

**MORGAN & MORGAN
COMPLEX LITIGATION GROUP**

Michael F. Ram (SBN 104805)

mram@forthepeople.com

Marie N. Appel (SBN 187483)

mappel@forthepeople.com

711 Van Ness Avenue, Suite 500

San Francisco, CA 94102

Telephone: (415) 358-6913

Facsimile: (415) 358-6293

Ra O. Amen (*Pro Hac Vice*)

ramen@forthepeople.com

201 N. Franklin Street, 7th Floor

Tampa, Florida 33602

Telephone: (813) 223-5505

Facsimile: (813) 223-5402

NELSON & FRAENKEL LLP

Gretchen M. Nelson (SBN 112566)

gnelson@nflawfirm.com

Gabriel S. Barenfeld (SBN 224146)

gbarenfeld@nflawfirm.com

601 S. Figueroa Street., Suite 2050

Los Angeles, California, 90017

Telephone: (213) 622-6469

Facsimile: (213) 622-6019

Counsel for Plaintiff and the Proposed Classes

**IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

DEL OBISPO YOUTH BASEBALL,
INC. d/b/a DANA POINT YOUTH
BASEBALL, individually and on
behalf of all other similarly situated
individuals and entities,

Plaintiff,

v.

THE AMBASSADOR GROUP LLC
d/b/a AMBASSADOR CAPTIVE
SOLUTIONS; PERFORMANCE
INSURANCE COMPANY SPC;
BRANDON WHITE; GOLDENSTAR
SPECIALTY INSURANCE, LLC;
DOMINIC CYRIL GAGLIARDI;
MARCO SOLOMON GAGLIARDI;
and DOES 1 through 50,

Defendants.

Case No.: 21-cv-00199-JVS-DFM

**SECOND AMENDED CLASS
ACTION COMPLAINT**

JURY TRIAL DEMANDED

Judge James V. Selna

SECOND AMENDED CLASS ACTION COMPLAINT

1
2 Plaintiff, Del Obispo Youth Baseball, Inc. d/b/a Dana Point Youth Baseball
3 (“DPYB”), brings this Class Action Complaint individually and on behalf of all other
4 similarly situated individuals and entities against The Ambassador Group LLC d/b/a
5 Ambassador Captive Solutions (“Ambassador”); Performance Insurance Company SPC
6 (“Performance”); Brandon White (“White”); Goldenstar Specialty Insurance, LLC
7 (“Goldenstar Specialty”); Dominic Cyril Gagliardi (“D. Gagliardi”); Marco Solomon
8 Gagliardi (M. Gagliardi); and Does 1 through 50 (collectively, the “Defendants”) and
9 hereby states as follows:

10 **NATURE OF ACTION**

11 1. Plaintiff asserts this class action individually and on behalf of all other
12 similarly situated individuals and entities against Defendants for their involvement in a
13 scheme to defraud Plaintiff and class members by selling counterfeited and nonexistent
14 insurance policies, which purport to provide general commercial, accident, directors’ and
15 officers’, auto and other types of insurance to Plaintiff and class members, which
16 primarily include youth sports teams, leagues, and athletes throughout the United States.

17 2. This class action seeks damages and equitable relief under the Racketeer
18 Influenced and Corrupt Organizations Act (“RICO”), 18 U.S.C. § 1961 *et seq.* and
19 various state and common law claims.

20 **JURISDICTION AND VENUE**

21 3. This Court has federal subject matter jurisdiction over Plaintiff’s federal
22 claims pursuant to 28 U.S.C. § 1331 and § 1332(a) as there is diversity of citizenship
23 between the parties and the matter in controversy exceeds \$75,000, exclusive of interest
24 and costs, as well as pursuant to the Class Action Fairness Act of 2005 (“CAFA”), 28
25 U.S.C. § 1332(d), as the amount in controversy exceeds the sum of \$5,000,000, exclusive
26 of interest and costs, there are more than 100 putative class members, and minimal diversity
27 exists because many putative class members are citizens of a different state than
28 Defendants.

1 4. This Court has supplemental jurisdiction over Plaintiff’s state and common
2 law claims pursuant to 28 U.S.C. § 1367(a) because they form part of the same case and
3 controversy and derive from a common nucleus of operative facts.

4 5. Venue is proper in this District pursuant to 18 U.S.C. § 1965(a) and 28
5 U.S.C. § 1391(b)(2) because Defendants conduct their affairs in this District and a
6 substantial part of the events giving rise to Plaintiff’s claims occurred in this District.

7 6. This Court has personal jurisdiction over Defendants as they have
8 purposefully availed themselves of the forum, have transacted business regularly in the
9 forum, and because the exercise of jurisdiction in this forum over Defendants would not
10 offend traditional notions of fair play and substantial justice.

11 **PARTIES**

12 7. Plaintiff DPYB is a California company with a principal place of business at
13 32565B Golden Lantern St. #351, Dana Point, California 92629.

14 8. Defendant Ambassador is a Kentucky limited liability company with a
15 principal place of business at 9700 Park Plaza Avenue, Unit 201, Louisville, Kentucky
16 40241, and registered to do business in California.

17 9. Upon information and belief, Defendant Performance Insurance Company
18 SPC is a segregated portfolio company based in the Cayman Islands which maintains an
19 office in the United States at 9700 Park Plaza Avenue, Unit 201, Louisville, Kentucky
20 40241. Upon information and belief, Goldenstar Holdings Company SP (“Goldenstar
21 Holdings”) is a segregated portfolio of Performance Insurance Company SPC based in
22 the Cayman Islands.

23 10. Upon information and belief, Defendant Brandon White is a Kentucky
24 resident.

25 11. Upon information and belief, Defendant Goldenstar Specialty Insurance,
26 LLC (formerly known as Goldenstar Underwriting Company, LLC) is a Pennsylvania
27 limited liability company with a principal place of business at 1315 Walnut Street, Suite
28 1101, Philadelphia, Pennsylvania 19107.

1 12. Upon information and belief, Defendant Dominic Cyril Gagliardi is a
2 California resident.

3 13. Upon information and belief, Defendant Marco Solomon Gagliardi is a
4 California resident.

