

Texas Court Dismisses Factoring Company's Broad Declaratory Judgment Claims Against Annuity Owner and Issuer

RSL Funding LLC's brazen attempt to obtain an improper advisory opinion expanding the rights it acquired in past transfer petition matters and those that may be acquired in hypothetical future transfers has been summarily dismissed.¹

By way of background, in December 2012 RSL Funding LLC (RSL) and its designated assignee, Extended Holdings, Ltd. (EHL), secured a court order pursuant to the Texas Structured Settlement Protection Act, TEX. CIV. PRAC. & REM. CODE §§ 141.001 *et seq.* (the Texas SSPA), approving a transfer by Shantel Freelon (Ms. Freelon) to EHL of a portion of Ms. Freelon's structured settlement payments (the Freelon Transfer). In the course of that prior action, a dispute arose between RSL and its competitor, J.G. Wentworth Originations, LLC (Wentworth). That dispute was severed from the Freelon Transfer matter.

Notwithstanding that the Freelon Transfer matter had concluded years ago and that the payment obligor and annuity issuer (Pacific Life entities) were making payments to EHL as required by the 2012 order, in 2018, RSL amended its 2012 pleading against Wentworth in the severed action and joined the Pacific Life entities as defendants. RSL's amended pleading sought a judgment declaring that RSL and EHL had obtained certain broad rights that were neither sought nor awarded under the 2012 order approving the Freelon Transfer. Indeed, not only did RSL seek such relief with regard to the Freelon Transfer, but RSL's pleading sought a similarly broad declaration of rights **with respect to all past and pending transfers involving Pacific Life and RSL**, including several specific transfer petitions that were ultimately denied by courts outside of Texas, as well as **all future RSL transfers of structured settlement payments by Pacific Life payees** under any state's Structured Settlement Protection Act (SSPA). Among the rights RSL sought by way of its declaratory judgment claim was the right to sue Pacific Life for breach of the payee's underlying settlement agreement in connection with all of these past, pending, and future SSPA transfers.

In response to RSL's improper action, Pacific Life argued that because (1) the court's plenary power over the Freelon Transfer had expired more than five years ago, (2) RSL's claims were not ripe and sought purely advisory opinions, and (3) RSL lacked standing to assert any claims regarding the Freelon Transfer (having assigned its rights to EHL), subject matter jurisdiction was lacking in this case. The District Court agreed. [Click here](#) to review a copy of the District Court's order granting Pacific Life's plea to the jurisdiction and dismissing RSL's claims with prejudice. Pacific Life was represented by Stephen Harris, Lisa Stern, and Julia Simonet of Cozen O'Connor.

Cozen O'Connor's Life Insurance & Annuities attorneys are available to provide counsel and guidance on the issues discussed in this Alert.



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Related Practice Areas

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¹ *In the Matter of: A Transfer of Structured Settlement Payment Rights by Shantel D. Freelon, RSL Funding, LLC, Plaintiff v. J.G. Wentworth Originations, LLC, Defendant*, In the 152nd District Court of Harris County, Texas, Cause No. 2012-18154