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IN THE
COURT OF APPEALS OF INDIANA

Ronda Randall, as Personal Representative of the Estate of Julian M. Roache, and as Personal Representative of the Estate of Joanne F. Roache, beneficiary of the Julian M. Roache Revocable Living Trust,
Appellant-Plaintiff,

v.

Anita J. Woodson, individually and in her capacity as Trustee of the Julian M. Roache Revocable Living Trust,
Appellee-Defendant.

June 19, 2023

Court of Appeals Case No.
22A-PL-2830

Appeal from the Marion Superior Court

The Honorable Gary Miller, Judge

Trial Court Cause No.
49D03-1901-PL-2839

Opinion by Judge Riley
Judges Bradford and Weissmann concur.

Riley, Judge.

STATEMENT OF THE CASE

[1] Appellant-Plaintiff, Ronda Randall (Randall), Personal Representative of the Estate of Julian M. Roache and Personal Representative of the Estate of Joanne F. Roache, beneficiary of the Julian M. Roache Revocable Living Trust,¹ appeals the trial court’s dismissal of her Complaint against Anita J. Woodson (Woodson), individually and in her capacity as the Trustee of the Julian M. Roache Revocable Living Trust.

[2] We affirm.

FACTS AND PROCEDURAL HISTORY

[3] Prior to his death, Julian Roache (Julian) was under a legal disability and received benefits from the Social Security Administration (SSA). Woodson was appointed the representative payee of Julian’s SSA benefits and received at least some of those benefits in her capacity as representative payee. On January 19, 2017, Julian died. Randall is the personal representative of Julian’s estate.

[4] On January 23, 2019, Randall, in her capacity as personal representative of Julian’s estate, filed her Complaint against Woodson, raising claims sounding in breach of fiduciary duty, fraud, conversion, and unjust enrichment. Randall alleged that Woodson had engaged in a “continuous pattern” from December

¹ As set forth in more detail below, all claims pertaining to the Julian M. Roache Revocable Living Trust were dismissed. Randall does not appeal the dismissal of those claims. Therefore, although we do not grant Woodson’s request to amend the caption of this appeal, we address only those claims brought by Randall in her capacity as the personal representative of Julian’s estate against Woodson as an individual.

27, 2013, to January 19, 2017, of improperly transferring assets belonging to Julian and to the Julian M. Roache Revocable Trust (the Trust). (Appellant’s App. Vol. II, p. 19). The parties engaged in discovery. On September 15, 2022, Woodson filed a motion to dismiss based on two claims: (1) that the allegations of the Complaint based on the Trust’s assets were subject to dismissal under Indiana Trial Rule 12(B)(6) for failure to name the real party in interest, the Trust; and (2) that the allegations of the Complaint seeking to recover Julian’s SSA benefits were subject to dismissal pursuant to Indiana Trial Rule 12(B)(1) because those claims were preempted by federal law, depriving the trial court of subject matter jurisdiction. On October 3, 2022, Randall filed her response to Woodson’s motion to dismiss.

[5] On October 17, 2022, the trial court held a non-evidentiary hearing on Woodson’s motion to dismiss. On October 27, 2022, the trial court issued its Order, dismissing “Plaintiff’s claims” against Woodson, without entering any findings of fact or conclusions of law thereon. (Appellant’s App. Vol. II, p. 74).

[6] Randall now appeals. Additional facts will be provided as necessary.

DISCUSSION AND DECISION

I. Standard of Review

[7] Randall appeals the trial court’s grant of Woodson’s Trial Rule 12(B)(1) motion to dismiss her claims pertaining to Julian’s SSA benefits for want of subject matter jurisdiction. Such motions present a threshold question regarding the court’s power to act, and, therefore, “the relevant question is whether the type

of claim presented falls within the general scope of the authority conferred upon the court by the constitution or statute.” *Marion Cnty. Circuit Ct. v. King*, 150 N.E.3d 666, 671 (Ind. Ct. App. 2020), *trans. denied*. Where, as here, the salient facts are not in dispute, our review is de novo. *GKN Co. v. Magness*, 744 N.E.2d 397, 401 (Ind. 2001).

II. Preemption of Randall’s State Law Claims

A. The Federal Preemption Doctrine

[8] The issue before us is whether Randall’s state law claims are barred by federal law. Pursuant to the Supremacy Clause of our federal Constitution, federal law is supreme in the United States, and “[t]he preemption doctrine invalidates those state laws that interfere with or are contrary to federal law.” *Kuehne v. United Parcel Serv., Inc.*, 868 N.E.2d 870, 873 (Ind. Ct. App. 2007) (citing Const. art. VI, cl. 2). In undertaking a preemption doctrine analysis, we presume “that Congress did not intend to supplant state law.” *Id.* (quoting *New York State Conf. of Blue Cross & Blue Shield Plans v. Travelers Ins. Co.*, 514 U.S. 645, 654, 115 S.Ct. 1671, 131 L.E.2d 695 (1995)). We do not apply the doctrine unless it was the clear and manifest purpose of Congress to supersede state law. *Id.* This court has recognized that the federal preemption doctrine has three branches:

- (1) express preemption, where a statute expressly defines the scope of its preemptive effect;
- (2) field preemption, where a pervasive scheme of federal regulation makes it reasonable to infer that Congress intended exclusive federal regulation of the area;
- and (3) conflict preemption, where it is impossible to comply with both federal and state law, or where state law stands

as an obstacle to the accomplishment and execution of federal purposes and objectives.

