IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

JOHN CRANE INC., Plaintiff, v. SHEIN LAW CENTER, LTD. and BENJAMIN P. SHEIN, Defendants.	Case No.

COMPLAINT

Plaintiff John Crane Inc. ("JCI") brings this action against Shein Law Center, Ltd. and Benjamin P. Shein (collectively the "Defendants"), and in support hereof states as follows:

Nature of the Action

1. This case arises from what the United States District Court for the Western District of North Carolina has characterized as a "startling pattern of misrepresentation," involving "withholding," and "manipulation of exposure evidence" in asbestos litigation carried out by the Defendants against JCI and others. *In re Garlock Sealing Technologies LLC*, 504 B.R. 71, 82-86 (Bankr. W.D.N.C. 2014).

2. The Defendants devised and implemented a scheme to defraud JCI and others, and to obstruct justice. The Defendants fabricated false asbestos "exposure histories" for their clients in asbestos litigation against JCI and others and systematically concealed evidence of their clients' exposure to other sources of asbestos. In particular, Defendants used this scheme to systematically conceal their clients'

exposures to highly friable, amphibole asbestos found in thermal insulation, which is much more dangerous than the non-friable, chrysotile asbestos contained and encapsulated in JCI's products. *In re Garlock Sealing Techs., LLC*, 504 B.R. at 75.

3. In essence, Defendants systematically and falsely denied that their clients were exposed to numerous other asbestos containing products in litigation against JCI, and then once that litigation was complete, filed claims with asbestos bankruptcy trusts set up by bankrupt companies. The claims filed with those trusts were based on claimed exposures that were explicitly denied and fraudulently concealed in the litigation against JCI.

4. Among other acts, this scheme was carried out by:

a. Misrepresenting clients' exposures to asbestos-containing products in sworn testimony, in discovery responses, and in other written statements in the JCI litigation;

b. Knowingly withholding evidence of exposures to asbestos-containing products that were more dangerous than those made by JCI, while seeking in limine rulings preventing or limiting JCI argument that other exposures were responsible for the injury at issue;

c. Pursuing claims against JCI to judgment, while delaying (or withholding evidence of) the same client's filing of claims with asbestos bankruptcy trusts based on claimed exposures to products that were denied in the JCI litigation; and

d. Obstructing JCI and others from discovering evidence of alternative asbestos exposures, and ultimately, from discovering Defendants' fraudulent scheme.

5. In the JCI litigation, Defendants gave false asbestos exposure histories in written discovery and counseled their clients to testify falsely to the same effect so as to fraudulently obtain and inflate verdicts, judgments and satisfactions, and settlements against JCI, whose asbestos containing products were significantly less likely to cause injury than the products for which the Defendants and their clients falsely denied exposure. In the absence of this false information, Defendants could not have successfully brought their clients' claims against JCI, as the crux of any asbestos injury litigation is a full and accurate accounting of the plaintiff's exposure to asbestos.

6. The fraudulent scheme and pattern of misconduct was first uncovered as a result of discovery in *In re Garlock Sealing Technologies, LLC, et al.*, Case No. 10-31607 (Bankr. W.D.N.C.) ("the *Garlock* bankruptcy"), and was the subject of an adversary proceeding brought by Garlock against the Defendants ("the *Garlock* RICO case").

7. The North Carolina court recently held that "Defendants are accused of committing rampant fraud over the course of several years and in numerous venues throughout the country. These allegations suffice to state a claim for civil RICO." *Garlock Sealing Techs., LLC, et al. v. Shein Law Center, Ltd., et al.*, No. 3:14-cv-137, ECF 61 at 5; 2015 U.S. Dist. LEXIS 117027, *7 (W.D.N.C. Sept. 2, 2015). JCI was and is a target and victim of the same fraudulent scheme, including in the *Golini* case alleged by Garlock. *See Garlock Sealing Techs. LLC, et al. v. Shein Law Center, Ltd., et al.*, Case No. 3:14-cv-137, Ex. B to ECF 14, ¶¶ 5-7, 59-125.