5 **BACKGROUND FACTS**

6 **Plaintiff Dana Point Youth Baseball**

7 14. DPYB is a nonprofit organization that has provided the means for
8 community youth in South Orange County to develop qualities and attributes through
9 baseball since 1968. DPYB boundaries include the cities of Dana Point, San Juan
10 Capistrano, San Clemente, Laguna Niguel and Laguna Beach but welcomes players from
11 all cities.

12 15. DPYB is a member of the larger PONY Baseball, Inc. nonprofit organization
13 (“PONY National”).

14 16. PONY National, which stands for Protect Our Nation’s Youth, was formed
15 in 1951 and consisted of only six teams when founded. Currently, more than 500,000
16 players (stretching across over 4,000 leagues throughout the United States and over 40
17 countries world-wide) participate in the PONY organization annually.

18 17. Membership in PONY National is open to children and young adults from
19 ages 4 to 23.

20 **The Scheme to Defraud Plaintiff and Class Members**

21 18. Defendants are part of a nationwide, association-in-fact enterprise that has
22 existed and operated for at least the last ten years. The purpose and actions of the
23 enterprise was the misappropriation and/or theft of premium dollars from youth sports
24 teams, leagues, and athletes throughout the United States by selling counterfeited and
25 nonexistent “insurance policies” (the “Counterfeited Policies”), which purport to provide
26 accident, health, and other insurance primarily to these youth sports teams, leagues, and
27 athletes (the “Scheme”). The “Counterfeited Policies” include all counterfeited and
28 nonexistent “insurance policies” sold to Plaintiff and class members.

1 19. The Scheme involved supposed accident and health insurance policies that
2 purport to insure hundreds (and maybe thousands) of sports teams and leagues throughout
3 the United States, and an exponentially larger number of individual athletes. Some of the
4 Counterfeited Policies are for combat sports and football and have million-dollar limits
5 for certain brain injuries.

6 20. The Scheme also involved Gagliardi Insurance Services, Inc. (“Gagliardi
7 Insurance”), which served as the insurance broker in the Scheme selling the
8 Counterfeited Policies to Plaintiff and class members.

9 21. Gagliardi Insurance is a Pennsylvania corporation with a principal place of
10 business at 1010 N. Hancock Street, Philadelphia, Pennsylvania 19123.

11 22. D. Gagliardi is and was the President of Gagliardi Insurance during the
12 Scheme.

13 23. M. Gagliardi is and was the Chief Executive Officer of Gagliardi Insurance
14 during the Scheme.

15 24. Upon information and belief, D. Gagliardi and M. Gagliardi control
16 Gagliardi Insurance and directly or indirectly effectuated all its actions related to the
17 Scheme.

18 25. Upon information and belief, each Defendant was aware of, participated in,
19 planned, or encouraged each act committed for the Scheme’s effectuation.

20 26. Plaintiff and class members did not discover that they were defrauded until
21 after substantial premium payments had been made.

22 27. Plaintiff approximates that it paid more than \$64,000 to Gagliardi Insurance
23 over the course of ten years for non-existent and forged “insurance coverage.” Plaintiff’s
24 most recent premium payment to Gagliardi Insurance was approximately \$8,000.

25 28. Upon information and belief, class members have paid considerable
26 premiums for the Counterfeited Policies to Gagliardi Insurance.

27 29. Upon information and belief, all Defendants have shared in the revenue and
28 profits produced by the Scheme.

1 **The Relationship between Defendants: Captive Reinsurance**

2 30. The fraud alleged in this Complaint relates to an area of insurance known as
3 “captive reinsurance.” Captive reinsurance programs are complex multi-party
4 arrangements that require specialized expertise and significant underwriting capacity.

5 31. In short, in a captive reinsurance relationship, a broker (who is not licensed
6 to issue insurance policies) uses several intermediaries to form an indirect relationship
7 with an insurance company (an “Issuing Carrier”). This relationship allows the broker to
8 indirectly issue policies to its customers, act as its own “insurance company,” assume
9 part of the risks, and retain additional profits.

10 32. In the type of captive reinsurance program here at issue, an insurance broker
11 or other company (the “Broker/Owner”) forms and owns a captive reinsurance company
12 (the “Captive”). The Captive is ultimately responsible for paying some or all of the
13 losses on policies sold by the Broker/Owner.

14 33. A Captive can also be referred to as a reinsurer.¹

15 34. Because Captives are not licensed direct insurers, the Broker/Owner seeks to
16 engage an Issuing Carrier to issue the insurance policies to be resold by the Captive. The
17 apportionment of risk between the Issuing Carrier and the Captive is typically
18 documented in a reinsurance agreement through which the Captive (as the reinsurer)
19 agrees to reimburse the Issuing Carrier for some or all of the losses incurred under the
20 policies.

21 35. Typically, the Captive pays the Issuing Carrier a fee or commission payment
22 for acting as the Issuing Carrier. In addition, the Captive provides collateral to the
23 Issuing Carrier to secure, among other things, the Captive’s obligation to reimburse the
24 Issuing Carrier for any reinsured losses that the Issuing Carrier incurs.

25 36. Typically, the Captive issues or is responsible for issuing the individual
26 insurance policies to its customers.

27 _____
28 ¹ <https://www.captive.com/articles/how-do-captive-insurers-use-reinsurance>.

1 37. Typically, the Captive processes or is responsible for processing the
2 individual insurance claims of its customers.

3 38. These complex captive reinsurance transactions are often facilitated by a
4 “captive intermediary,” an entity that assists a Broker/Owner in (1) developing an
5 actuarial model and business plan, (2) forming the Captive, and—most importantly—(3)
6 identifying an Issuing Carrier to issue the policies to be sold by the Broker/Owner and
7 reinsured to the Captive. Ambassador is such a captive intermediary, founded by
8 Brandon White in 2011 in Louisville, Kentucky.

9 39. Upon information and belief, White directly or indirectly owns at least part
10 of Ambassador.

11 40. Upon information and belief, during all relevant times of the Scheme’s
12 effectuation, White controlled Ambassador.

13 41. Upon information and belief, Ambassador and/or White created Goldenstar
14 Holdings Company SP, a cell of Performance, which serves as the Captive for the
15 Scheme.

16 42. During all relevant times of the Scheme’s effectuation, White served as the
17 Director of Performance. (*See* Ex. 1 (September 14, 2020 Performance SPC Letter to
18 Partners and Agents), at 2; Ex. 2 (March 17, 2021 Petition for Leave), at 3.)

