



October 11, 2018

Attorney Michael J. Hoover
Interpleader Law, LLC
9015 Bluebonnet Blvd.
Baton Rouge, LA 70810

Re: Insured: Michael Chow
Company: State Farm Life Insurance Company
Policy: LF-3364-4561

Dear Attorney Hoover:

We are writing to update you about State Farm's handling of the claim for benefits that your client (Norbert Billard) has made under the policy identified above.

State Farm first received notice of the insured's death on September 14, 2017. We acknowledged State Farm's receipt of that notice on September 15, 2017, when we sent Mr. Billard a letter which explained that State Farm's agent would be contacting him with claim forms to be completed.

On October 13, 2017, State Farm received the claim forms that Mr. Billard completed. By then, State Farm had independently obtained some information about the insured's reported death. As we had explained to Mr. Billard during a telephone call on October 3, 2017, though, State Farm also needed to verify some of that information, obtain certain documentation, and otherwise complete its claim investigation before any benefits could be paid under the subject policy.

For example, State Farm needed to verify the fact of the insured's death. Because the insured reportedly had died while traveling outside of the U.S., State Farm began its efforts to verify the insured's death by requesting a form entitled "Report of Death of U.S. Citizen or U.S. Non-Citizen National Abroad." State Farm received a copy of that form on November 15, 2017. As its name suggests, though, that form did not provide direct evidence of the insured's death. Rather, it merely documented a "report" of the insured's death. While awaiting that form, then, State Farm separately retained a vendor to obtain a copy of the insured's death certificate and investigate certain facts and circumstances surrounding the insured's death.

State Farm received that vendor's initial report on November 10, 2017, and some of the documents appended to it were not translated into English until November 27, 2017. In part, those documents included a death certificate which indicated that the insured had died of a heart attack on September 14, 2017. However, the information provided by the vendor's initial report contained no other information through which State Farm could verify the insured's death or that the insured's death was caused by natural causes. At the same time, the vendor's initial report revealed the existence of certain additional documentation about the facts and

Attorney, Michael J. Hoover
Re: *Michael Chow – Policy No. LF-3364-4561*
October 11, 2018
Page 2

circumstances surrounding the insured's death – including both a police investigation file and a medical examiner's report -- that was not yet available to State Farm.

State Farm separately received additional information concerning the insured's death from the insured's wife, Theresa Whitt. Among other things, that information suggested that the insured had died while traveling in Mexico with both Mr. Billard and an individual named Coco Morales. According to Ms. Whitt, Mr. Morales was suspicious of Mr. Billard and had asked the Mexican officials to detain Mr. Billard before he could leave the country. Ms. Whitt also told State Farm that she was suspicious of Mr. Billard and thought that Mr. Billard killed the insured. In addition, Ms. Whitt told State Farm that the FBI was investigating the insured's death.

In light of those reports, State Farm was not in a position to approve Mr. Billard's claim for benefits under the policy until it obtained more information about the facts and circumstances surrounding the insured's death. To the contrary, to the extent there is evidence to suggest that Mr. Billard intentionally and feloniously killed the insured, Nevada law could require that he be disqualified from receiving any proceeds that were payable under the policy. See, *NV Rev Stat* 41B.200 and *NV Rev Stat* 41B.260. In that event, the terms of the policy would require that any proceeds that had become payable by reason of the insured's death be paid to the insured's estate. State Farm therefore could not determine that Mr. Billard was the proper beneficiary without conducting further investigation.

To that end, State Farm contacted the same vendor on December 14, 2017 and asked that he return to Mexico for the purpose of obtaining certain information. During a telephone conversation on that same date, we advised you that State Farm had done so and explained that it could take several weeks to obtain the information State Farm had requested.

During that same telephone conversation, we further advised you that certain information State Farm had received during its claim investigation suggested that Mr. Billard had no insurable interest in the insured's life at the time the policy was issued. More specifically, the application for the subject policy represented that the insured was Mr. Billard's "business partner" and the trustee of Mr. Billard's trust. However, Mr. Billard told State Farm during a telephone conversation on December 7, 2017 that the insured was not his business partner and was not the trustee of Mr. Billard's trust. Ms. Whitt similarly told State Farm during a telephone conversation on December 8, 2017 that the insured was not Mr. Billard's business partner and was not the trustee of Mr. Billard's trust.

We acknowledge your assertion that, because the subject policy was not contestable at the time of the insured's death, any misrepresentation in the application about Mr. Billard's insurable interest in the insured's life may have no impact on whether benefits are payable under the subject policy by reason of the insured's death. Nevertheless, Nevada law does provide that any proceeds paid under a life insurance policy issued to someone with no insurable interest in the insured's life will be subject to a claim by the insured (or the insured's estate). See, *NV Rev Stat* § 687B.040. Accordingly, State Farm could not determine that Mr. Billard was the proper beneficiary without conducting further investigation into whether Mr. Billard had an insurable interest in the insured's life.

Again, we discussed those issues with you during a telephone conversation on December 14, 2017. Approximately one month later, State Farm's vendor reported that he had not yet been able to obtain copies of the medical examiner's report concerning the insured or the results of the toxicology screening which had been performed in connection with the insured's autopsy.