8. Specific enumerated and described acts of misconduct, in specifically identified exemplar asbestos cases asserted by Defendants against JCI and others, are

set forth at Paragraphs 88-188 below. However, JCI has obtained only limited information concerning the entirety of the fraudulent scheme carried out by Defendants, and concerning the full extent of that scheme, all its participants, and the entire amount of financial injury incurred by JCI as a result remain to be discovered.

9. As explained in more detail below, the misconduct violated the federal mail and wire fraud statutes, 18 U.S.C. §§ 1341 and 1343, the federal Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1961, *et seq.*, and supports claims for common law fraud and conspiracy.

The Parties

10. Plaintiff John Crane Inc. ("JCI") is a Delaware corporation with its principal place of business in Morton Grove, Illinois. At all pertinent times, it was in the business of manufacturing and distributing industrial sealing products. JCI manufactured and sold packing, and purchased gaskets made by others and resold them under its name.

11. Defendant Shein Law Center, Ltd. ("the Firm") is a Pennsylvania Professional Corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania. As used herein, any allegations regarding the Firm's actions also include actions by the Firm's partners, associates, employees, and/or other agents.

12. On information and belief, all of the Firm's shareholders are residents of Pennsylvania.

13. Defendant Benjamin P. Shein ("Shein") is, on information and belief, a resident of Pennsylvania.

14. At all relevant times Shein was a partner, member, or shareholder of, or otherwise employed by or associated with, the Firm.

Jurisdiction and Venue

15. This Court has personal jurisdiction over the Defendants under 42 Pa. C.S.A. § 5322 and Fed. R. Civ. P. 4(k)(1)(A) because the Firm and Shein purposefully availed themselves of the benefits of conducting business in Pennsylvania by, among other things

a. Founding and operating the Firm in Pennsylvania;

b. Deliberately targeting and defrauding JCI in litigation in Pennsylvania, while taking substantial actions in furtherance of his scheme in Pennsylvania, as set forth herein;

c. Purposefully directing communications—including letters, emails and telephone calls—to JCI and its agents, and/or its counsel, Dickie, McCamey & Chilcote ("the Dickie firm"), and others located or when present in Pennsylvania, including within the Eastern District both in connection with its scheme to defraud as discussed herein and separately;

d. Purposefully directing complaints, pleadings, discovery responses and requests to JCI, its agents, and/or OTMB or the Dickie firm, and others located or when present in Pennsylvania, including within the Eastern District both in connection with its scheme to defraud as discussed herein and separately;

e. Purposefully directing communications to persons within Pennsylvania, knowing that such communications were likely to be read and relied upon

in Pennsylvania, in particular throughout the pendency of litigation brought by the Firm against JCI in Pennsylvania, both in connection with its scheme to defraud as discussed herein and separately;

f. Negotiating agreements with JCI and its counsel, the Dickie firm, located or when present in Pennsylvania, both in connection with its scheme to defraud as discussed herein and separately; and,

g. For the reasons described *infra* Paragraph 20.

16. This Court has subject matter jurisdiction over JCI's RICO claims under 28 U.S.C. § 1331 because those claims arise under the laws of the United States.

17. This Court has subject matter jurisdiction over JCI's common law claims under 28 U.S.C. § 1367(a) because those claims are part of the same case or controversy as the federal claims.

18. Additionally, this Court has subject matter jurisdiction over all claims pursuant to 28 U.S.C. § 1332 because JCI and the Defendants are of diverse citizenship and the amount in controversy exceeds $75,000, exclusive of interest and costs.

19. Venue is proper in this Court under 28 U.S.C. § 1391, which provides for venue in federal court generally because "a substantial part of the events or omissions giving rise to the claim occurred" in the Eastern District of Pennsylvania, including:

a. The harm suffered by JCI was caused by the Defendants' fraud in this District, where Defendants fraudulently obtained settlements and verdicts, including in the *Golini*, *Koeberle*, *Baccus*, and *Mattison* cases;

b. Defendants' fraud required JCI to obtain and pay counsel in Pennsylvania;

c. Defendants maintain their offices in Pennsylvania;

