

EXHIBIT 1

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 1:24-cv-02078

MIDLAND NATIONAL LIFE INSURANCE COMPANY,

Plaintiff,

v.

LUCIANA ORNELAS, ABEL MARTINEZ, LORRAINE MARTINEZ and SANDRA
CASTANEDA,

Defendants.

COMPLAINT FOR INTERPLEADER

Plaintiff Midland National Life Insurance Company (“Plaintiff” or “Midland”) files this Complaint For Interpleader against Defendants Luciana Ornelas, Abel Martinez, Lorraine Martinez, and Sandra Castaneda (collectively, “Defendants”) pursuant to 28 U.S.C. § 1335, and, in so doing, respectfully states as follows:

NATURE OF ACTION

1. This is an interpleader action to resolve competing claims between the Defendants regarding the death benefit proceeds of Midland Life Insurance Policy Number 1501812201 (the “Policy”), owned by and insuring the life of Virginia E. Martinez (the “Insured”) in the amount of roughly \$17,000 plus any applicable interest.

2. Midland is indifferent to and has no stake regarding which of the Defendants is entitled to the death benefit under the Policy and seeks an Order from this Court permitting it to deposit the Policy’s proceeds with the Court’s Registry and discharging Midland from further

liability as to the Policy proceeds.

PARTIES AND JURISDICTION

3. Midland is a corporation organized and existing under the laws of the State of Iowa, with its principal place of business located at 8300 Mills Civic Parkway, West Des Moines, Iowa, 50266, and, accordingly, is a citizen of the State of Iowa.

4. Upon information and belief, the Insured was a citizen and domiciliary of Los Angeles, California.

5. Upon information and belief, Luciana Ornelas is a citizen and domiciliary of Denver, Colorado.

6. Upon information and belief, Abel Martinez is a citizen and domiciliary of Los Angeles, California.

7. Upon information and belief, Lorraine Martinez is a citizen and domiciliary of Rosemead, California.

8. Upon information and belief, Sandra Castaneda is a citizen and domiciliary of Ontario, California.

9. This Court has subject matter jurisdiction of this interpleader action, together with the claims, counterclaims, and defenses arising from the transactions and occurrences that are the subject of this interpleader action, pursuant to 28 U.S.C. § 1335 because two or more of the Defendants, as adverse claimants to the Policy's proceeds, are of diverse citizenship, and the amount in dispute exceeds the sum of \$500.

10. Being a statutory interpleader action under 28 U.S.C. § 1335, this Court has personal jurisdiction over the Defendants pursuant to 28 U.S.C. § 2361.

11. Venue is appropriate in the District of Colorado under 28 U.S.C. § 1397 because one or more of the Defendants as claimants or potential claimants reside in this judicial district.

12. Pursuant to 28 U.S.C. § 1335, Fed. R. Civ. P. 22, and Fed. R. Civ. P. 67, Midland will hereafter file a Motion To Deposit Sum Of Money into the registry of the Court, as well as a Motion For Interpleader Of Proceeds, Discharge, Dismissal With Prejudice, And Attorney's Fees And Costs, seeking leave to deposit the contractual obligations due under the Policy into the registry of this Court.

FACTUAL BACKGROUND

13. On or about August 17, 1992, the Insured, Virginia E. Martinez, applied for a Life Insurance Policy through Midland.

14. On the initial application, Virginia E. Martinez was listed as the Insured, with all seven of her children (Luciana Ornelas, Sandra Castaneda, Barbara Rios, Lorraine Martinez, John Martinez, Dennis Martinez, and Abel Martinez) named as primary beneficiaries in equal shares.¹ A true and complete copy of the Initial Beneficiary Declaration and Application is attached as Exhibit 1.

15. On or about August 17, 1992, Midland issued the Policy for the Insured. A true and complete copy of the Policy is attached as Exhibit 2.

16. On or about November 19, 2009, Midland received a beneficiary change request designating Defendant Luciana Ornelas as the primary beneficiary. A true and complete copy of

¹ The policy application is handwritten and the names of the seven children are difficult to distill. The names above have been recorded as best as possible.

the November 19, 2009 Beneficiary Change Request is attached as Exhibit 3.

17. On or about December 7, 2017, Midland received a beneficiary change request designating Defendant Luciana Ornelas and Sandra Theresa Castaneda as primary beneficiaries. A true and complete copy of the December 7, 2017 Beneficiary Change Request is attached as Exhibit 4.

18. On or about May 11, 2018, Midland received a beneficiary change request designating Defendant Lorraine Martinez and Defendant Abel Martinez as primary beneficiaries. A true and complete copy of the May 11, 2018 Beneficiary Change Request is attached as Exhibit 5.

19. On or about May 5, 2021, Midland received a Reinstatement Application from the Insured, Virginia E. Martinez.

20. On the Reinstatement Application, Insured Virginia E. Martinez named Defendant Abel Martinez and Defendant Lorraine Martinez as primary beneficiaries. A true and complete copy of the May 5, 2021 Reinstatement Application is attached as Exhibit 6.

21. On or about September 7, 2022, Midland received a web beneficiary change request designating Defendant Luciana Ornelas as the primary beneficiary. A true and complete copy of the September 7, 2022 Web Beneficiary Change Request is attached as Exhibit 7.

