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17 *Attorneys for Plaintiffs*  
18 *and the Proposed Class*

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**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,

Plaintiffs,

v.

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

Defendants.

Case No.:

**CLASS ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

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**CLASS ACTION COMPLAINT**

10 Plaintiff, Del Obispo Youth Baseball, Inc. d/b/a Dana Point Youth Baseball (“DPYB”), brings  
11 this Class Action Complaint individually and on behalf of all other similarly situated individuals and  
12 entities against The Ambassador Group LLC d/b/a Ambassador Captive Solutions (“Ambassador”);  
13 Performance Insurance Company SPC (“Performance”); Brandon White (“White”); Goldenstar  
14 Specialty Insurance, LLC (“Goldenstar Specialty”); and Does 1 through 50 (collectively, the  
15 “Defendants”) and hereby states as follows:

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**NATURE OF ACTION**

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

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

**JURISDICTION AND VENUE**

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

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



1 include the cities of Dana Point, San Juan Capistrano, San Clemente, Laguna Niguel and Laguna Beach  
2 but welcomes players from all cities.

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

5 14. PONY National, which stands for Protect Our Nation’s Youth, was formed in 1951 and  
6 consisted of only six teams when founded. Currently, more than 500,000 players (stretching across over  
7 4,000 leagues throughout the United States and over 40 countries world-wide) participate in the PONY  
8 organization annually.

9 15. Membership in PONY National is open to children and young adults from ages 4 to 23.

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

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

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

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

24 19. Gagliardi is a Pennsylvania corporation with a principal place of business at 1010 N.  
25 Hancock Street, Philadelphia, Pennsylvania 19123.

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

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

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

6           23. Upon information and belief, class members have paid considerable premiums for the  
7 Counterfeited Policies to Gagliardi.

8           24. Upon information and belief, all Defendants have shared in the revenue and profits  
9 produced by the Scheme.

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

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

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

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

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

27           29. Typically, the Captive pays the Issuing Carrier a fee or commission payment for acting as  
28 the Issuing Carrier. In addition, the Captive provides collateral to the Issuing Carrier to secure, among

1 other things, the Captive’s obligation to reimburse the Issuing Carrier for any reinsured losses that the  
2 Issuing Carrier incurs.

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

8 31. Upon information and belief, Ambassador and/or White created Goldenstar Holdings  
9 Company SP, a cell of Performance, which serves as the Captive for the Scheme.

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

17 33. Upon information and belief, Ambassador and White forged or caused the forgery of the  
18 Counterfeited Policies, which led Plaintiff and class members into believing that Issuing Carriers had  
19 issued policies in connection with the Counterfeited Policies sold to Plaintiff and class members.

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

27 35. Upon information and belief, at no time has State National Company (1) been an Issuing  
28 Carrier for the Scheme, (2) received premiums, fees or other compensation in connection with the

1 Scheme, (3) signed any agreements in connection with the Scheme, (or) provided Ambassador with a  
2 quote for this or any other program.

3 36. Upon information and belief, numerous insurance policies and certificates have been  
4 issued at the direction of Ambassador and White in connection with the Scheme bearing forged State  
5 National Company marks.

6 37. For years, Plaintiff and class members made premium payments to Defendants on the  
7 Counterfeited Policies believing that such monies (or a portion thereof) were remitted to the supposed  
8 Issuing Carrier. However, Defendants never remitted any monies to any Issuing Carrier. Instead,  
9 Defendants stole all such premium payments from Plaintiff and class members.

10 38. Upon information and belief, Goldenstar Specialty has provided services to Gagliardi and  
11 Goldenstar Holdings in connection with issuing, distributing, or administering the Counterfeited Policies  
12 that Gagliardi and/or Goldenstar Holdings sold.

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

14 39. Upon information and belief, Gagliardi purposefully associated itself with national sports  
15 leagues to market itself to and attracts clients.

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

24 41. Gagliardi’s statements on the PONY National’s website were untrue in that: (1) Gagliardi  
25 did not provide a “complete insurance package”; (2) the coverage did not protect PONY organizations;  
26 and (3) liability and medical insurance together provided by Gagliardi did not meet the requirements of  
27 PONY Baseball/Softball.  
28

1 42. It was through Gagliardi's relationship with PONY National that Plaintiff became aware  
2 of Gagliardi, and eventually purchased the Counterfeited Policies.