d. JCI relied on the Defendants' fraudulent misrepresentations and concealments in making decisions regarding litigation pending in this District;

e. The Defendants, knowing that JCI's counsel, the Dickie firm, are located in this District knew that JCI would rely on their representations in discovery and at trial in making decisions regarding trial, appeals, and paying judgments;

f. The Defendants entered into negotiations to resolve, structure, or otherwise reach litigation agreements about cases discussed herein with JCI's counsel, the Dickie firm, both of which are located in this District;

g. During negotiations the Defendants directed emails and telephone calls to JCI and its counsel located or when present in this District; and,

h. The Defendants served or caused to be served pleadings, discovery responses, deposition transcriptions, expert reports, motions in limine, and settlement demands and terms either directly on JCI and/or the Dickie firm, located or when present in this District.

20. Additionally, venue is proper under 18 U.S.C. § 1965(a), because the Defendants transact their affairs in this district as described in Paragraph 15.

Factual Background

I. The Defendants and Asbestos Litigation

21. Shein founded the Firm in 1994 in Pennsylvania, where it has always been located. (Shein Dep. 10-12, Jan. 16, 2013 (Ex. A).)

22. The Firm represents injured persons and holds itself out as "[s]pecializing in Mesothelioma, Lung Cancer and other Asbestos Diseases[.]" *See* http://www.sheinlaw.com/firm-overview/, last accessed May 31, 2016.

23. The Firm's website promises prospective clients that "an attorney from our team will bring the legal expertise and experience that you need to build a successful asbestos exposure case," and advertises the Firm's "comprehensive list of asbestos product manufacturers and trade names." *See* http://www.sheinlaw.com/practice-areas/mesothelioma-asbestos/manufacturers-of-asbestos-products/, last accessed May 31, 2016.

24. Since founding the Firm, Shein's practice has "focused on asbestos related malignancies, predominantly mesothelioma and some lung cancer cases, but the bulk of the practice is and has been mesothelioma cases." (Ex. A 11.)

25. Shein "represent[s] plaintiffs in approximately 15 to 20 [asbestos personal injury] cases per year[.]" (Ex. A 12.)

26. Shein supervises and has final authority over all aspects of the Firm's representation of asbestos clients.

27. The Defendants also serve as "local counsel" for other law firms representing asbestos clients in Pennsylvania courts, including Waters, Kraus & Paul, LLP, f/k/a Waters & Kraus, LLP ("Waters & Kraus").

28. Asbestos cases—particularly those involving mesothelioma—can be very lucrative for plaintiffs' lawyers, including Shein, who are generally compensated by receiving a percentage of the monies recovered by the plaintiff.

29. The Firm's website advertises a number of multimillion dollar verdicts and settlements purportedly obtained by Shein on behalf of mesothelioma clients from 2007-2014. *See* http://www.sheinlaw.com/verdicts-settlements/, last accessed May 31, 2016.

II. Asbestos Bankruptcy Trusts

30. The leading cause of mesothelioma among American workers is occupational exposure to friable thermal insulation products containing amphibole asbestos fibers.

31. The Firm's website lists "Thermal System Insulation (TSI), such as the wrapping around boilers, pipes, and duct systems," as one of the "three categories" of "[a]sbestos containing materials[.]" *See* http://www.sheinlaw.com/practice-areas/mesothelioma-asbestos/asbestos-products/, last accessed Jan. 20, 2016.

32. Most of the companies responsible for producing this "more potent" amphibole-containing thermal insulation product have filed for bankruptcy protection due in whole or in part to liability for asbestos personal-injury claims. *In re Garlock Sealing Techs., LLC,* 504 B.R. at 73, 75.

33. To account for the current and future asbestos-related liabilities of companies seeking bankruptcy protection, bankruptcy courts have established trusts through which persons exposed to the bankrupt companies' asbestos-containing products can make claims for compensation.

34. Unlike tort claims against non-bankrupt companies, bankruptcy-trust claims are typically made and resolved outside of the judicial system and are subject to procedures established by advisory committees that oversee and effectively control the trusts. These advisory committees are often made up predominantly of members of the

asbestos plaintiffs' bar. For example, the nine-member Trust Advisory Council to the Owens Corning Fibreboard Asbestos Personal Injury Trust is comprised entirely of asbestos plaintiffs' personal-injury lawyers.

