

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION**

MANHATTANLIFE INSURANCE AND ANNUITY  
COMPANY, PASCHALL AND ASSOCIATES, INC.,  
and WILLIAM C. PASCHALL,

*Plaintiffs,*

v.

UNITED STATES DEPARTMENT OF HEALTH  
AND HUMAN SERVICES, DEPARTMENT OF THE  
TREASURY, DEPARTMENT OF LABOR, XAVIER  
BECERRA *in his official capacity as Secretary  
of Health and Human Services*, JANET  
YELLEN *in her official capacity as Secretary  
of the Treasury*, and JULIE A. SU *in her official  
capacity as Acting Secretary of Labor*,

*Defendants.*

Civil Action No. 6:24-cv-00178-JCB

**DEFENDANTS' RESPONSE TO ORDER REGARDING POTENTIAL RECUSAL**

The Court has invited the parties “to file briefing addressing whether the undersigned has a duty to recuse in this case under 28 U.S.C. § 455 or the Code of Conduct for United States Judges,” in light of his “ownership of stock in a nonparty financial-services company, OneMain Holdings Inc.” ECF No. 10. Although recusal is mandatory when the presiding judge “has a financial interest in the subject matter in controversy . . . or any other interest that could be substantially affected by the outcome of the proceeding,” 28 U.S.C. § 455(b)(4), that standard does not “requir[e] recusal in every case in which a judge owns stock of a company in the same industry as one of the parties to the case.” *In re Placid Oil Co.*, 802 F.2d 783, 786 (5th Cir. 1986); *accord In re Kansas Pub. Emps. Ret. Sys.*, 85 F.3d 1353, 1362 (8th Cir. 1996) (“[W]e are reluctant to fashion a rule requiring judges to recuse themselves from all cases that might remotely affect

nonparty companies in which they own stock. We believe such a rule would paint with too broad a stroke.”); *Gas Util. Co. of Alabama, Inc. v. S. Natural Gas Co.*, 996 F.2d 282, 283 (11th Cir. 1993) (“We agree with the reasoning of [*Placid Oil*].”).

Mere ownership of stock in a nonparty financial services company therefore does not require recusal in this matter. Ownership of stock in a company that sold fixed indemnity insurance policies subject to the regulation challenged here might amount to more than “[a] remote, contingent, and speculative interest” in the subject matter of this case. *Placid Oil Co.*, 802 F.2d at 787. But internet searches conducted by government counsel did not return information that OneMain Holdings Inc. sells such policies.

Respectfully submitted,

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