19 43. Upon information and belief, during all relevant times of the Scheme’s
20 effectuation, White controlled Performance. (*See* Ex. 1 (September 14, 2020
21 Performance SPC Letter to Partners and Agents), at 2; Ex. 2 (March 17, 2021 Petition for
22 Leave), at 3.)

23 44. Upon information and belief, during all relevant times of the Scheme’s
24 effectuation, White directly or indirectly owned at least part of Performance. (*See* Ex. 1
25 (September 14, 2020 Performance SPC Letter to Partners and Agents), at 2.)

26 45. Upon information and belief, during all relevant times of the Scheme’s
27 effectuation, Ambassador was the “insurance manager of Performance, was contracted to
28 be and served as Performance’s and Goldenstar Holding’s “captive consultant,” and

1 advised Performance and Goldenstar Holding as to their captive reinsurance program,
2 including the Scheme. (*See* Ex. 1 (September 14, 2020 Performance SPC Letter to
3 Partners and Agents), at 2; Ex. 2 (March 17, 2021 Petition for Leave and Court
4 Supervision), at 3; Ex. 3 (Motion for Order Granting Recognition of Foreign Main
5 Proceeding), at para. 14.)

6 46. Defendants sold insurance policies under supposed captive reinsurance
7 programs to Plaintiff and class members. However, no Issuing Carrier was engaged by
8 Defendants with respect to the Counterfeited Policies sold to Plaintiff and class members
9 and no actual insurance policies were issued by any Issuing Carrier for the Counterfeited
10 Policies sold to Plaintiff and class members. Instead, Defendants forged documents that
11 misled Plaintiff and class members into believing that Issuing Carriers had issued actual
12 policies in connection with the Counterfeited Policies sold to Plaintiff and class members.

13 47. Upon information and belief, Performance, Ambassador, and White forged
14 or caused the forgery of the Counterfeited Policies, which led Plaintiff and class members
15 into believing that Issuing Carriers had issued policies in connection with the
16 Counterfeited Policies sold to Plaintiff and class members.

17 48. Upon information and belief, Defendants forged and used the attached
18 “Quota Share Reinsurance Agreement” that purports to be entered into among Issuing
19 Carrier State National Company and Defendant Performance Insurance Company SPC
20 effective July 1, 2019. (*See* Ex. A.) While this document is purportedly signed by “David
21 Cleff” as “EVP” for State National Company, upon information and belief, Mr. Cleff did
22 not sign this document, and State National Company did not authorize anyone to agree to
23 the terms set forth in this document. Upon information and belief, the signature on this
24 document is a forgery.

25 49. Upon information and belief, at no time has State National Company (1)
26 been an Issuing Carrier for the Scheme, (2) received premiums, fees or other
27 compensation in connection with the Scheme, (3) signed any agreements in connection
28 with the Scheme, (or) provided Ambassador with a quote for this or any other program.

1 50. Upon information and belief, numerous insurance policies and certificates
2 have been issued to consumers, including Plaintiff and class members, at the direction of
3 Performance, Ambassador, and White in connection with the Scheme bearing forged
4 State National Company marks.

5 51. In fact, the purported “Quota Share Reinsurance Agreement” between State
6 National Company and Performance represents that the Counterfeited Policies would be
7 issued by Performance.²

8 52. Upon information and belief, the Counterfeited Policies have been issued to
9 consumers, including Plaintiff and class members, at the direction of Performance,
10 Ambassador, and White in numerous states, including California.

11 53. Upon information and belief, Performance, Ambassador, and White were
12 aware of the details of the Counterfeited Policies, including that they would be and, in
13 fact, were issued to residents of numerous states, including those of California.

14 54. For years, Plaintiff and class members made premium payments to
15 Defendants on the Counterfeited Policies believing that such monies (or a portion
16 thereof) were remitted to the supposed Issuing Carrier. However, Defendants never
17 remitted any monies to any Issuing Carrier. Instead, Defendants stole all such premium
18 payments from Plaintiff and class members.

19 55. Upon information and belief, Goldenstar Specialty has provided
20 administrative services to Gagliardi Insurance and Goldenstar Holdings in connection
21 with issuing, distributing, administering, or procuring payment for the Counterfeited
22 Policies that Gagliardi Insurance and/or Goldenstar Holdings sold.

23 56. Upon information and belief, Goldenstar Specialty was aware of the details
24 of the Counterfeited Policies, including that they would be and, in fact, were issued and
25 _____

26 ² See Ex. A, Secs. 1.01, 2.01 (“all Policies issued by and on behalf of [State National] by
27 the General Agent”), 18.01 (Performance “has selected the General Agent to administer
28 the business reinsured hereunder [I]t is recognized that the General Agent is acting
on behalf of [Performance].”).

1 sold to residents of numerous states, including those of California.

2 **Gagliardi Insurance Marketed Its Insurance Products to Plaintiff as a**
3 **Complete Insurance Solution**

4 57. Upon information and belief, Gagliardi Insurance purposefully associated
5 itself with national sports leagues to market itself to and attracts clients in California and
6 throughout the United States.

7 58. Gagliardi Insurance advertised its “insurance products” specifically on
8 PONY National’s website stating that, “For over three decades, Gagliardi has been the
9 Official Insurance Provider for PONY Baseball/Softball. Gagliardi is pleased to provide
10 a complete insurance package highlighted by the discounted medical rates we provide for
11 our PONY registered teams and organizations. Our simple application provides you with
12 an insurance plan that includes coverage and limits to protect all facets of your PONY
13 organization. By purchasing both Liability and Medical coverage, not only will you meet
14 the requirements of PONY Baseball/Softball; you will meet the requirements of all major
15 youth baseball and softball organizations.” (*See* Exs. B-C.)

16 59. Gagliardi Insurance’s statements on the PONY National’s website were
17 untrue in that: (1) Gagliardi Insurance did not provide a “complete insurance package”;
18 (2) the coverage did not protect PONY organizations; and (3) liability and medical
19 insurance together provided by Gagliardi Insurance did not meet the requirements of
20 PONY Baseball/Softball.

21 60. It was through Gagliardi Insurance’s relationship with PONY National that
22 Plaintiff became aware of Gagliardi Insurance, and eventually purchased the
23 Counterfeited Policies.