35. Although claims procedures vary from trust to trust, they typically require a claimant to certify, under penalty of perjury, that he or she was exposed to the bankrupt company's asbestos-containing products. Often, this comes in the form of an affidavit by the claimant that affirms such exposure.

36. Generally, the trusts are required to pay claims only when the claimant provides credible proof of specific exposures to the company's products.

37. Because bankrupt asbestos defendants shifted their liabilities to trusts, asbestos litigation has evolved into a two-track system. Plaintiffs' lawyers seek money from non-bankrupt companies through lawsuits brought in the court system, *i.e.* tort litigation, and seek additional recoveries from bankrupt companies through trust claims.

38. Through the fraudulent scheme described herein, Shein, the Firm, and his co-conspirators exploited the two-track trust/tort system by making or causing to be made claims and obtaining money from trusts, while withholding, concealing, and misrepresenting in tort litigation the asbestos exposures on which the trust claims were based.

39. This conduct was facilitated by the trusts' claims procedures, which generally included the following:

a. Confidentiality provisions, which purport to transform all information submitted to the trust into confidential settlement communications and allow the claimant and

the trust to prevent disclosure to third parties such as non-bankrupt companies in tort litigation;

b. Sole benefit provisions, which provide that evidence submitted to the trust is for the sole benefit of the trust and not for asbestos defendants in the tort system; and,

c. Deferral and withdrawal provisions, which allow claimants to defer their claims until after any asbestos injury litigation has concluded while still maintaining their place in line for distribution, or withdraw their claims without prejudice (which is often used as a reason to deny that any claims have been made when responding to discovery in tort litigation).

40. As described below, these provisions made it easier for the Defendants and their co-conspirators to fraudulently conceal their clients' exposures to bankrupt companies' products in tort litigation against non-bankrupt companies, while still making claims with, and obtaining money from, the trusts.

41. In addition to filing claims with bankruptcy trusts, the Defendants and their co-conspirators also sometimes filed or caused to be filed proofs of claim, Chapter 11 ballots, or statements pursuant to Fed. R. Bankr. P. 2019 on behalf of their clients in asbestos bankruptcy cases. By filing or causing to be filed proofs of claim, ballots, or Rule 2019 statements on their clients' behalf, the Defendants and their co-conspirators asserted that their clients had personal injury claims against the bankrupt company arising from the clients' exposure to the bankrupt company's asbestos-containing products.

III. The Fraudulent Scheme

A. The Importance of Exposure Evidence

42. The crux of any asbestos case is the "exposure evidence"—that is, the evidence concerning the asbestos-containing product or products to which the plaintiff was allegedly exposed and which allegedly caused the plaintiff's asbestos-related disease.

43. Plaintiffs' lawyers like Shein are uniquely positioned to control this exposure evidence because their client's testimony is often the primary, and sometimes the only, evidence of exposure.

44. At all relevant times Shein and his co-conspirators were well aware of, and actively exploited, their control over exposure evidence. In a video that was formerly on Shein's website, Shein's partner Bethann Schaffzin Kagan ("Kagan") explained the importance of this control to prospective clients:

> It's important [to immediately get to a lawyer after your diagnosis of mesothelioma] because you hold all of the memory of when you were exposed to asbestos and that may not be apparent to you right away[.] . . . So your memory, your story is important. It's the ***only evidence*** sometimes that we can get and you need to tell it to someone, to a lawyer, as quickly as possible. . . . You need to tell us how you were exposed and then . . . ***[w]e will take it from there***.

