

**Press Release**

## **Prudential Loses Key Motion in Military Death Benefit Lawsuit**

Springfield, MA, May 5, 2011 (GLOBE NEWSWIRE) -- Rejecting Prudential's claims that "paying" the beneficiaries of our fallen servicemen and women by sending them a "checkbook" of IOUs was the same as actually paying them money, Federal District Judge Michael A. Ponsor issued a written order today denying Prudential's motion to dismiss claims that it has violated the federal statute and contract governing life insurance for service members and veterans, committed fraud, and breached its fiduciary duty to the beneficiaries. The Court held that "A lump-sum payment by check (which actually transfers the funds to the beneficiary) is simply not the same as a lump-sum payment by checkbook (which allows the insurance company to retain the funds and earn interest on them)." The Court also held that plaintiffs' allegation that "Defendant intentionally misrepresented essential elements of the Alliance Account in order to induce beneficiaries to maintain the insurance proceeds in the accounts" is sufficient to state a claim for fraud against Prudential.

The ruling applies to all four nationwide class action lawsuits that were filed against Prudential last year after it was revealed that instead of paying the beneficiaries of service members and veterans in a lump sum as required, Prudential was keeping the beneficiaries' money in its general account while sending "checkbooks" that the beneficiaries could use to withdraw funds. The cases are now consolidated in Springfield, Massachusetts, before Judge Ponsor. Plaintiffs allege that Prudential pays only a small amount of interest on the withheld funds, substantially less than it pays beneficiaries under civilian life insurance policies, and a small fraction of what Prudential makes through its use of the beneficiaries' money.

Michael von Loewenfeldt, Co-Lead Plaintiffs' Class Counsel stated, "This lawsuit has now been on file for over 9 months and we are anxious to prepare the case to protect the innocent beneficiaries of our military service men and women, to prevent further such abuse from occurring and to recover for them what was wrongfully taken by Prudential's fraudulent profit scheme."

“Much of the information we’ve been fortunate to develop regarding Prudential’s unscrupulous practices, we have been forced to obtain from Freedom of Information Act records and other source documents as Prudential will not voluntarily provide even the most basic of information detailing how they developed and administered this program,” stated Co-Lead Plaintiffs’ Counsel Daniel D. King. King went on to state that, “In my experience, I have never seen a more comprehensive and well developed plan of attack on innocent policy holders by an insurance giant. It is even more reprehensible when Prudential has targeted our military men and women who make great sacrifices to serve the very people who are depriving them and their families of access to the policies that insure their lives should they be lost while serving this country.”

Co-Lead Plaintiffs’ Counsel Christopher M. Burke stated that, “Records currently reflect that Prudential entered into this ‘no-bid’, monopolistic arrangement with the Veterans Administration some 44 years ago. Since that time, it appears no other insurance companies have been given the right to compete for and provide group life insurance to our service men and women.” When the story first broke, neither the Secretary of Defense when questioned, nor most of Congress, knew of this fraudulent scheme to enrich Prudential at the expense of our military nor of the unnaturally close relationship that had developed between Prudential and the Veterans Administration.

Discovery in the case is now moving forward.

For more information on this Class Action lawsuit, please see *In re Prudential Insurance Company of America SGLI/VGLI Contract Litigation*, filed in the United States District Court for the District of Massachusetts, Master Case No. 3:11-md-02208-MAP. Inquiries for additional information can be directed to (512) 687-6278, [mvl@kerrwagstaffe.com](mailto:mvl@kerrwagstaffe.com), [dan@danielkingtriallaw.com](mailto:dan@danielkingtriallaw.com), or [cburke@scott-scott.com](mailto:cburke@scott-scott.com).