amount \$150,000
7111 Valley Green Road, Fort Washington, PA 19034
Business Associate
98-xxxxxxx

After paying the amount specified above, the balance of proceeds plus any premium reimbursement payable to:

Judith Hirsch 308 Megan Court, Savannah, GA 31405 Spouse xxx-xx-xxxx

13. Upon information and belief, on August 3, 2023, the Insured died in Georgia. Attached hereto as Exhibit C is a true and accurate copy of the Insured’s Death Certificate, as provided to Pruco.

¹ Due to the volume of individual life insurance policies it issues, Pruco does not maintain copies of every individual life insurance policy it issues. However, under certain circumstances, Pruco can create a “specimen” policy from its internal systems. A specimen contract, while not an exact duplicate of the policy that is issued, contains the basic contract provisions that are in the individual life insurance policy. The specimen policies do not contain variable information such as location of the field office and the data pages containing additional variable information pertaining to each specific contract of insurance. Data pages for each life insurance policy issued by Pruco are imaged and maintained on Pruco’s computer system.

14. As a result of the death of the insured, the death benefit became due under the Policy in the amount of \$5,003,628.97 (the “Death Benefit”). The foregoing includes a return of premium in the amount of \$3,628.97.

15. Thereafter, LST Holdings, Ltd., made a claim to the first \$150,000 in death benefits due under the Policy. That claim has been paid, leaving \$4,853,628.97 (the “Remaining Death Benefit”) in death benefits due under the Policy.

16. By letter dated August 17, 2023, counsel for the Chapter 7 Trustee contacted Pruco alleging, in part, the following:

A dispute has arisen regarding a life insurance policy (the “Policy”) issued on or about July 15, 2020, by your company, Pruco Life Insurance Company (hereinafter, “you” or the “Company”). . . . This letter constitutes notice to you of the Trustee’s legal position regarding the current beneficiary designation, which does not accurately reflect the intentions or directives of the Policyholder. Despite having recently been diagnosed with ALS, the Policyholder was still able to communicate in a limited capacity before his untimely passing earlier this month.

Although the Policyholder’s widow, Judith Hirsch (“Mrs. Hirsch”), is named as the beneficiary of the Policy, per the Policyholder’s wishes and direction, Mrs. Hirsch is not entitled to the beneficial proceeds of the Policy. Indeed, on August 15, 2023, Mrs. Hirsch testified under oath that it was the Policyholder’s explicit directive to her that the Policy proceeds be issued to the Debtor for the benefit of its investors. This is independently confirmed by actions Mrs. Hirsch has taken, including, but not limited to, scheduling the Policy, under penalty of perjury, as an asset of the bankruptcy estate of the Debtor and her statements to counsel for the Debtor. . . . The entirety of the proceeds, at the very least, are equitably owned by the Debtor.

Mrs. Hirsch held the Power of Attorney for the Policyholder due to his disability. She breached her fiduciary duty to the Policyholder when she failed to honor his instructions and directions by leaving herself as the designated beneficiary of the Policy and not changing the designated beneficiary of the Policy to the Debtor. It is essential to ensure that the life insurance Policy proceeds are awarded to the intended beneficiary in accordance with the Policyholder’s wishes.

Pursuant to 11 U.S.C. § 541(a)(1), property of the bankruptcy estate is comprised of all legal or equitable interests of the debtor in property wherever

located or held. Pursuant to 11 U.S.C. § 542(a), the Company is required to deliver to the Trustee, and account for, such property or the value of such property. To that end, we demand that you immediately turn over to the Trustee the beneficial proceeds of the Policy, whereupon the Trustee will hold these funds in her bonded fiduciary account until further order of the Court. Under no circumstances should the proceeds be disbursed to Mrs. Hirsch or anyone else, other than the Trustee, in accordance with federal bankruptcy laws.

Attached hereto as Exhibit D is a true and accurate copy of the August 17, 2023 letter from counsel.

17. On or about August 25, 2023, Judith Hirsch submitted a Life Insurance Claim form to Pruco, a copy of which is attached as Exhibit E. Pursuant to that claim form, Judith Hirsch has claimed entitlement to the Remaining Death Benefit.

18. Due to the allegations of actual or potential competing claims made by or available to the Defendants, Pruco is unable to determine who is the proper beneficiary of the Remaining Death Benefit.

IV. THE APPROPRIATENESS OF INTERPLEADER

19. Pruco claims no title to or interest in the Death Benefit or the Remaining Death Benefit under the policy on account of the death of the Insured and is ready and willing to pay the Remaining Death Benefit to the person or persons entitled to it, but Pruco is unable to make that determination without exposing itself to double or multiple liability on account of the competing claims made by or available to Defendants.

20. Pruco has no means other than this Interpleader action of protecting itself against multiple conflicting or potentially conflicting claims and possible multiple litigation as to the Remaining Death Benefit on the part of Defendants.

21. Pruco is a mere stakeholder in this action, having and claiming no interest in the Remaining Death Benefit. Pruco is ready, willing, and hereby offers to deposit the Remaining

Death Benefit, together with applicable claim interest, if any, into the Court, or with a person duly authorized by the Court to receive it.

22. There have been no other claims for the Remaining Death Benefit.

23. There is no fraud or collusion between Pruco and any of the Defendants.

24. Pruco brings this Complaint in Interpleader of its own free will and to avoid being vexed and harassed by conflicting and multiple claims to the Remaining Death Benefit.

V. PRAYER FOR RELIEF

WHEREFORE, Pruco respectfully requests that this Court grant the following relief:

- A. Directing Pruco to pay the Remaining Death Benefit, together with claim interest, if any, into this Court;
- B. Requiring the defendants to answer this Complaint in Interpleader and litigate their claims between themselves for the Remaining Death Benefit;
- C. Requiring that the Defendants settle and adjust between themselves, or upon their failure to do so, this Court settle and adjust the claims and determine to whom the Remaining Death Benefit should be paid.
- D. Discharging Pruco from any and all liability to the defendants that relates in any way to the Policy and/or Remaining Death Benefit upon payment of the Remaining Death Benefit into the Registry of this Court or as otherwise directed by this Court;
- E. Enjoining the Defendants from instituting or prosecuting any proceeding in any state or United States court in connection with payment of the Remaining Death Benefit or otherwise in connection with the Insured's coverage under the Policy;
- F. Entry of an Order awarding Pruco payment of its reasonable attorney's fees and costs necessitated by the bringing of this action; and
- G. Awarding Pruco any other and further relief that this Court deems just and proper.

Respectfully submitted this 28th day of December, 2023.

By: /s/ C. Brent Wardrop

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