Doherty v. Purdue Props. I, LLC, 153 N.E.3d 228, 239 (Ind. Ct. App. 2020) (internal quote omitted), *trans. denied*. In other words, “congressional intent to preempt state law can be found in the explicit language of a statute, implied from the existence of a comprehensive regulatory scheme, or inferred when the state law in question directly conflicts with federal law or stands as an obstacle to achievement of federal objectives.” *Id.* (quoting *Kuehne*, 868 N.E.2d at 873, in turn citing *Silkwood v. Kerr-McGee Corp.*, 464 U.S. 238, 248, 104 S.Ct. 615, 78 L.E.2d 443 (1984)). At its heart, application of the doctrine is a matter of discerning statutory intent, and, therefore, we “begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose.” *Micronet, Inc. v. Ind. Utility Regulatory Comm’n*, 866 N.E.2d 278, 288 (Ind. Ct. App. 2007) (quoting *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 383, 112 S.Ct. 2031, 2036, 119 L.Ed.2d 157 (1992) (internal quotes and citations omitted)).

B. *The Social Security Act and Regulations*

[9] The Social Security Act (the Act) permits the Commissioner of Social Security to pay a qualified person’s benefits to an appointed representative payee for the qualified person’s “use and benefit.” 42 U.S.C. §§ 1007(a); 1383(a)(2)(A)(ii)(I). The representative payee’s use of those benefits is subject to detailed regulations and reporting requirements. *See, e.g.*, 20 C.F.R. §§ 416.640 (entitled “Use of benefit payments”); 416.625 (entitled “What information must a representative

payee report to us?”); and 416.665 (entitled “How does your representative payee account for the use of benefits”, requiring representative payees to provide a written accounting at least once a year). The Act further provides that, if “the Commissioner of Social Security or a court of competent jurisdiction” has determined that a representative payee has misused any benefit paid to the representative payee, the Commissioner shall promptly revoke the designation and shall make payment to the beneficiary or to an alternate representative payee. 42 U.S.C. §§ 1007(a); 1383(a)(2)(A)(iii). Under the Act, “misuse of benefits”

occurs in any case in which the representative payee receives payment under this subchapter for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term “use and benefit” for purposes of this clause.

42 U.S.C. § 1383(a)(2)(A)(iv). In addition, the Act provides that, where the Commissioner of Social Security has negligently failed to investigate or monitor a representative payee results in the misuse of benefits by the payee, the Commissioner shall pay the beneficiary or an alternate payee “an amount equal to such misused benefits” and that a representative payee who is not a governmental entity is liable for the amount misused, an amount which is to be treated as an overpayment of benefits to the payee for purposes of the laws pertaining to recovery of overpayments. 42 U.S.C. §§ 1383(a)(2)(E), (H)(i). Federal regulations have been promulgated detailing the SSA’s responsibility to

recover and repay benefits misused by a representative payee. *See* 20 CFR § 404.2041 (“Who is liable if your representative payee misuses your benefits?”); *see also* 42 U.S.C. § 405(a) (providing the Commissioner with “full power and authority to make rules and regulations and to establish procedures . . . which are necessary or appropriate to carry out” the Act’s provisions).

C. *Analysis*

[10] Randall does not draw our attention to any portion of the Act which specifically and expressly outlines the scope of its preclusive effect, or which expressly provides state courts with concurrent jurisdiction over claims such as hers, and we located none. However, as set forth above, there exists within the Act and federal regulations a comprehensive scheme directed at preventing, identifying, and rectifying the misuse of benefit funds by representative payees. That scheme defines what constitutes misuse of benefits and provides mechanisms within the SSA for determining when misuse has occurred, for the recovery of benefits from the representative payee, and for payment of misused benefits to the beneficiary or an alternate representative payee. We infer from the existence of this extensive body of regulation that this is an instance of “field preclusion” and that Congress intended for the SSA to exercise exclusive authority over the issues of SSA benefit misuse by representative payees and over the recovery of those misused funds. *Doherty*, 153 N.E.3d at 239. Therefore, this body of federal law preempts state law claims such as Randall’s seeking to recover SSA benefits from a representative payee.

