

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

MAYFLOWER TRANSIT, L.L.C.,
Plaintiff,

v.

JOHN CAMBRIDGE and KRISTIE
CAMBRIDGE, husband and wife; and
HARLEY C. DOUGLASS, INC.,
Defendants.

No. CV-03-241-FVS

ORDER RE CROSS MOTIONS FOR
SUMMARY JUDGMENT

Before the Court is Defendant Harley C. Douglass, Inc.'s Motion for Summary Judgment, Ct. Rec. 26, and Plaintiff Mayflower Transit, LLC's Cross Motion for Summary Judgment, Ct. Rec. 36. The Court heard oral argument on these motions on July 15, 2005. Plaintiff Mayflower Transit, LLC, was represented by David Groesbeck and Angela Hayes. Defendant Harley C. Douglass, Inc., was represented by Eric Steven.

I. BACKGROUND

On or about February 2, 2003, Defendant Harley C. Douglass, Inc., ("Douglass") leased a home located in Spokane, Washington, to Defendants John and Kristie Cambridge for a one-year term. On or about May 28, 2003, Defendant John Cambridge entered into a transportation contract with Plaintiff Mayflower Transit, LLC, ("Mayflower") a registered motor carrier of household goods, to

1 transport the Cambridges' household goods from Spokane, Washington to
2 Gulf Shores, Alabama.¹ Around this same time, Douglass filed an
3 action against the Cambridges in Spokane County Superior Court for
4 breach of lease. Douglass also sought a prejudgment writ of
5 attachment for the Cambridges' personal property being transported by
6 Mayflower. The court order stated, in pertinent part:

7 Plaintiff is entitled to a Prejudgment Writ of
8 Attachment commanding the Sheriff of Spokane County to
9 seize any and all personal property located at 16212 E.
10 Marieta, Spokane, Washington belonging to Defendants, John
11 Cambridge and Kristie Cambridge, not exempt from execution
12 or so much thereof as may be sufficient to satisfy the
13 Plaintiff's demand in the amount of \$5,190.00 until further
14 order of the court.

15 Secure Self Storage, LLC is hereby appointed as
16 Receiver to secure, manage, and control the Defendants'
17 personal property located in a Mayflower Moving Co.
18 Truck....

19 Further, Plaintiff is entitled to a Prejudgment Writ
20 of Attachment upon posting of a Surety bond with the Clerk
21 of the Court in the amount of \$10,380.00....

22 On or about May 30, 2003, while the Cambridges' goods were being
23 loaded for transit, Mayflower and Crown Moving were served with a
24 copy of the court order. On the same day, Douglass obtained a surety
25 bond for attachment proceedings, in the amount of \$10,380.00, to
26 satisfy the requirements of the Spokane County Superior Court order.
Although Mayflower was served with a copy of the court order granting
a writ of attachment, the writ was never executed by the Sheriff.

¹ Crown Moving Co., Inc. ("Crown Moving") issued, on behalf
of Mayflower Transit, LLC, a Uniform Household Goods Bill of
Lading and Freight Bill NO. 476-00077-3 ("Bill of Lading")
covering the transportation of the Cambridges' goods from
Spokane, Washington to Gulf Shores, Alabama. Mr. Cambridge was
the shipper and consignee under the Bill of Lading. Upon
issuance of the bill of lading, Mayflower acquired a lien on the
Cambridges' goods pursuant to 49 U.S.C. § 80109.

1 After receiving the court order, Mayflower stopped the shipment
2 and placed the Cambridges' goods in storage-in-transit in Spokane
3 County, Washington. Thereafter, counsel for Mayflower contacted
4 Defendants Cambridge and Douglass by telephone and in writing and
5 advised them that the property at issue would not leave Spokane
6 County until the defendants agreed among themselves which party was
7 entitled to the goods and all moving, storage, and handling charges
8 were prepaid. Alternatively, the defendants were advised that
9 Mayflower would file an interpleader action if the parties could not
10 agree as to who was entitled to the goods.