45. Evidence of exposure to particular products is critical in asbestos cases, particularly mesothelioma ones, for several reasons.

a. First, absent evidence of exposure to one or more asbestos-containing products for which a particular company is responsible, there can be no recovery against that company, bankrupt or otherwise.

b. Second, unless there is evidence that a plaintiff was exposed to products for which one or more *non-bankrupt* companies are responsible, the plaintiff's recovery will be limited to bankruptcy trusts.

c. Third, evidence of exposure to products associated with *bankrupt* companies provides a basis for a defendant in tort litigation to argue that the products of bankrupt, non-party companies solely or partially caused the plaintiff's disease. This is particularly true when the alternative exposures were to highly friable, "more potent" amphibole asbestos, and the tort-defendants' products—like those of JCI—contained non-friable, chrysotile asbestos encapsulated in rubber or other materials. Chrysotile asbestos is "far less toxic" than amphiboles, and its use in JCI's gaskets generally "resulted in a relatively low exposure . . . to a limited population." *In re Garlock Sealing Techs., LLC*, 504 B.R. at 73 (citation omitted), 75, 82.

46. The presence of alternative exposure evidence in tort litigation against companies like JCI makes it substantially more likely that the tort-defendants will be found not liable (because the jury concludes that the alternative exposures caused the plaintiff's disease), or that the plaintiff's recovery from the tort-defendants will be reduced by the bankrupt companies' proportionate share of fault and/or set off by the amount recovered by the plaintiff from trusts.

47. Alternative exposure evidence is most compelling when it comes directly from the plaintiff ("direct evidence"), in the form of sworn testimony or written statements such as interrogatory responses or affidavits.

48. On the other hand, when there is no evidence—especially no direct evidence—of alternative exposures, the Defendants and other plaintiff's lawyers are able to argue, and do argue, that the tort-defendants' products must have caused the plaintiff's disease because there are no other exposures that could have caused it.

49. The presence or absence of alternative exposure evidence significantly impacts liability and damages in every case. Specifically, where alternative exposure evidence is present, JCI's potential liability is lower. Where alternative exposure evidence is absent, JCI's potential liability is higher. Favorable results in tort litigation against JCI in which alternative exposure evidence is present also reflect this difference.

50. At all relevant times the Defendants were acutely aware of the critical importance of exposure—particularly alternative exposure—evidence in tort litigation against non-bankrupt companies.

51. Shein knew that it was in tort defendants' "best interest" to be able to prove that a plaintiff was "regularly, frequently and proximately exposed to pipe covering and asbestos cement and refractory products [associated with bankrupt companies] that emit very high levels of amphibole asbestos fibers." (Ex. A 109-110.)

52. Indeed, Shein knew that JCI always sought from plaintiffs in discovery evidence that the plaintiffs were regularly exposed to amphibole asbestos products, and that JCI did so because such evidence substantially reduced JCI's (and other tort-defendants') potential liability.

B. Deliberately Delayed Trust Claims

53. Shein's standard practice was and is "to proceed against the solvent viable non-bankrupt defendants first, and then . . . to proceed against the bankrupt companies[.]" (Ex. A 44.)

54. On information and belief, Shein, the Firm, and their co-conspirators regularly directed that clients sign affidavits affirming exposure to asbestos from

bankrupt companies well in advance of filing trust claims, and often, early in the litigation.

55. The *Vincent Golini* case, discussed in more detail below, is a prime example of this practice. Shein and/or those acting under the direction or supervision of the Firm or Shein brought suit on Golini's behalf against JCI and other non-bankrupt companies in June 2009, and the jury returned its verdict in Golini's favor on June 3, 2010. At that time no trust claims had been made on Golini's behalf. Then, on June 14, 2010—just 11 days after the tort verdict— Shein and/or those acting under the direction or supervision of the Firm or Shein caused eight trust claims to be filed on Golini's behalf, and caused additional ones to be filed after that.

56. Most of these claims were supported by a sworn affidavit of exposure prepared by Shein and/or those acting under the direction or supervision of the Firm or Shein and executed by Golini on May 16, 2009—one month before Shein brought suit and over one year before trial commenced.

57. Shein has admitted that his practice of delaying the filing of trust claims is specifically intended to prevent non-bankrupt companies from arguing in tort litigation that bankrupt companies were responsible for the plaintiff's disease.