24 **The Misrepresentations**

25 61. Gagliardi Insurance knowingly or negligently made several
26 misrepresentations to Plaintiff about the Counterfeited Policies, which Gagliardi
27 Insurance asserted provided accident and health insurance to Plaintiff (the
28 “Misrepresentations”).

1 62. Several of the Misrepresentations came in the form of documents that
2 Gagliardi Insurance sent to Plaintiff:

- 3 a) On or about February 6, 2018, Gagliardi Insurance sent to Plaintiff a
4 Certificate of Liability Insurance (under policy numbers PK201800012200,
5 EX201800000958, BAP 640000, and BAP 650000 for the period of
6 01/21/2018 to 01/21/2019), which falsely represented to provide accident
7 and health insurance with a policy limit of \$4,000,000 to Plaintiff issued by
8 New York Marine & General Insurance (NAIC# 16608) and Starr
9 Indemnity & Liability Company (NAIC# 38318). (*See Ex. D.*) Upon
10 information and belief, no such policy was issued by New York Marine &
11 General Insurance or Starr Indemnity & Liability Company.
- 12 b) On or about January of 2019, Gagliardi Insurance sent to Plaintiff an
13 Accident Insurance Coverage Summary (under policy number GAH040001
14 for the period of 01/21/2019 to 01/21/2020), which falsely represented to
15 provide accident and health insurance to Plaintiff, including a \$10,000
16 maximum benefit for “ACCIDENTAL DEATH AND
17 DISMEMBERMENT” and \$500,000 maximum benefit for “ACCIDENT
18 MEDICAL AND DENTAL EXPENSE.” (*See Ex. E.*) Upon information
19 and belief, no such policy was issued by an Issuing Carrier.
- 20 c) On or about January 25, 2019, Gagliardi Insurance sent to Plaintiff a
21 Certificate of Liability Insurance (under policy numbers GSL2019040001,
22 GSX2019040001, GSL2019040001, GAH040001 for the period of
23 01/21/2019 to 01/21/2020), which falsely represented to provide accident
24 and health insurance to Plaintiff issued by Lexington Insurance Company
25 (NAIC# 19437). (*See Ex. F.*) Upon information and belief, no such policy
26 was issued by Lexington Insurance Company.
- 27 d) On or about January 17, 2020, Gagliardi Insurance sent to Plaintiff a
28 Certificate of Liability Insurance (under policy numbers GSL2020110204,

1 GSX2020110204, GSL2020110204, GAH110204 for the period of
2 01/21/2020 to 01/21/2021), which falsely represented to provide accident
3 and health insurance to Plaintiff issued by State National Insurance
4 Company (NAIC# 12831) and National Specialty Insurance Company
5 (NAIC# 22608). (*See Ex. G.*) No such policy was issued by State National
6 Insurance Company or National Specialty Insurance Company.

7 e) On or about January of 2019, Gagliardi Insurance sent to Plaintiff
8 documentation for Directors & Officers insurance (under policy number
9 EPP9712261 for the period of 01/21/2019 to 01/21/2020), which falsely
10 represented to provide a limit of liability of \$1,000,000. (*See Ex. H.*) Upon
11 information and belief, no such policy was issued by an Issuing Carrier.

12 f) On or about January of 2020, Gagliardi Insurance sent to Plaintiff
13 documentation for Directors & Officers insurance (under policy number
14 EPP9712261 for the period of 01/21/2020 to 01/21/2021), which falsely
15 represented to provide a limit of liability of \$1,000,000. (*See Ex. I.*) No
16 such policy was issued by an Issuing Carrier.

17 g) On or about January 17, 2019, Gagliardi Insurance sent to Plaintiff a
18 Certificate of Liability Insurance (under policy number EPP9712261 for the
19 period of 01/21/2019 to 01/21/2020), which falsely represented to provide
20 Directors & Officers insurance to Plaintiff issued by Great American
21 Insurance Company (NAIC# 16691) with a policy limit of liability of
22 \$1,000,000. (*See Ex. J.*) Upon information and belief, no such policy was
23 issued by Great American Insurance Company.

24 h) On or about January 17, 2020, Gagliardi Insurance sent to Plaintiff a
25 Certificate of Liability Insurance (under policy number EPP9712261 for the
26 period of 01/21/2020 to 01/21/2021), which falsely represented to provide
27 Directors & Officers insurance to Plaintiff issued by Great American
28 Insurance Company (NAIC# 16691) with a policy limit of liability of

1 \$1,000,000. (*See* Ex. K.) No such policy was issued by Great American
2 Insurance Company.

3 i) Over the course of the Scheme, Gagliardi Insurance sent several claim
4 forms and claim instruction documents to Plaintiff with full knowledge that
5 no insurance policy was ever issued to cover any claim submitted under the
6 forged and non-existent “insurance policies.” (*See* Exs. L-N.)

7 63. Upon information and belief, all Defendants were aware of, encouraged, and
8 actively participated in Gagliardi Insurance’s Misrepresentations to Plaintiff.

9 64. Upon information and belief, Gagliardi Insurance made misrepresentations
10 to all class members (the “Class Misrepresentations”) that were similar to the
11 Misrepresentations.

12 65. Upon information and belief, all Defendants were aware of, encouraged, and
13 actively participated Gagliardi Insurance’s Class Misrepresentations.

14 66. Gagliardi Insurance omitted to inform Plaintiff that the Counterfeited
15 Policies were not backed or issued by any Issuing carrier (the “Omissions”).

16 67. Upon information and belief, Gagliardi Insurance omitted to inform class
17 members that the Counterfeited Policies were not backed or issued by any Issuing carrier
18 (the “Class Omissions”).

19 68. Upon information and belief, all Defendants were aware of, encouraged, and
20 actively participated Gagliardi Insurance’s Class Omissions.

21 69. Upon information and belief, D. Gagliardi signed and directly or indirectly
22 provided all of the documents related to the Misrepresentations and Class
23 Misrepresentations to Plaintiff and class members.