3  
4 **The Misrepresentations**

5 43. Gagliardi knowingly or negligently made several misrepresentations to Plaintiff about the  
6 Counterfeited Policies, which Gagliardi asserted provided accident and health insurance to Plaintiff (the  
7 "Misrepresentations").

8 44. Several of the Misrepresentations came in the form of documents that Gagliardi sent to  
9 Plaintiff:

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



1 Company (NAIC# 19437). (*See* Ex. F.) Upon information and belief, no such policy  
2 was issued by Lexington Insurance Company.

3 d) On or about January 17, 2020, Gagliardi sent to Plaintiff a Certificate of Liability  
4 Insurance (under policy numbers GSL2020110204, GSX2020110204, GSL2020110204,  
5 GAH110204 for the period of 01/21/2020 to 01/21/2021), which falsely represented to  
6 provide accident and health insurance to Plaintiff issued by State National Insurance  
7 Company (NAIC# 12831) and National Specialty Insurance Company (NAIC# 22608).  
8 (*See* Ex. G.) No such policy was issued by State National Insurance Company or  
9 National Specialty Insurance Company.

10 e) On or about January of 2019, Gagliardi sent to Plaintiff documentation for Directors &  
11 Officers insurance (under policy number EPP9712261 for the period of 01/21/2019 to  
12 01/21/2020), which falsely represented to provide a limit of liability of \$1,000,000. (*See*  
13 Ex. H.) Upon information and belief, no such policy was issued by an Issuing Carrier.

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

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

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

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

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

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

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

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

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

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

17 50. Upon information and belief, all Defendants were aware of, encouraged, and actively  
18 participated Gagliardi’s Class Omissions.

19 **Discovery of the Scheme**

20 51. On or about October 27, 2020, Gagliardi informed Plaintiff that the insurance policies  
21 that Gagliardi provided to Plaintiff were the subject of a federal lawsuit by several Issuing Carriers for  
22 Defendants’ unauthorized use of the Issuing Carriers’ mark in the enacting the Scheme (the “Issuing  
23 Carrier Suit”). Gagliardi claimed ignorance of the Scheme, and denied any involvement in it.

24 52. Currently Gagliardi’s website states the following in relation to the Scheme:

25 **“ON OCTOBER 27TH, WE SENT YOU A NOTICE REGARDING INSURANCE**  
26 **POLICIES THAT GAGLIARDI PROVIDED TO YOU, WHICH ARE THE**  
27 **SUBJECT OF A FEDERAL COURT LAWSUIT. WE ARE WRITING TO**  
28 **WITHDRAW THAT LETTER AND REPLACE IT WITH THE ATTACHED**

1           **VERSION, WHICH CLARIFIES THAT STATE NATIONAL NEVER ISSUED**  
2           **ANY POLICIES TO GAGLIARDI'S CLIENTS.**

3           HELLO GAGLIARDI INSURANCE FAMILY,  
4           TTHE LAST SEVERAL MONTHS HAS BEEN A VERY DIFFICULT AND PAINFUL  
5           PERIOD FOR GAGLIARDI INSURANCE SERVICES, INC. FOR OVER 35 YEARS,  
6           OUR COMPANY HAS ALWAYS TAKEN CARE OF ITS CLIENTS AND INSUREDS  
7           AND WORKED VERY HARD TO PROVIDE BOTH A HIGH-QUALITY  
8           INSURANCE PRODUCT AND EXCEPTIONAL SERVICE. UNFORTUNATELY,  
9           RECENT EVENTS, WHICH WERE OUT OF OUR CONTROL, HAVE  
10          INTERVENED.

11  
12          WE PROVIDED OUR CLIENTS WITH AN INSURANCE POLICY UNDER THE  
13          NAME AND AUSPICES OF STATE NATIONAL INSURANCE COMPANY, IN  
14          COMBINATION OF OTHER INSURANCE BACKED BY ANOTHER CARRIER. WE  
15          WERE PROVIDED WITH FORMAL SIGNED DOCUMENTATION INDICATING  
16          THAT STATE NATIONAL HAD AGREED TO PROVIDE ITS POLICIES. WE WERE  
17          SHOWN EVIDENCE THAT A PREMIUM HAD BEEN PAID TO STATE NATIONAL  
18          TO APPROPRIATELY COMPENSATE STATE NATIONAL FOR ITS  
19          PARTICIPATION AS A FRONT CARRIER. FINALLY, WE WERE GIVEN SPECIFIC  
20          DIRECTION THAT WE COULD DELIVER POLICIES TO OUR CLIENTS UNDER  
21          THE STATE NATIONAL NAME BY THE AGENT WHO, WE WERE LED TO  
22          BELIEVE, HAD THE AUTHORITY TO DO SO.