11 On July 10, 2003, Mayflower filed this interpleader action.
12 Douglass accepted service of the Summons on July 16, 2003. The
13 Cambridges were served with a Summons and Complaint in Alabama on
14 September 18, 2003. On or about September 16, 2003, the Cambridges
15 filed a petition for Chapter 13 Bankruptcy relief, which stayed all
16 collateral litigation in both state and federal court. On February
17 6, 2004, the Court stayed this case pending resolution of bankruptcy
18 proceedings. Ct. Rec. 7. On September 20, 2004, the Court lifted
19 the stay after it was advised of the dismissal of the bankruptcy.
20 Ct. Rec. 9. Douglass' state court claim was reduced to final
21 judgment on November 2, 2004.

22 Douglass moves for summary judgment, dismissing Harley C.
23 Douglass, Inc., as a party in this action. Mayflower seeks the
24 following relief in its cross-motion for summary judgment: (1)
25 approval of the interpleader action and acceptance of Mayflower's
26 tender of the Cambridges' personal property into the constructive

1 custody of the Court; (2) discharge of Mayflower as an active
2 participant from this case based upon its status as a disinterested
3 stakeholder of the personal property; and (3) judgment against the
4 defendants John and Kristie Cambridge and Harley C. Douglass, Inc.
5 jointly and severally, for all out-of-pocket costs incurred by
6 Mayflower, including costs of storage and preservation of the
7 Cambridges' personal property, reasonable attorney fees and costs in
8 this proceeding.

9 **II. DISCUSSION**

10 Mayflower filed this statutory interpleader action pursuant to
11 49 U.S.C. § 80110 and 28 U.S.C. § 1335. Under 28 U.S.C. § 1335², the
12 Court has jurisdiction over a civil interpleader action involving
13 adverse claims to money or property worth \$500 or more as long as at
14 least two of the adverse claimants are of diverse citizenship and
15 "are claiming or may claim to be entitled to such money or property."
16 49 U.S.C. § 80110, in pertinent part, states the following:

17 (d) If a person other than the consignee or the person in
18 possession of a bill of lading claims title to or
19 possession of goods and the common carrier knows of the
20 claim, the carrier is not required to deliver the goods to
any claimant until the carrier has had a reasonable time to
decide the validity of the adverse claim or to bring a

21 ² 28 U.S.C. § 1335 states in relevant part:

22 (a) The district courts shall have original jurisdiction of any
23 civil action of interpleader or in the nature of interpleader
24 filed by any person, firm, or corporation...having his or its
custody or possession money or property of the value of \$500.00
or more...if

25 (1) Two or more adverse claimants, of diverse citizenship...are
26 claiming or may claim to be entitled to such money or
property...and if (2) the plaintiff has deposited such money or
property...into the registry of the court....

1 civil action to require all claimants to interplead.

2 (e) If at least 2 persons claim title to or possession of
3 the goods, the common carrier may--

4 (1) bring a civil action to interplead all known claimants
5 to the goods; or

6 (2) require those claimants to interplead as a defense in
7 an action brought against the carrier for nondelivery.

8 49 U.S.C. §§ 80110(d) and (e).

9 Interpleader allows a plaintiff stakeholder³ to sue all those
10 parties who are or might assert claims to a common fund or property
11 held by the stakeholder, and lets the claimants litigate who is
12 entitled to the funds or property. *Cripps v. Life Ins. Co. of North*
13 *America*, 980 F.2d 1261, 1265 (9th Cir. 1992); see generally 28 U.S.C.
14 § 1335. Interpleader is an equitable remedy and is governed by
15 equitable principles. *Aetna Life Ins. Co. v. Bayona*, 223 F.3d 1030,
16 1034 (9th Cir. 2000). "Interpleader's primary purpose is not to
17 compensate, but rather to protect stakeholders from multiple
18 liability as well as from the expense of multiple litigation." *Id.*
19 (citations omitted).