24 **Discovery of the Scheme**

25 70. On or about October 27, 2020, Gagliardi Insurance informed Plaintiff that
26 the insurance policies that Gagliardi Insurance provided to Plaintiff were the subject of a
27 federal lawsuit by several Issuing Carriers for Defendants’ unauthorized use of the
28 Issuing Carriers’ mark in the enacting the Scheme (the “Issuing Carrier Suit”). Gagliardi

1 Insurance claimed ignorance of the Scheme, and denied any involvement in it.

2 71. Currently Gagliardi Insurance’s website states the following in relation to
3 the Scheme:

4 **ON OCTOBER 27TH, WE SENT YOU A NOTICE REGARDING**
5 **INSURANCE POLICIES THAT GAGLIARDI PROVIDED TO YOU,**
6 **WHICH ARE THE SUBJECT OF A FEDERAL COURT LAWSUIT.**
7 **WE ARE WRITING TO WITHDRAW THAT LETTER AND**
8 **REPLACE IT WITH THE ATTACHED VERSION, WHICH**
9 **CLARIFIES THAT STATE NATIONAL NEVER ISSUED ANY**
10 **POLICIES TO GAGLIARDI’S CLIENTS.**

11 HELLO GAGLIARDI INSURANCE FAMILY,
12 THE LAST SEVERAL MONTHS HAS BEEN A VERY DIFFICULT AND
13 PAINFUL PERIOD FOR GAGLIARDI INSURANCE SERVICES, INC.
14 FOR OVER 35 YEARS, OUR COMPANY HAS ALWAYS TAKEN CARE
15 OF ITS CLIENTS AND INSURED AND WORKED VERY HARD TO
16 PROVIDE BOTH A HIGH-QUALITY INSURANCE PRODUCT AND
17 EXCEPTIONAL SERVICE. UNFORTUNATELY, RECENT EVENTS,
18 WHICH WERE OUT OF OUR CONTROL, HAVE INTERVENED.

19 WE PROVIDED OUR CLIENTS WITH AN INSURANCE POLICY
20 UNDER THE NAME AND AUSPICES OF STATE NATIONAL
21 INSURANCE COMPANY, IN COMBINATION OF OTHER INSURANCE
22 BACKED BY ANOTHER CARRIER. WE WERE PROVIDED WITH
23 FORMAL SIGNED DOCUMENTATION INDICATING THAT STATE
24 NATIONAL HAD AGREED TO PROVIDE ITS POLICIES. WE WERE
25 SHOWN EVIDENCE THAT A PREMIUM HAD BEEN PAID TO STATE
26 NATIONAL TO APPROPRIATELY COMPENSATE STATE NATIONAL
27 FOR ITS PARTICIPATION AS A FRONT CARRIER. FINALLY, WE
28 WERE GIVEN SPECIFIC DIRECTION THAT WE COULD DELIVER
POLICIES TO OUR CLIENTS UNDER THE STATE NATIONAL NAME
BY THE AGENT WHO, WE WERE LED TO BELIEVE, HAD THE
AUTHORITY TO DO SO.

STATE NATIONAL NEVER ISSUED POLICIES TO GAGLIARDI’S
CLIENTS. AFTER GAGLIARDI ISSUED POLICIES FOR OVER A YEAR
WITHOUT ANY NOTIFICATION OF ANY PROBLEMS, STATE
NATIONAL SENT A FORMAL DEMAND TO US AND OTHERS TO
IMMEDIATELY STOP USING ITS NAME AND POLICIES. IT CLAIMED
THAT THE SIGNATURE OF THE STATE NATIONAL AUTHORIZED

1 REPRESENTATIVE ON THE DOCUMENTATION PROVIDED TO US
2 WAS FORGED AND THAT IT NEVER RECEIVED ANY PREMIUM
3 PAYMENT. IT IS NOW THE SUBJECT OF A FEDERAL LAWSUIT OF
4 WHICH WE ARE A PART.

5 AN ORDER HAS BEEN ENTERED IN THE FEDERAL LAWSUIT THAT
6 THE INSURANCE POLICIES AND CERTIFICATES BEARING STATE
7 NATIONAL'S NAME ARE NOT EFFECTIVE AND THERE IS NO
8 COVERAGE FROM STATE NATIONAL UNDER THE POLICIES AND
9 CERTIFICATES. AS A RESULT OF THE LAWSUIT AND THE CLAIMS
10 OF STATE NATIONAL, THE CLAIMS PROGRAM HAS BEEN
11 INTERRUPTED. WE CANNOT RETURN ANY PREMIUMS WITHOUT
12 EXPRESS APPROVAL OF STATE NATIONAL AND THE COURT. WE
13 ARE WORKING VERY DILIGENTLY TO MAKE SURE CLAIMS CAN
14 PAID IN THE ORDINARY COURSE, BUT THAT PROCESS HAS NOT
15 YET BEEN FULLY REESTABLISHED.

16 WE SINCERELY REGRET WHAT HAS OCCURRED AND ARE
17 EXAMINING OUR OPTIONS AS TO HOW TO PROCEED.

18 **FOR ALL CLAIMS, PLEASE SEND INFO TO**
19 **SALES@GSPORTSINSURANCE.COM**

20 **IF YOU ARE LOOKING TO PURCHASE A NEW POLICY OR ARE**
21 **RENEWING COVERAGE, PLEASE CONTACT OUR FRIENDS AT**
22 **O2 SPORTS INSURANCE AND THEY WILL BE HAPPY TO HELP,**
23 **PLEASE ASK FOR KANDACE KALIN AT:"**

24 (See Ex. O, <https://www.gsportsinsurance.com/>, last accessed on January 26, 2021.)

25 **Gagliardi Insurance's Continued Bad Acts**

26 72. Upon information and belief, on August 19, 2020, State National Insurance
27 Company ("State National") sent a letter to Gagliardi Insurance directing it to cease and
28 desist using State National's marks.

73. Upon information and belief, Gagliardi Insurance failed to do so and instead
continued to issue fraudulent certificates without State National's permission.

74. Upon information and belief, State National obtained a copy of the attached
certificate of insurance listing State National Insurance Company" as the insurance

1 company and “National Specialty Insurance Company” as the alternate insurer and
2 purporting to provide coverage to a sports team for the policy period from September 9,
3 2020 to September 9, 2021 under policy number GBL2020100734. (*See* Ex. O-1.) The
4 certificate lists Gagliardi Insurance as the “producer,” and a Gagliardi Insurance
5 representative signed the certificate.

6 75. Upon information and belief, State National did not issue or authorize
7 issuance of this policy, which was issued by Gagliardi Insurance on September 10, 2020,
8 nearly a month after State National sent the August 19, 2020 letter instructing it to cease
9 and desist using State National’s mark.