23  
24          STATE NATIONAL NEVER ISSUED POLICIES TO GAGLIARDI'S CLIENTS.  
25          AFTER GAGLIARDI ISSUED POLICIES FOR OVER A YEAR WITHOUT ANY  
26          NOTIFICATION OF ANY PROBLEMS, STATE NATIONAL SENT A FORMAL  
27          DEMAND TO US AND OTHERS TO IMMEDIATELY STOP USING ITS NAME  
28          AND POLICIES. IT CLAIMED THAT THE SIGNATURE OF THE STATE

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

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

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

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

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

27  
28 (See Ex. O, <https://www.gsportsinsurance.com/>, last accessed on January 26, 2021.)

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

2           53.     In their response to the Issuing Carrier Suit, Defendants Ambassador and White state that  
3 they are willing “take 100% of the total liability of all claims into the insurance program.” (*See* Ex. P at  
4 1 (Preamble).)

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

10           55.     Similarly, Gagliardi, in its response to the Issuing Carrier Suit, severely downplays the  
11 seriousness of the suit stating that:

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

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

18           56.     Upon information and belief, no Defendant has yet to produce a signed contract with any  
19 Issuing Carrier in the Issuing Carrier Suit evidencing (1) the formation of a contract between any  
20 Defendant and an Issuing Carrier with regards to the Scheme or (2) a foundation for the belief that such  
21 a contract was formed.

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

26           58.     Further, Defendants have failed to make any effort to offer restitution to Plaintiff or class  
27 members with regards to the Scheme.

**CLASS ACTION ALLEGATIONS**

1  
2 59. Pursuant to Federal Rules of Civil Procedure 23(b)(2), (b)(3), and (c)(4), Plaintiff seeks  
3 certification of the following nationwide Class (the “Class” or the “Nationwide Class”):

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

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

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

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

17 62. Plaintiff hereby reserves the right to amend or modify the class definitions with greater  
18 specificity or division after having had an opportunity to conduct discovery.

19 63. **Numerosity. Fed. R. Civ. P. 23(a)(1).** Consistent with Rule 23(a)(1), the Class is so  
20 numerous that joinder of all members is impracticable. While Plaintiff does not know the exact number  
21 of the members of the Class, Plaintiff believes the Class contains approximately thousands of members,  
22 and the California Class contains approximately hundreds of members. Class members may be  
23 identified through objective means, including through Defendants’ records. Class members may be  
24 notified of the pendency of this action by recognized, Court-approved notice dissemination methods,  
25 which may include U.S. mail, electronic mail, internet postings, social media, and/or published notice.

26 64. **Commonality. Fed. R. Civ. P. 23(a)(2) and (b)(3).** Consistent with Rule 23(a)(2) and  
27 with 23(b)(3)’s predominance requirements, this action involves common questions of law and fact as to  
28

1 all members of the Class, which predominate over any questions affecting individual members of the  
2 Class. Such questions of law and fact common to the Class include, but are not limited to:

- 3 a. Whether Defendants violated the federal RICO statute, by engaging in a pattern of  
4 fraud in connection with the sale of the Counterfeited Policies, including:
- 5 i. Whether Defendants committed one or more instances of mail fraud within the  
6 meaning of 18 U.S.C. §1961(1)(B) and 18 U.S.C. §1341; and  
7 ii. Whether Defendants committed one or more instances of wire fraud within the  
8 meaning of 18 U.S.C. §1961(1)(B) and 18 U.S.C. §1343.
- 9 b. Whether Defendants had a legal duty to ensure that the information that Defendants  
10 disseminated to Class members was not materially inaccurate or misleading;
- 11 c. Whether documents and statements publicly disseminated by Defendants relating to  
12 their fraudulent “insurance” policies contained materially false and misleading  
13 statements and representations, and/or omitted to state material facts necessary to  
14 make the statements made not false and misleading;
- 15 d. Whether Defendants acted willfully, recklessly, or negligently in disseminating  
16 materially false or misleading information, or omitting to state and/or in  
17 misrepresenting material facts, in connection with the sale of their fraudulent  
18 “insurance policies”;
- 19 e. Whether Defendants’ conduct, including its failure to act, resulted in or was the  
20 cause-in-fact or proximate cause of Plaintiff’s and Class members’ damages;
- 21 f. Whether Plaintiff and Class members have sustained damages by reason of  
22 Defendants’ misrepresentations and omissions, and the pattern of fraudulent  
23 behavior complained of herein and, if so, the proper measure of such damages; and  
24 g. Whether Plaintiff and Class members are entitled to relief, including equitable relief.

25 65. **Typicality. Fed. R. Civ. P. 23(a)(3).** Consistent with rule 23(a)(3), Plaintiff’s claims are  
26 typical of the claims of the members of the Class. Plaintiff purchased counterfeited and nonexistent  
27 “insurance policies” from Defendants. Plaintiff’s damages and injuries are akin to other Class members,  
28 and Plaintiff seeks relief consistent with the relief of the Class members.

1           66.     **Adequacy. Fed. R. Civ. P. 23(a)(4).** Consistent with Rule 23(a)(4), Plaintiff is an  
2 adequate representative of the Class because Plaintiff is a member of the Class and is committed to  
3 pursuing this matter against Defendants to obtain relief for the Class. Plaintiff has no conflicts of  
4 interest with Class members. Plaintiff's Counsel are competent and experienced in litigating consumer  
5 class actions, including insurance matters. Plaintiff intends to vigorously prosecute this case and will  
6 fairly and adequately protect the Class' interests. Plaintiff's claims arise out of the same common  
7 course of conduct giving rise to the claims of the other members of the Class. Plaintiff's interests are  
8 coincident with, and not antagonistic to, those of the other Class members.

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

21           68.     **Injunctive and Declaratory Relief.** Class certification is also appropriate under Rule  
22 23(b)(2) and (c). Defendants, through its uniform conduct, acted or refused to act on grounds generally  
23 applicable to the Class as a whole, making injunctive and declaratory relief appropriate to the Class as a  
24 whole.

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



1 70. Finally, all members of the proposed Class are readily ascertainable. Defendants have  
2 access to information regarding the organizations which purchased their Counterfeited Policies. Using  
3 this information, Class members can be identified and their contact information ascertained for the  
4 purpose of providing notice to the Classes.

5  
6 **FIRST CLAIM FOR RELIEF**

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

11 71. Plaintiff and Class members restate and reallege the preceding paragraphs as if fully set  
12 forth herein.

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

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

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

18 75. The Scheme involved and affected interstate commerce.

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

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

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

79. The Scheme includes but is not limited to:

- 1 a) One or more instances of mail fraud within the meaning of 18 U.S.C. §1961(1)(B) and 18  
2 U.S.C. §1341; and  
3 b) One or more instances of wire fraud within the meaning of 18 U.S.C. §1961(1)(B) and 18  
4 U.S.C. §1343.

5 80. Defendants utilized both interstate mail and wires to further the Scheme.

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

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

16 **SECOND CLAIM FOR RELIEF**

17 **Conversion**

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

21 83. Plaintiff and Class members restate and reallege the preceding paragraphs as if fully set  
22 forth herein.

23 84. Plaintiff and Class members have the right to possess the insurance premium payments  
24 made to Defendants in exchange for the Counterfeited Policies sold as part of the Scheme (the "Personal  
25 Property").

26 85. Defendants intentionally interfered with Plaintiff's and Class members' Personal  
27 Property by effectuating the Scheme.

28 86. Defendants' effectuating of the Scheme deprived Plaintiff and Class members of their  
Personal Property.

1 87. Defendants' effectuating of the Scheme has caused Plaintiff and Class members damages.

2 88. In enacting the Scheme, Defendants acted with oppression, fraud, malice, evil motives,  
3 reckless indifference, and a conscious disregard for the rights of others, making punitive damages  
4 appropriate.