20 An interpleader action usually involves two distinct stages.
21 *Wright, Miller & Kane Federal Practice and Procedure: Civil* 3d
22 § 1704, at 624 (3d ed. 2001) (hereinafter *Federal Practice and*

23 ³ "The term stakeholder is commonly used in interpleader
24 actions to describe a person or entity who possesses a fund to
25 which adverse claims are made, but who personally has no claim or
26 interest in the fund." *First Interstate Bank v. United States*,
891 F.Supp. 543, 546 n. 5 (D.Or. 1995) (citing *New York Life Ins.*
Co. v. Lee, 232 F.2d 811, 814 (9th Cir. 1956)). However, the
existence of a neutral stakeholder is not a prerequisite to
interpleader jurisdiction. *First Interstate Bank*, 891 F.Supp. at
546 n. 5 (citing *Indianapolis Colts v. Mayor and City Council of*
Baltimore, 733 F.2d 484, 486 (7th Cir. 1984)).

1 Procedure). During the first stage, the court determines whether the
2 plaintiff/stakeholder has the right to compel the adverse claimants
3 to interplead and litigate their claims to the stake in one
4 proceeding. At this point, the court determines whether the
5 prerequisites to statutory interpleader have been met. If the court
6 decides that interpleader is available, it may issue an order
7 discharging the stakeholder and directing the claimants to
8 interplead. Federal Practice and Procedure: Civil 3d § 1704, at 627.
9 The court may also make any other order that is appropriate and
10 convenient for the resolution of the competing claims. *Id.* However,
11 if the court determines that interpleader is improper, the
12 proceedings will be dismissed before the court reaches the second
13 stage of the interpleader, which involves the determination of the
14 respective rights of the claimants to the stake. *Id.*

15 ***Step One: Does the Court have jurisdiction over Mayflower's***
16 ***interpleader action?***

17 The basic jurisdictional prerequisite to the maintenance of a
18 statutory interpleader action is that there be "adverse claimants" to
19 a particular fund or property. *Libby, McNeill, and Libby v. City*
20 *Nat. Bank*, 592 F.2d 504, 597 (9th Cir. 1978) (citing *Gaines v. Sunray*
21 *Oil Co.*, 539 F.2d 1136, 1141 (8th Cir. 1976)). This basic
22 prerequisite is essential because the sole rationale for equitable
23 relief to the plaintiff stakeholder in an interpleader is the danger
24 of exposure to double liability. *Texas v. Florida*, 306 U.S. 398,
25 406, 59 S.Ct. 563, 567, 83 L.Ed. 817 (1939); see also *Washington*
26 *Elec. Co-op. v. Paterson, Walke & Pratt, P.C.*, 985 F.2d 677, 679 (2d
Cir. 1993) ("[W]hat triggers interpleader is 'a real and reasonable

1 fear of double liability or vexatious, conflicting claims....'")
2 (quoting *Indianapolis Colts v. Mayor of Baltimore*, 741 F.2d 954, 957
3 (7th Cir. 1984) (collecting citations), *cert. denied*, 470 U.S. 1052,
4 105 S.Ct. 1753, 84 L.Ed.2d 817 (1985).

5 Here, there is no dispute that Mr. Cambridge asserted ownership
6 over the property held by Mayflower.⁴ Rather, the issue is whether
7 Douglass is a claimant of the personal property held by Mayflower
8 such that Douglass' interests are adverse to the Cambridges' asserted
9 interest. Mayflower contends both Douglass and the Cambridges are
10 adverse claimants to the property held by Mayflower. However,
11 Douglass argues that it does not claim any interest in the property
12 at issue.

13 Mayflower argues Douglass is an adverse claimant because it
14 admitted to having an interest in the property held by Mayflower.
15 Specifically, Mayflower argues Douglass' Answer to Mayflower's
16 Complaint demonstrates Douglass has an interest in the property.
17 Even if Douglass' Answer did assert an interest in the property,
18 which Douglass' adamantly disputes, Douglass recently filed a motion
19 to amend its Answer to clearly reflect that Douglass asserts no claim
20 to the property held by Mayflower.

21 Mayflower also contends Douglass asserted an adverse claim to
22 the Cambridges' property by obtaining a superior court order and
23

24
25 ⁴ Under the Schedule B in Mr. Cambridge's Chapter 13
26 Bankruptcy petition in United States Bankruptcy Court in the
Southern District of Alabama, Mr. Cambridge claimed a "half
interest in household furniture stored in Spokane, WA".