22. Following the September 7, 2022 Web Beneficiary Change Request, Midland was notified of a capacity issue and alleged dementia for the Insured, Virginia E. Martinez, and Midland placed restrictions on the Policy to prevent the processing of transactions or changes until Power of Attorney documents were received and reviewed. Midland determined the web account created in September 2022 should be deactivated and deleted, and Midland reverted the changes

made in September 2022.

23. On or about October 6, 2023, the Insured, Virginia E. Martinez, passed away.

24. On or about October 17, 2023, Defendant Luciana Ornelas notified Midland with a letter stating that she was contesting the beneficiary designation of Defendant Abel Martinez and Defendant Lorraine Martinez. A true and complete copy of the October 17, 2023 letter is attached as Exhibit 8.

25. On or about November 1, 2023, Sandra Castaneda, Insured Virginia E. Martinez's daughter, sent Midland a letter in support of Defendant Luciana Ornelas's designation as the primary beneficiary. A true and complete copy of the November 1, 2023 letter is attached as Exhibit 9.

26. On or about November 20, 2023, Midland received a second letter from Sandra Castaneda, Insured Virginia E. Martinez's daughter, in support of Defendant Luciana Ornelas's designation as the primary beneficiary. A true and complete copy of the November 20, 2023 letter is attached as Exhibit 10.

27. On or about April 17, 2024, Defendant Abel Martinez notified Midland by phone that Defendant Abel Martinez and Defendant Lorraine Martinez were contesting the beneficiary designation of Defendant Luciana Ornelas and the parties were unable to reach an agreement regarding their competing claims for the death benefit.

28. On or about November 6, 2024, Midland learned that one of the Insured's children, Sandra Castaneda, felt strongly that she was a proper beneficiary and was contesting the beneficiary designation(s) of her siblings.

29. Pursuant to section 6 of the Policy, if no beneficiary survives the Insured, the benefits go to the Owner, here the Insured.

CAUSE OF ACTION IN INTERPLEADER

30. Each of the Defendants made a claim and now each assert their right to the Policy proceeds.

31. The potential claims of the Defendants are adverse and conflicting, and Midland is unable to fully determine which party has the legal rights to the Policy's proceeds.

32. Midland is therefore in the position of an innocent stakeholder faced with the possibility of multiple liability on a single obligation as well as incidental costs.

33. Midland has, at all times, been willing to perform all contractual obligations to the rightful beneficiary(ies) of the Policy.

34. Midland has filed this Complaint For Interpleader of its own free will to avoid multiple liabilities and unnecessary suits and costs, and unconditionally tenders the disputed contractual obligations coming due under the Policy into the Court's registry. Midland will abide by and perform on the Policy in accordance with the judgment of this Court.

35. Midland, as a disinterested stakeholder who has conceded liability, will deposit the disputed funds with the Court, is seeking discharge from liability, and is entitled to attorney's fees.

PRAYER FOR RELIEF

WHEREFORE, Midland National Life Insurance Company respectfully requests the following relief:

- a. That Defendants be required to interplead together their conflicting beneficiary claims to Midland Life Insurance Policy Number 1501812201;

- b. That Defendants be restrained and enjoined from instituting or prosecuting any action or proceeding in any State or United States Court affecting Midland Life Insurance Policy Number 1501812201;
- c. That the Court enter an order granting Midland's forthcoming Motion To Deposit Sum of Money into the registry of the Court as well as the forthcoming Motion For Interpleader Of Proceeds, Discharge, Dismissal With Prejudice, And Attorney's Fees And Costs regarding the contractual obligations due under Midland Life Insurance Policy Number 1501812201;
- d. That the Court enter a declaratory judgment awarding the proceeds of Midland Life Insurance Policy Number 1501812201 and the rights thereunder to the rightful beneficiary(ies) of the Policy;
- e. That Midland is released and discharged from all liability to any party to this action on account of the matters relating to the beneficiary(ies) of Midland Life Insurance Policy Number 1501812201, conditioned only upon the compliance by Midland with the future order or judgment of the Court concerning the Policy;
- f. That Midland be awarded its reasonable costs and attorney's fees, *see United Bank of Denver, Nat'l Ass'n v. Oxford Props., Inc.*, 683 F. Supp. 755, 757 (D. Colo. 1988) (awarding attorney's fees out of the deposited funds to an interpleader plaintiff who was a disinterested stakeholder, who conceded their liability in full, who deposited the funds in court, who sought discharge, and who was not culpable); and
- g. Such other and further relief, at law or in equity, to which Midland may be justly entitled.

November 29, 2024

Respectfully submitted,

s/ Jesse L. Marks

Jesse L. Marks

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*Attorneys for Plaintiff Midland National Life
Insurance Company*

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of November, 2024, a true and correct copy of the foregoing was electronically filed with the Court through the CM/ECF system. I further hereby certify that I caused a true and correct copy of the same to be sent via United States Mail, postage prepaid thereon, to the following:

Abel Martinez
4546 1/2 East Fifth Street
Los Angeles, CA 80022

Lorraine Martinez
1455 San Gabriel Blvd, Apt #202
Rosemead, CA 91770

s/ Jesse L. Marks

Jesse L. Marks