

Veterans' families' suit against Prudential advances

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SPRINGFIELD – A lawsuit brought by 10 veterans' families across the country who allege they were cheated by an insurance giant advanced in a federal court in Springfield on Wednesday.

U.S. District Judge Michael A. Ponsor, who is taking senior, or semi-retired status in August, set a schedule stretching into next year for lawyers for Prudential Insurance Company of America to recover documents dating



File photo | The Republican

back to the 1990s stating the policies for paying death benefits to families of fallen soldiers.

Joyce T. and Kevin P. Lucey sit in their Belchertown home with a picture of their son, Jeffrey, who hanged himself shortly after returning home from active duty in Iraq with the Marines.

The lead plaintiff is Kevin Lucey, of Belchertown, father of a soldier who committed suicide in 2004 when he returned from Iraq. Lucey has been joined by others similarly situated across the nation.

Lawyers for the plaintiffs on Wednesday said that there are potentially 60,000 who may join in the suit to recoup \$850 million they allege the insurance company misused by paying woefully low interest rates and holding back lump sum payouts in favor of investing the money.

"They're investing it in anything they want, to do anything they want," said plaintiffs' lawyer, Daniel King, of Austin, Texas.

The lawsuit claims Prudential reaped more than \$100 million by collecting 5.7 percent on interest on deferred policy payments while paying out only 1 percent to families.

In addition, beneficiaries typically did not receive checks for cash but "draft checks" that were subject to negotiation among retailers and financial entities that would result in embarrassment for family members at, say, Wal-Mart or Target, King said.

Lucey was in court but referred all questions to the lawyers in the case. The debate focuses on the use of "Alliance Accounts," akin to checking accounts, that come with a booklet of drafts. The policy allows families to write a check for the full amount of the payment or in 36 monthly installments.

Michael Von Loewenfeldt, a lawyer from San Francisco for the plaintiffs, said a review of Prudential's financial statements for the previous year shows the company paid seven times more interest to civilian death beneficiaries than to military families.

Lawyers for Prudential have maintained they managed and paid out the money legally.

Ponsor set a Jan. 13 deadline to rule on the scope of the class action and established other evidentiary milestones farther out that year.

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