1 prejudgment writ of attachment on May 29, 2003, commanding the
2 Sheriff of Spokane County to seize any and all personal property
3 belonging to John and Kristie Cambridge. However, the writ was never
4 perfected or executed by the Sheriff. More importantly, Douglass
5 obtained a money judgment in Spokane County Superior Court in lieu of
6 attaching the personal property. When Douglass obtained that
7 judgment, the underlying court order and prejudgment writ of
8 attachment was dismissed. Furthermore, Douglass maintains that it
9 does not intend to satisfy its general judgment against the
10 Cambridges through the property held by Mayflower.

11 Since the Court is being asked for the first time to exercise
12 jurisdiction over this action as an interpleader, the Court must
13 determine whether the statutory requirements for an interpleader
14 action are satisfied now, not at some point in the past. Although
15 the record clearly demonstrates Douglass expressed an interest in the
16 property held by Mayflower at the time Mayflower initially filed this
17 action for interpleader, the record also reflects that Douglass no
18 longer claims any interest in that property. Consequently, the Court
19 cannot conclude the statutory requirements of an interpleader action
20 have been satisfied allowing the Court to exercise jurisdiction over
21 this action because Mayflower has not demonstrated Douglass is an
22 adverse claimant to the property held by Mayflower. Even though
23 Douglass appeared to be an adverse claimant at the time this action
24 was originally filed, the Court cannot conclude Douglass is presently
25 an adverse claimant to the property held by Mayflower. The Court
26 cannot conclude Douglass is an adverse claimant unless the Court

1 forces Douglass to satisfy its general judgment against the
2 Cambridges through the property held by Mayflower. See e.g.,
3 *Airborne Freight Corp. v. United States*, 195 F.3d 238, 242 (5th Cir.
4 1999) (holding that the court cannot "force a judgment creditor who
5 holds a general judgment against a judgment debtor to contest with
6 claimants who hold an interest only in a stake held by the judgment
7 debtor, if the judgment creditor elects to satisfy its judgment out
8 of other assets held by the fully solvent judgment debtor.").

9 Because Douglass now has a general judgment against the
10 Cambridges, not a judgment collectable only against the property held
11 by Mayflower, Douglass can satisfy that judgment from any of the
12 Cambridges' assets. The Court cannot force Douglass to satisfy its
13 judgment against through the property held by Mayflower. Since
14 Douglass disclaims any interest in the property held by Mayflower,
15 Douglass is not an adverse claimant to that property, and it leaves
16 only one claimant: the Cambridges. If there is only one claimant to
17 the property held by Mayflower, then there are not adverse claimants
18 to it. Therefore, the central jurisdictional prerequisite to the
19 maintenance of a statutory interpleader action is absent. Because
20 the "primary purpose" of an interpleader "is not to compensate, but
21 rather to protect stakeholders from multiple liability as well as
22 from the expense of multiple litigation", *Aetna Life Ins. Co.*, 223
23 F.3d at 1034, accepting jurisdiction of this interpleader would
24 contravene the primary purpose of an interpleader because Mayflower
25 is not facing a risk of multiple litigation. Accordingly, for the
26 reasons discussed herein, the Court grants Douglass' motion for

1 summary judgment and denies Mayflower's cross-motion for summary
2 judgment. Further, since the Court cannot maintain jurisdiction over
3 this action as an interpleader, this action is dismissed.

4 **IT IS HEREBY ORDERED:**

5 1. Plaintiff Mayflower Transit, LLC's Cross Motion for Summary
6 Judgment, **Ct. Rec. 36**, is **DENIED**.

7
8 2. Defendant Harley C. Douglass, Inc.'s Motion for Summary
9 Judgment, **Ct. Rec. 26**, is **GRANTED**; this action is **DISMISSED**.

10 4. Defendant Harley C. Douglass, Inc.'s Motion to Amend its
11 Answer to Plaintiff's Complaint, **Ct. Rec. 46**, is **MOOT**.

12 **IT IS SO ORDERED.** The District Court Executive is hereby
13 directed to enter this Order and furnish copies to counsel.

14 **DATED** this 3rd day of August, 2005.

15
16 s/ Fred Van Sickle
17 Fred Van Sickle
18 United States District Judge
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