Attorney, Michael J. Hoover
Re: *Michael Chow – Policy No. LF-3364-4561*
October 11, 2018
Page 3

By letter dated January 17, 2018, State Farm advised you of its continued need for that information. That same letter further advised you that State Farm was contacting the insured's wife to request that she obtain copies of the medical examiner's report and toxicology results. In addition, that same letter advised you that State Farm's vendor was attempting to obtain additional information in Mexico.

Mr. Billard filed a lawsuit against State Farm two weeks later.

As of the date on which Mr. Billard filed his lawsuit, State Farm did not have a copy of the police investigation file regarding the insured's death. To the contrary, State Farm first received a translated copy of the police investigation file on April 9, 2018.

As of the date on which Mr. Billard filed his lawsuit, State Farm also had not received copies of the medical examiner's report or the toxicology results. To the contrary, State Farm first received translated copies of those items on April 9, 2018.

As of the date on which Mr. Billard filed his lawsuit, the vendor that State Farm had retained to obtain information in Mexico had been unable to contact certain witnesses who had been identified as potential sources of information about the facts and circumstances surrounding the insured's death and/or about whether Mr. Billard had an insurable interest in the insured's life.

A document that State Farm filed in Mr. Billard's lawsuit on June 1, 2018 more fully explained that, as of that date, State Farm had not yet verified the authenticity of the medical examiner's report or the results of the toxicology screening which had been performed in connection with the insured's autopsy. That same document also explained that State Farm had been unable to contact certain individuals who might be able to comment on issues important to the handling of Mr. Billard's claim for benefits under the subject policy.

Through the ongoing efforts of the vendor it retained, State Farm subsequently verified the authenticity of the medical examiner's report and the results of the toxicology screening which had been performed in connection with the insured's autopsy. Until recently, however, that vendor was unable to contact two specific witnesses in Mexico: Coco Morales and Gert Dede Herrera. On July 13, 2018, State Farm therefore propounded formal discovery requests in Mr. Billard's lawsuit to ask for Mr. Billard's assistance in contacting those witnesses. As you know, though, the responses Mr. Billard made to those discovery requests on August 3, 2018 assert that he has no information with which to contact them.

As of this date, the vendor that State Farm retained to obtain information from sources in Mexico still has been unable to contact Coco Morales. However, on August 22, 2018, that vendor advised State Farm that he finally had located, contacted and interviewed Gert Dede Herrera.

The vendor's report regarding that interview of Gert Dede Herrera advised State Farm that both Mr. Herrera and Coco Morales had interacted with the insured (and Mr. Billard) in the days and/or hours before the insured's death. However, that report did not answer the questions which had arisen about whether Mr. Billard had an insurable interest in the insured's life, nor did it answer the questions about whether Mr. Billard had played some role in causing the insured's death.

For example, the vendor's report indicated that the insured was traveling in Mexico with Mr. Billard only as a "companion." Although it further identified Mr. Billard as someone who had

Attorney, Michael J. Hoover
Re: *Michael Chow – Policy No. LF-3364-4561*
October 11, 2018
Page 4

once been the insured's "client," the vendor's report further indicated that Mr. Billard and the insured were not in a business relationship with each other.

The vendor's report also advised State Farm that Mr. Herrera was "surprised" to learn of the insured's death. It also reported that Mr. Herrera thought it was "strange" for Mr. Billard to have asked for his help in finding a way for the insured's body to be cremated as soon as possible. According to Mr. Herrera, Coco Morales had similar concerns about certain actions Mr. Billard reportedly took immediately after the insured's death. In addition, Mr. Herrera advised State Farm's vendor that the Mexican authorities had for some period of time prevented Mr. Billard from leaving Mexico after the insured's death.

On August 21, 2018, State Farm's vendor therefore visited the Public Prosecutor's Office in Caba San Lucas. According to the vendor's report, the prosecutor with whom he spoke confirmed that an investigation had been conducted into the insured's death. However, the vendor's report also advised State Farm that the prosecutor had closed that investigation because there was insufficient evidence of a possible homicide.

According to the prosecutor, there remains a possibility that the investigation of the insured's death will be reopened if new investigative lines are discovered or provided.

At this point, then, State Farm is in a position from which it can acknowledge that the insured died while the subject policy was in force. More importantly, State Farm now is in a position from which it must acknowledge that there is no means of further investigating the questions which arose about whether the insured's death was the result of a homicide in which Mr. Billard played some part and whether Mr. Billard did (or did not) have an insurable interest in the insured's life. At the same time, State Farm now possesses authenticated copies of a medical examiner's report and toxicology results which attribute the insured's death to natural causes. It also understands that, while there may be competing evidence on the point, there is sufficient evidence to establish that Mr. Billard had an insurable interest in the insured's life.

State Farm's check for the proceeds which became payable under policy number LF-3364-4561 by reason of Michael Chow's death therefore is enclosed, along with an Explanation of Benefits form. As that Explanation of Benefits form confirms, the enclosed check represents State Farm's payment of both the face amount of policy number LF-3364-4561 (or \$800,000) and the interest earned on that sum since the date of the insured's death.

Sincerely,



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cc: Brian Strain