10 **Defendants’ Judicial Admissions and Lack of Ownership of their Misconduct**

11 76. In their response to the Issuing Carrier Suit, Defendants Ambassador and
12 White state that they are willing “take 100% of the total liability of all claims into the
13 insurance program.” (*See* Ex. P at 1 (Preamble).)

14 77. However, downplaying the seriousness of the allegations of the Issuing
15 Carrier Suit, Ambassador and White characterize the issue as a simple “business dispute
16 over whether or not the captive insurance programs at issue had permission to use State
17 National’s name on policy documents” and claim that they are “unaware of any damages
18 that have resulted to State National flowing from the captive insurance programs.” (*See*
19 *id.*)

20 78. Similarly, Gagliardi Insurance, in its response to the Issuing Carrier Suit,
21 severely downplays the seriousness of the suit stating that:

22 [This dispute] is not about money, or fraud, or counterfeiting. It is about
23 whether or not, for about a one-year period, these captives, Goldenstar in
24 particular, had permission to use Lexington’s name on the policies, with
25 everyone understanding that the captives would take 100% of all of the
26 liability. It is, therefore, a contract dispute.

27 (*See* Ex. Q at 1 (Preamble).)

28 79. Upon information and belief, no Defendant has yet to produce a signed

1 contract with any Issuing Carrier in the Issuing Carrier Suit evidencing (1) the formation
2 of a contract between any Defendant and an Issuing Carrier with regards to the Scheme
3 or (2) a foundation for the belief that such a contract was formed.

4 80. Upon information and belief, no Defendant has yet to produce any official
5 documentation from an Issuing Carrier in the Issuing Carrier Suit evidencing (1) the
6 formation of a contract between any Defendant and an Issuing Carrier with regards to the
7 Scheme or (2) a foundation for the belief that such a contract was formed.

8 81. Further, Defendants have failed to make any effort to offer restitution to
9 Plaintiff or class members with regards to the Scheme.

10
11 **CLASS ACTION ALLEGATIONS**

12 82. Pursuant to Federal Rules of Civil Procedure 23(b)(2), (b)(3), and (c)(4),
13 Plaintiff seeks certification of the following nationwide Class (the “Class” or the
14 “Nationwide Class”):

15 **All purchasers of an insurance policy bounded by Gagliardi Insurance**
16 **Services, Inc. that made such purchase in the United States on or after**
17 **January 1, 2011 (the “Class Period”).**

18 83. Pursuant to Federal Rules of Civil Procedure 23(b)(2), (b)(3) and (c)(4),
19 Plaintiff seeks certification of state claims in the alternative to the nationwide claims on
20 behalf of a subclass for the State of California (the “California Class”), defined as
21 follows:

22 **All purchasers of an insurance policy bounded by Gagliardi Insurance**
23 **Services, Inc. that made such purchase in the State of California on or**
24 **after January 1, 2011.**

25 84. Excluded from the Classes are Defendants; any parent, affiliate, or
26 subsidiary of any Defendant; any entity in which any Defendant has a controlling
27 interest; any Defendant’s officers or directors; or any successor or assign of any
28 Defendant. Also excluded are any Judge or court personnel assigned to this case and
members of their immediate families.

1 85. Plaintiff hereby reserves the right to amend or modify the class definitions
2 with greater specificity or division after having had an opportunity to conduct discovery.

3 86. **Numerosity. Fed. R. Civ. P. 23(a)(1).** Consistent with Rule 23(a)(1), the
4 Classes are so numerous that joinder of all members is impracticable. While Plaintiff
5 does not know the exact number of the members of the Classes, Plaintiff believes the
6 Class contains approximately thousands of members, and the California Class contains
7 approximately hundreds of members. Members of the Classes may be identified through
8 objective means, including through Defendants' records. members of the Classes may be
9 notified of the pendency of this action by recognized, Court-approved notice
10 dissemination methods, which may include U.S. mail, electronic mail, internet postings,
11 social media, and/or published notice.

12 87. **Commonality. Fed. R. Civ. P. 23(a)(2) and (b)(3).** Consistent with Rule
13 23(a)(2) and with 23(b)(3)'s predominance requirements, this action involves common
14 questions of law and fact as to all members of the Class, which predominate over any
15 questions affecting individual members of the Class. Such questions of law and fact
16 common to the Classes include, but are not limited to:

- 17 a. Whether Defendants violated the federal RICO statute, by engaging in a
18 pattern of fraud in connection with the sale of the Counterfeited Policies,
19 including:
- 20 i. Whether Defendants committed one or more instances of mail fraud
21 within the meaning of 18 U.S.C. §1961(1)(B) and 18 U.S.C. §1341;
22 and
 - 23 ii. Whether Defendants committed one or more instances of wire fraud
24 within the meaning of 18 U.S.C. §1961(1)(B) and 18 U.S.C. §1343.
- 25 b. Whether Defendants had a legal duty to ensure that the information that
26 Defendants disseminated to members of the Classes was not materially
27 inaccurate or misleading;
- 28 c. Whether documents and statements publicly disseminated by Defendants

1 relating to their fraudulent “insurance” policies contained materially
2 false and misleading statements and representations, and/or omitted to
3 state material facts necessary to make the statements made not false and
4 misleading;

5 d. Whether Defendants acted willfully, recklessly, or negligently in
6 disseminating materially false or misleading information, or omitting to
7 state and/or in misrepresenting material facts, in connection with the sale
8 of their fraudulent “insurance policies”;

9 e. Whether Defendants’ conduct, including its failure to act, resulted in or
10 was the cause-in-fact or proximate cause of Plaintiff’s and members of
11 the Classes’ damages;

12 f. Whether Plaintiff and members of the Classes have sustained damages
13 by reason of Defendants’ misrepresentations and omissions, and the
14 pattern of fraudulent behavior complained of herein and, if so, the proper
15 measure of such damages; and

16 g. Whether Plaintiff and members of the Classes are entitled to relief,
17 including equitable relief.

18 **88. Typicality. Fed. R. Civ. P. 23(a)(3).** Consistent with rule 23(a)(3),
19 Plaintiff’s claims are typical of the claims of the members of the Class. Plaintiff
20 purchased counterfeited and nonexistent “insurance policies” from Defendants.
21 Plaintiff’s damages and injuries are akin to other members of the Classes, and Plaintiff
22 seeks relief consistent with the relief of the members of the Classes.