5 **THIRD CLAIM FOR RELIEF**

6 **Unjust Enrichment**

7 *(On behalf of Plaintiff and the Class, or Alternatively, on Behalf of Plaintiff and the California*

8 *Class)*

9 *(Against all Defendants)*

10 89. Plaintiff and Class members restate and reallege the preceding paragraphs as if fully set  
11 forth herein.

12 90. In paying insurance premiums for the Counterfeited Policies, Plaintiff and Class members  
13 conferred a benefit (the "Benefit") upon Defendants.

14 91. Defendants accepted, retained, and appreciated the value of the Benefit.

15 92. Upon information and belief, all Defendants were aware of the Scheme.

16 93. Upon information and belief, all Defendants were aware that the Benefit was obtained as  
17 the result of the Scheme.

18 94. The retention of the Benefit by Defendants would be at the expense of Plaintiff and Class  
19 Members.

20 95. The circumstances of the Scheme would make it unjust for Defendants to retain the  
21 Benefit Plaintiff and Class members conferred upon Defendants.

22 **FOURTH CLAIM FOR RELIEF**

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

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

25 *(Against all Defendants)*

26 96. Plaintiff and Class members restate and reallege the preceding paragraphs as if fully set  
27 forth herein.

28 97. Each Defendant is a "business" as defined by § 17200.

98. Defendants, by effectuating the Scheme, engaged in unlawful business acts and practices.

1 99. Defendants, by effectuating the Scheme, violated the RICO Act and committed the acts  
2 of conversion and fraud.

3 100. Defendants, by effectuating the Scheme, engaged in unfair business acts and practices.

4 101. Defendants, by effectuating the Scheme, inflicted upon Plaintiff and Class members  
5 substantial injuries that (a) were not be outweighed by any countervailing benefits to consumers or  
6 competition and (b) Plaintiffs and class members could not reasonably have avoided.

7  
8 **FIFTH CLAIM FOR RELIEF**

9 **Negligence**

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

12 *(Against all Defendants)*

13 102. Plaintiff and Class members restate and reallege the preceding paragraphs as if fully set  
14 forth herein.

15 103. Defendants had a legal duty to make and ensure that accurate representations were made  
16 to Plaintiff and Class Members regarding the Counterfeited Policies sold under the Scheme.

17 104. Defendants breached a legal duty in purposefully or negligently making inaccurate  
18 representations to Plaintiff and Class Members regarding the Counterfeited Policies sold under the  
19 Scheme.

20 105. Defendants breached a legal duty in purposefully or negligently allowing inaccurate  
21 representations to be made to Plaintiff and Class Members regarding the Counterfeited Policies sold  
22 under the Scheme.

23 106. Defendants made, allowed, encouraged, or enabled to be made the Misrepresentations to  
24 Plaintiff and Class members.

25 107. Defendants made, allowed, encouraged, or enabled to be made material  
26 misrepresentations to Plaintiff and Class members regarding the Counterfeited Policies sold under the  
27 Scheme.

28 108. Defendants' Misrepresentations, actions, and omissions caused damages to Plaintiff and  
Class members.

1 109. Defendants' actions were the cause-in-fact and proximate cause of Plaintiff's and Class  
2 Member's damages.

3 **PRAYER FOR RELIEF**

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

- 6 a. Certification of the Class;
- 7 b. Appointment of Plaintiff as Class representative and its undersigned counsel as Class  
8 counsel;
- 9 c. Award Plaintiff and members of the proposed Class compensatory and punitive damages;
- 10 d. Award Plaintiff and members of the proposed Class equitable, injunctive and declaratory  
11 relief, including restitution and enjoining Defendant's perpetuation of the Scheme and  
12 other illegal and unlawful business practices as alleged here;
- 13 e. Award Plaintiff and members of the proposed Class pre-judgment and post-judgment  
14 interest as permitted by law;
- 15 f. Award Plaintiff and members of the proposed Class reasonable attorney fees and costs of  
16 suit, including expert witness fees; and
- 17 g. Award Plaintiff and members of the proposed Class any further relief the Court deems  
18 proper.

19 **JURY DEMAND**

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

22  
23 By: /s/ Michael F. Ram  
24 Michael F. Ram

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# ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Class Action Alleges Companies Defrauded Youth Sports Teams, Leagues with Counterfeit Insurance Policies](#)

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