

A dispute arose between a woman and a man over who was entitled to insurance policy proceeds held by a company incorporated and headquartered in the northern district of State A. The woman resides in the southern district of State A, and the man resides in the eastern district of State B.

The company filed a statutory interpleader action against the woman and the man in a federal court in the eastern district of State B. The company posted a bond of \$50,000, which represents the amount of the disputed insurance policy proceeds. The woman and the man were served with process at their respective homes. The woman has moved to dismiss the action, claiming that the federal court has no subject-matter jurisdiction over the claim, lacks personal jurisdiction over her, and is not a proper venue.

Is the court likely to grant the woman's motion?

- A. No.
- B. Yes, because the court lacks personal jurisdiction over her.
- C. Yes, because the parties lack complete diversity of citizenship.
- D. Yes, because venue is improper.

Explanation:

Rule interpleader v. Statutory interpleader

Requirements	Rule interpleader	Statutory interpleader
Subject-matter jurisdiction	<ul style="list-style-type: none">• <i>Complete</i> diversity between stakeholder & claimants + amount in controversy >\$75,000 <i>or</i>• Claim arises under U.S. Constitution, treaty, or federal law	<ul style="list-style-type: none">• <i>Minimal</i> diversity between claimants + amount in controversy ≥\$500
Personal jurisdiction	<ul style="list-style-type: none">• Consent• Service of process• Specific jurisdiction• General jurisdiction	<ul style="list-style-type: none">• Nationwide service of process
Venue	Any district where: <ul style="list-style-type: none">• any claimant resides, if all reside in <i>same</i> state• property located/events occurred <i>or</i>• any claimant is subject to personal jurisdiction (if neither of above applies)	Any district where <ul style="list-style-type: none">• any claimant resides, even if claimants reside in <i>different</i> states
Deposit	Not required	Deposit property with court or post bond

The company has filed a **statutory interpleader** action in federal court. This action, like rule interpleader, is available when multiple persons claim an interest in the same property (ie, the stake). It allows the possessor of the stake (ie, the stakeholder) to avoid multiple liability by joining the claimants to litigate the ownership of the stake among themselves. However, a statutory interpleader action must satisfy **special requirements** for:

- subject-matter jurisdiction – requires an amount in controversy of **at least \$500** and **minimal diversity** of citizenship between at least two claimants
- personal jurisdiction – exists over any claimant who is **served with process** anywhere **within the U.S. and**

- venue – proper in any judicial district **where any claimant resides**, even if the claimants reside in different states.

Here, the court has subject-matter jurisdiction since the disputed proceeds are \$50,000 and the woman and the man are citizens of States A and B, respectively. Personal jurisdiction exists over the woman because she was served with process in State A **(Choice B)**. And venue is proper since the man resides in the eastern district of State B—where the court is located **(Choice D)**. Therefore, the court will likely deny the woman's motion.

(Choice C) *Rule* interpleader actions based on diversity jurisdiction require complete diversity between the stakeholder and the claimants. However, *statutory* interpleader actions (as seen here) only require minimal diversity between the claimants.*

*Subject-matter jurisdiction can also be established in a rule interpleader action if the claim presents a federal question.

Educational objective:

For statutory interpleader actions, subject-matter jurisdiction requires an amount in controversy of at least \$500 and minimal diversity between two or more claimants. Personal jurisdiction exists over any claimant who was served with process anywhere in the U.S. Venue is proper in any judicial district where any claimant resides.

References

- 28 U.S.C. §§ 1335, 1397, 2361 (statutory interpleader).