23 **89. Adequacy. Fed. R. Civ. P. 23(a)(4).** Consistent with Rule 23(a)(4), Plaintiff
24 is an adequate representative of the Classes because Plaintiff is a member of the Classes
25 and is committed to pursuing this matter against Defendants to obtain relief for the Class.
26 Plaintiff has no conflicts of interest with members of the Classes. Plaintiff’s Counsel are
27 competent and experienced in litigating consumer class actions, including insurance
28 matters. Plaintiff intends to vigorously prosecute this case and will fairly and adequately

1 protect the Class' interests. Plaintiff's claims arise out of the same common course of
2 conduct giving rise to the claims of the other members of the Class. Plaintiff's interests
3 are coincident with, and not antagonistic to, those of the other members of the Classes.

4 **90. Superiority. Fed. R. Civ. P. 23(b)(3).** Consistent with Rule 23(b)(3), a class
5 action is superior to any other available means for the fair and efficient adjudication of
6 this controversy, and no unusual difficulties are likely to be encountered in the
7 management of this class action. The quintessential purpose of the class action
8 mechanism is to permit litigation against wrongdoers even when damages to individual
9 Plaintiff may not be sufficient to justify individual litigation. Here, the damages suffered
10 by Plaintiff and the Classes are relatively small compared to the burden and expense
11 required to individually litigate their claims against Defendants, and thus, individual
12 litigation to redress Defendants wrongful conduct would be impracticable. Individual
13 litigation by each member of the Classes would also strain the court system. Individual
14 litigation creates the potential for inconsistent or contradictory judgments and increases
15 the delay and expense to all parties and the court system. By contrast, the class action
16 device presents far fewer management difficulties and provides the benefits of a single
17 adjudication, economies of scale, and comprehensive supervision by a single court.

18 **91. Injunctive and Declaratory Relief.** Class certification is also appropriate
19 under Rule 23(b)(2) and (c). Defendants, through its uniform conduct, acted or refused to
20 act on grounds generally applicable to the Classes as a whole, making injunctive and
21 declaratory relief appropriate to the Classes as a whole.

22 **92.** Likewise, particular issues under Rule 23(c)(4) are appropriate for
23 certification because such claims present only particular, common issues, the resolution
24 of which would advance the disposition of this matter and the parties' interests therein.
25 Such particular issues are set forth in Paragraph 64(a)–(g) above.

26 **93.** Finally, all members of the proposed Classes are readily ascertainable.
27 Defendants have access to information regarding the organizations which purchased their
28 Counterfeited Policies. Using this information, members of the Classes can be identified

1 and their contact information ascertained for the purpose of providing notice to the
2 Classes.

3
4 **FIRST CLAIM FOR RELIEF**
5 **Racketeer Influenced and Corrupt Organizations Act**
6 **pursuant to 18 U.S.C. § 1961 *et seq.***
7 ***(On behalf of Plaintiff and the Class, or Alternatively,***
8 ***on Behalf of Plaintiff and the California Class)***
9 ***(Against all Defendants)***

10 94. Plaintiff and members of the Classes restate and reallege the preceding
11 paragraphs as if fully set forth herein.

12 95. Plaintiff is a “person” within the meaning of 18 U.S.C. § 1961(3) and 18
13 U.S.C. §1964(c) and brings this action pursuant to 18 U.S.C. §1962(c).

14 96. Each of the Defendants is a “person” within the meaning of 18 U.S.C. §
15 1961(3).

16 97. The Scheme described in this Complaint is an “enterprise” within the
17 meaning of 18 U.S.C. §1961(4).

18 98. The Scheme involved and affected interstate commerce.

19 99. Each Defendant’s actions in perpetuating the Scheme involved and affected
20 interstate commerce and/or foreign commerce.

21 100. Defendants engaged in a pattern of racketeering activity over a period of at
22 least ten years, which involved, among other things, forging the Counterfeited Policies,
23 repeatedly effectuating the sale of the Counterfeited Policies to Plaintiff and potentially
24 thousands of other persons with the false promise that the policies represented valid and
25 legitimate insurance coverage, knowing full well that this promise was false, and that the
26 so-called “insurance” they were selling, was actually nonexistent.

27 101. Defendants engaged in the Scheme for the purpose of obtaining and
28 depriving Plaintiff and class members of property by deceit.

102. The Scheme includes but is not limited to:

a) One or more instances of mail fraud within the meaning of 18 U.S.C.

1 §1961(1)(B) and 18 U.S.C. §1341; and

2 b) One or more instances of wire fraud within the meaning of 18 U.S.C.
3 §1961(1)(B) and 18 U.S.C. §1343.

4 103. Defendants utilized both interstate mail and wires to further the Scheme.

5 104. Given the length and duration of the pattern of racketeering activity engaged
6 in, and the ease with which this same pattern could be continued through other corporate
7 enterprises which, there is every likelihood that these same individual and corporate
8 Defendants will continue to engage in this same pattern of fraudulent behavior. Thus, the
9 threat of the continuation of the pattern of racketeering activity complained of herein is
10 both real and substantial.

11 105. As a result of the Scheme, Plaintiff and members of the Classes have been
12 financially injured by the amount of premium payments made for the Counterfeited
13 Policies to Defendants, plus the value of insurance claims uncovered and unpaid by
14 reason of Defendants’ fraudulent scheme, and consequential damages. Plaintiff and the
15 members of the Classes are further entitled to recover treble damages and attorneys’ fees,
16 pursuant to the federal RICO statute.

17 **SECOND CLAIM FOR RELIEF**

18 **Conversion**

19 *(On behalf of Plaintiff and the Class, or Alternatively,*
20 *on Behalf of Plaintiff and the California Class)*
21 *(Against all Defendants)*

22 106. Plaintiff and members of the Classes restate and reallege the preceding
23 paragraphs as if fully set forth herein.

24 107. Plaintiff and members of the Classes have the right to possess the insurance
25 premium payments made to Defendants in exchange for the Counterfeited Policies sold
26 as part of the Scheme (the “Personal Property”).

27 108. Defendants intentionally interfered with Plaintiff’s and members of the
28 Classes’ Personal Property by effectuating the Scheme.

1 109. Defendants’ effectuating of the Scheme deprived Plaintiff and members of
2 the Classes of their Personal Property.

