

Matter of J.G. Wentworth Originations, LLC (Flores-Castro)
2014 NY Slip Op 32422(U)
September 18, 2014
Supreme Court, New York County
Docket Number: 154547/2014
Judge: Peter H. Moulton
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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

In the Matter of the Petition of
J.G. Wentworth Originations, LLC
for Judicial Approval of Transfer of Structured
Settlement Payment Rights In Accordance With
New York General Obligations Law § 5-1701

Index No. 154547/2014

Petitioner

-and-

ALEX FLORES-CASTRO,
GE CAPITAL ASSIGNMENT CORPORATION OF NEW YORK AND
GENWORTH LIFE INSURANCE COMPANY OF NEW YORK

Respondents/Interested Persons Pursuant to
GOL § 5-1701 et seq.

PETER H. MOULTON, J.S.C.:

Alex Flores-Castro seeks the transfer of certain structured payments due to him under a structured settlement agreement in accordance with 26 U.S.C. 5891 et seq. and GOL § 5-1701 et seq. Mr. Flores-Castro initially sought to sell a lump sum payment of \$12,500.00 due to him on February 24, 2015 as wells as 120 monthly payments of \$275.00 beginning February 24, 2016 and ending on January 24, 2026. The court expressed reservations about this initial application, as it would have required J.G. Wentworth to service the unsold portions of Mr. Flores-Castro’s future monthly payments.¹ To address these concerns, Mr. Flores-Castro’s petition was amended. As amended, Mr.

¹ Servicing arrangements are sometimes required by annuity companies, who do not want to “split” payments when only a portion of the structure is sold. Rather, the company purchasing a portion of the structured payments is sent the entire amount and remits the portion not sold back to the person selling the structured payments. Although the court has only found one case has only found one case discussing this problematic issue, it remains concerned about the status of the unsold portions if, for example, the purchasing company declares bankruptcy. Other concerns include delay in payments and the accountability or responsiveness of the servicers.

Flores-Castro seeks to sell the following: one (1) lump sum payment of \$12,500.00 due to him on February 24, 2015; one (1) lump sum payment of \$10,000.00 due to him on February 24, 2019; and one (1) lump sum payment of \$20,000.00 due to him on February 24, 2024. The aggregate of those payments is \$42,500.00. If his application is approved, Mr. Flores-Castro will retain payments for the remainder of his life, with 30 years of payments guaranteed in the event of his premature death, of \$675.00 per month, increasing by 3.00% annually commencing on February 24, 2016 and continuing thereafter. Mr. Flores-Castro will also retain a lump sum payment of \$25,000.00 due to him on February 24, 2029.

In his amended petition, Mr. Flores-Castro seeks to transfer his payments for the purchase price of \$22,000.00. As adjusted by an updated e-mail disclosure dated September 18, 2014, the new purchase price for this transaction is \$23,500.00 (*see* Attached E-mail dated September 18, 2014). In return, J.G. Wentworth will receive Mr. Flores-Castro's lump sum payments of \$12,500.00, \$10,000.00, and \$20,000.00 due on February 24, 2015, February 24, 2019 and February 24, 2024, respectively, in the aggregate of \$42,500.00. The discounted present value of the purchased payments at the federal interest rate of 2.20% is \$37,644.93. Originally, the transaction was the equivalent of interest payments to Mr. Flores-Castro of 15.13% annually, but has since been amended to interest payments of 13.13% annually. *Id.*

Mr. Flores-Castro's affidavit reflects the following: He is 20 years old, resides in New York with his ailing mother, and is actively searching for employment. He intends to use the money that he receives from the transfer of a portion of his structured settlement payments to accomplish the following objectives: 1) purchase a vehicle for approximately \$10,000.00 to aid in his commute to a job as well as getting his mother to various doctors appointments; and 2) to pay a year's rent of

\$9,600.00 (\$800.00 per month utilities included) for an apartment that he resides in with his mother. Having carefully analyzed his budget, Mr. Flores-Castro does not believe that he can accomplish these vital goals without this transaction.

The court met with J.G. Wentworth's counsel and Mr. Flores-Castro on two separate occasions, the scheduled return date for the Order to Show Cause, July 23, 2014, and again on September 17, 2014. On both occasions, Mr. Flores-Castro expounded on his desire to improve the well-being of his ailing mother by remaining in his present apartment and purchasing a vehicle that could be used, in part, to get his mother to doctors appointments. Mr. Flores-Castro also stated that he has found an employment opportunity working at John F. Kennedy International Airport, but that he is unable to start work there until he purchases a vehicle. Finally, Mr. Flores-Castro mentioned that his mother's illness has prevented her from continuing to work, making any income he earns or money he receives the primary source of revenue for his household. As such, Mr. Flores-Castro emphasized his immediate need for the funds in connection with the proposed sale of his future structured settlement payments.

The court finds that the transaction herein is both fair and reasonable and in the best interest of Mr. Flores-Castro. The \$23,500.00 that Mr. Flores-Castro will receive represents 62.42% of the estimated current value of the payments. The annual discount rate of 13.13% is also fair and reasonable, and is in Mr. Flores-Castro best interest. Furthermore, given Mr. Flores-Castro's immediate need for the funds in connection with this transaction to purchase a vehicle, care for his mother, and make rent payments, it would not be in Mr. Flores-Castro best interest for the court to disapprove this transaction. Even though five months presently stand between Mr. Flores-Castro and his next lump sum payment, that duration of time compromises his chances of remaining within his

apartment and obtaining employment at the airport, for which a vehicle is needed. As such, Mr. Flores-Castro's has shown the immediate need for the funds in connection with this transaction. However, Mr. Flores-Castro should take heed of the fact that any future applications may not be approved. That being the case, he is cautioned against reliance on his ability to sell the remaining portions of his structured settlement payments and should use the \$23,500.00 that he is receiving here wisely.

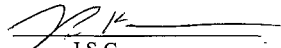
It is hereby:

ADJUDGED that the petition is granted; and an Order is signed simultaneously herewith.

This constitutes the Decision and Judgment of the Court.

Dated: September 18, 2014

ENTER:


J.S.C.

DEB. PETERIA REVOLUTION