[11] Our conclusion finds support in the fact that several federal district courts have held that no federal private right of action exists against representative payees to recoup misused SSA benefits. *See, e.g., Moore v. Moore*, 2023 WL 2018585, at *1-2 n.1 (D. Del. Feb. 15, 2023) (concluding that, while he “might have administrative recourse available” with the SSA, Plaintiff had no private right of action against his ex-wife for her alleged misuse of their minor child’s social security disability funds, citing *Goold v. Smith*, 2016 WL 3556924 (N.D.N.Y. Apr. 19, 2016); *Hurvitz v. Hurvitz*, 2015 WL 3905287 (D.N.H. June 25, 2015); *Bates v. Nw. Human Servs., Inc.*, 466 F.Supp.2d 69 (D.D.C. 2006); *Pearson v. Payee*, 2013 WL 141234 (E.D. Cal. Jan. 11, 2013); and *Sylvester v. Sylvester*, 2009 WL 3711562 (D. Minn. Nov. 3, 2009), in accord). Randall relies on *State v. Wallace*, 828 N.E.2d 125, 128-30 (Ohio Ct. App. 2005), a case wherein the Court of Appeals of Ohio concluded that a state theft charge for a representative payee’s misappropriation of benefits was not preempted by the Act. However, Randall presents us with no authority for his apparent proposition that the body of law applicable to preemption analysis of criminal charges is directly applicable to this civil proceeding. In addition, two cases cited in *Wallace*, *Faith v. Caldwell*, 944 S.W.2d 607 (Tenn. Ct. App. 1996), and *Catlett v. Miller*, 561 N.E.2d 948 (Ohio Ct. App. 1988), both finding state court jurisdiction over disputes involving benefits paid to representative payees, were decided prior to amendments to the Act which provided the SSA with greater representative payee oversight and with a mechanism for obtaining restitution against individual representative payees. *See* 42 U.S.C. §§ 1383(a)(2)(E), (H)(i). Therefore, we do not find these cases to be persuasive.

[12] Randall’s main textual argument in support of concurrent state trial court jurisdiction over her claims is based on 42 U.S.C. § 1383(a)(2)(H)(i) (emphasis added), which, as we have already noted, provides that “[i]f the Commissioner of Social Security *or a court of competent jurisdiction*” determines that a representative payee’s misuse of benefits has occurred, the payee is liable and that, upon recovering all or any part of the amount, the Commissioner shall pay the amount to the beneficiary. Randall maintains that a plain reading of the statute and its inclusion of the phrase “a court of competent jurisdiction” indicates that the Act “anticipates that in addition to the Commissioner of Social Security, there is a role for the trial court below . . . to determine if Woodson, as a [r]epresentative [p]ayee, is liable for conversion (“misuse”) of assets that may include funds that originated through Social Security payments.” (Appellant’s Br. p. 11).

[13] In addressing this argument, we first observe that the Act does not further define the term “competent jurisdiction”, and Randall does not present us with any relevant authority from either a federal or state court in this or any other jurisdiction concluding that the use of the phrase “court of competent jurisdiction” in the Act confers concurrent subject matter jurisdiction over a state court to entertain claims such as those presented in her Complaint. However, the Act explicitly provides for both administrative and judicial review of the SSA’s initial determinations, including determinations concerning overpayment of benefits and determinations concerning the SSA’s negligence in investigating or monitoring representative payees. 20 C.F.R. §§ 404.902(j), (x).

The Act further provides that an individual may obtain review of a final decision of the Commissioner of Social Security by filing a civil action and that “[s]uch action *shall* be brought in the district court of the United States for the judicial district in which the plaintiff resides[.]” 42 U.S.C. § 405(g) (emphasis added); 20 C.F.R. § 404.981. In discerning statutory intent, we consider the statute as a whole. *Anderson v. Gaudin*, 42 N.E.3d 82, 85 (Ind. 2015). After considering the Act as a whole and these sections together, we conclude that the cited reference in the Act to “a court of competent jurisdiction” is simply a recognition of the fact that a determination of misuse may be made by a federal district court after the proper administrative procedures have been followed and judicial review has been sought. *See In re Ryan*, 76 A.3d 1049, 1059-61 (Md. App. 2013) (rejecting Ryan’s argument that a state juvenile court was a “court of competent jurisdiction” under the Act to determine if a representative payee has misused benefits and, thus, had jurisdiction in a dispute with an institutional representative payee over benefits allocation, concluding that the Act preempted state court jurisdiction and that “such disputes are for resolution within the federal administrative process and subject to further federal judicial review”). Accordingly, we conclude that Randall’s state tort claims against Woodson were preempted by the Act. As a result, in light of the combined effect of the trial court’s dismissal of Randall’s claims related to the Trust’s assets and our holding today, only those of Randall’s claims related to assets which were neither Trust assets nor Julian’s SSA benefits may go forward, if any exist.

CONCLUSION

- [14] Based on the foregoing, we conclude that the trial court lacked subject matter jurisdiction over Randall's claims pertaining to Julian's SSA benefits and, therefore, that those claims were properly dismissed.
- [15] Affirmed.
- [16] Bradford, J. and Weissmann, J. concur