3 110. Defendants’ effectuating of the Scheme has caused Plaintiff and members of
4 the Classes damages.

5 111. In enacting the Scheme, Defendants acted with oppression, fraud, malice,
6 evil motives, reckless indifference, and a conscious disregard for the rights of others,
7 making punitive damages appropriate.

8
9 **THIRD CLAIM FOR RELIEF**

10 **Unjust Enrichment**

11 *(On behalf of Plaintiff and the Class, or Alternatively,*
12 *on Behalf of Plaintiff and the California Class)*

13 *(Against all Defendants)*

14 112. Plaintiff and members of the Classes restate and reallege the preceding
15 paragraphs as if fully set forth herein.

16 113. In paying insurance premiums for the Counterfeited Policies, Plaintiff and
17 members of the Classes conferred a benefit (the “Benefit”) upon Defendants.

18 114. Defendants accepted, retained, and appreciated the value of the Benefit.

19 115. Upon information and belief, all Defendants were aware of the Scheme.

20 116. Upon information and belief, all Defendants were aware that the Benefit was
21 obtained as the result of the Scheme.

22 117. The retention of the Benefit by Defendants would be at the expense of
23 Plaintiff and members of the Classes.

24 118. The circumstances of the Scheme would make it unjust for Defendants to
25 retain the Benefit Plaintiff and members of the Classes conferred upon Defendants.

26 **FOURTH CLAIM FOR RELIEF**

27 **Unfair Competition pursuant to Cal. Bus. & Prof. Code § 17200 et seq.**

28 *(On behalf of Plaintiff and the California Class)*

(Against all Defendants)

1
2 119. Plaintiff and members of the Classes restate and reallege the preceding
3 paragraphs as if fully set forth herein.

4 120. Each Defendant is a “business” as defined by § 17200.

5 121. Defendants, by effectuating the Scheme, engaged in unlawful business acts
6 and practices.

7 122. Defendants, by effectuating the Scheme, violated the RICO Act and
8 committed the acts of conversion and fraud.

9 123. Defendants, by effectuating the Scheme, engaged in unfair business acts and
10 practices.

11 124. Defendants, by effectuating the Scheme, inflicted upon Plaintiff and
12 members of the Classes substantial injuries that (a) were not be outweighed by any
13 countervailing benefits to consumers or competition and (b) Plaintiff and class members
14 could not reasonably have avoided.

15
16 **FIFTH CLAIM FOR RELIEF**

17 **Negligence**

18 *(On behalf of Plaintiff and the Class, or Alternatively,*
19 *on Behalf of Plaintiff and the California Class)*
20 *(Against all Defendants)*

21 125. Plaintiff and members of the Classes restate and reallege the preceding
22 paragraphs as if fully set forth herein.

23 126. Defendants had a legal duty to make and ensure that accurate representations
24 were made to Plaintiff and Class Members regarding the Counterfeited Policies sold
25 under the Scheme.

26 127. Defendants breached a legal duty in purposefully or negligently making
27 inaccurate representations to Plaintiff and Class Members regarding the Counterfeited
28 Policies sold under the Scheme.

128. Defendants breached a legal duty in purposefully or negligently allowing

1 inaccurate representations to be made to Plaintiff and Class Members regarding the
2 Counterfeited Policies sold under the Scheme.

3 129. Defendants made, allowed, encouraged, or enabled to be made the
4 Misrepresentations to Plaintiff and members of the Classes.

5 130. Defendants made, allowed, encouraged, or enabled to be made material
6 misrepresentations to Plaintiff and members of the Classes regarding the Counterfeited
7 Policies sold under the Scheme.

8 131. Defendants' Misrepresentations, actions, and omissions caused damages to
9 Plaintiff and members of the Classes.

10 132. Defendants' actions were the cause-in-fact and proximate cause of Plaintiff's
11 and Class Member's damages.

12
13 **PRAYER FOR RELIEF**

14 WHEREFORE, Plaintiff, on behalf of himself, the Class, and the California Class
15 respectfully seeks from the Court the following relief:

- 16 a. Certification of the Classes;
- 17 b. Appointment of Plaintiff as representative of the Classes and its undersigned
18 counsel as Class counsel for the Classes;
- 19 c. Award Plaintiff and members of the proposed Classes compensatory and
20 punitive damages;
- 21 d. Award Plaintiff and members of the proposed Classes equitable, injunctive
22 and declaratory relief, including restitution and enjoining Defendant's
23 perpetuation of the Scheme and other illegal and unlawful business practices
24 as alleged here;
- 25 e. Award Plaintiff and members of the proposed Classes pre-judgment and
26 post-judgment interest as permitted by law;
- 27 f. Award Plaintiff and members of the proposed Classes reasonable attorney
28 fees and costs of suit, including expert witness fees; and

1 g. Award Plaintiff and members of the proposed Classes any further relief the
2 Court deems proper.

3 **JURY DEMAND**

4 Plaintiff, on behalf of themselves and the Classes of all others similarly situated,
5 hereby demand a trial by jury on all issues so triable pursuant to Rule 38 of the Federal
6 Rules of Civil Procedure.

7
8 Respectfully submitted,

9
10 Dated: October 26, 2021

By: /s/ Michael F. Ram
Michael F. Ram

11
12 **MORGAN & MORGAN**
13 **COMPLEX LITIGATION GROUP**

14 Michael F. Ram (SBN 104805)
mram@forthepeople.com
15 Marie N. Appel (SBN 187483)
mappel@forthepeople.com
16 711 Van Ness Avenue, Suite 500
17 San Francisco, CA 94102
18 Telephone: (415) 358-6913
Facsimile: (415) 358-6923

19
20 Ra O. Amen (*Pro Hac Vice*)
ramen@forthepeople.com
21 201 N. Franklin Street, 7th Floor
22 Tampa, Florida 33602
Telephone: (813) 223-5505
23 Facsimile: (813) 223-5402

24 **NELSON & FRAENKEL LLP**
25 Gretchen M. Nelson (SBN 112566)
gnelson@nflawfirm.com
26 Gabriel S. Barenfeld (SBN 224146)
gbarenfeld@nflawfirm.com
27 601 S. Figueroa Street., Suite 2050
28 Los Angeles, California, 90017

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Telephone: (213) 622-6469
Facsimile: (213) 622-6019 fax

*Counsel for Plaintiff and the Proposed
Classes*