58. In Shein's own words: "[F]il[ing] trust claims after the completion of the tort litigation . . ." is "the best way for me to maximize [clients'] recovery . . . [b]ecause under Pennsylvania law, if a bankrupt claim is paid, not only filed but paid . . . that defendant, would go on the verdict sheet and be eligible to be a share which the jury could consider." (Ex. A 43-44.)

59. In the *Garlock* bankruptcy, Judge Hodges characterized Shein's justification for his deliberate delaying of trust claims "as seemingly some perverted ethical duty[.]" *In re Garlock Sealing Techs., LLC*, 504 B.R. at 84.

60. The Defendants' practice of deliberately delaying the filing of trust claims until after the completion of tort litigation was a critical part of the fraudulent scheme against JCI and other non-bankrupt defendants. As part of fabricating an exposure history, this delay was specifically intended to create the false appearance—to JCI, other non-bankrupt defendants, the court, and the jury—that plaintiffs had only been exposed to asbestos-containing products for which non-bankrupt companies were responsible. In reality, as the Defendants well knew, such plaintiffs had been exposed to numerous asbestos-containing products for which bankrupt companies were responsible.

61. This fraud, in turn, was just a part of the broader fraudulent scheme to make all "evidence of exposure to those [bankrupt] insulation companies' products . . . 'disappear[].'" *In re Garlock Sealing Techs., LLC*, 504 B.R. at 84. In other words, the Defendants sought to fabricate fraudulent client exposure histories devoid not only of trust claims, but also of any evidence of exposure to products associated with bankrupt companies, especially thermal insulation companies whose products contained friable and "more potent" asbestos.

C. False Evidence in Discovery and at Trial

62. The Defendants' practice of deliberately delaying the filing of trust claims until after the completion of tort litigation guaranteed that JCI and other non-bankrupt companies could not point to *claims* asserted against bankrupt companies to establish

alternative exposures. However, Shein and/or those acting under the direction or supervision of the Firm or Shein still needed to hide the *fact* of the alternative exposures.

63. As Judge Hodges summarized in the *Garlock* bankruptcy, the scheme entailed "delay[ing] filing claims against bankrupt defendants' asbestos trusts until after obtaining recoveries from Garlock (and other viable defendants)" and "withhold[ing] evidence of exposure to other asbestos products" in tort litigation," thereby making the fact of such exposures effectively "disappear[.]" *In re Garlock Sealing Techs., LLC*, 504 B.R. at 84.

64. To do so, Shein and/or those acting under the direction or supervision of the Firm or Shein and his co-conspirators systematically provided false and fraudulent responses to written discovery in tort litigation.

65. For example, in the *Vincent Golini* case, Shein and/or those acting under the direction or supervision of the Firm or Shein answered interrogatories on behalf of Golini stating (1) that Golini had not been exposed to the asbestos-containing products of any non-party companies, and (2) that Golini had not made any prior written statements about the facts of his case. In truth, however, at the time Shein answered these interrogatories, Golini had, at Shein's direction, executed at least 14 sworn affidavits affirming exposure to asbestos-containing products of non-party bankrupt companies.

66. Upon information and belief, the *Vincent Golini* case is one of the cases Judge Hodges highlighted in the *Garlock* bankruptcy as involving a "pattern" of "demonstrable misrepresentation[s]" by the plaintiff's lawyers, i.e. Shein and the Firm.

See In re Garlock Sealing Techs., LLC, 504 B.R. at 84-86. In particular, Judge Hodges noted: "In total, this plaintiff's lawyer failed to disclose exposure to 20 different asbestos products for which he made Trust claims. Fourteen of these claims were supported by sworn statements, that contradicted the plaintiff's denials in the tort discovery." *Id.* at 85.

67. Shein admits that he answered on Golini's behalf in the litigation and that the alternative exposures "should have been" disclosed. (Ex. A 58, 69, 74, 79, 84, 104, 106.)

68. Shein claims his failure to do so was an "an error" and "an oversight on my office's part." (Ex. A 58, 69, 74, 79, 84.) In truth, however, it was deliberate and intentional, and part of Shein's scheme to defraud JCI and others by manufacturing false and fraudulent client exposure histories.

69. The false and fraudulent discovery responses the Defendants caused to be served on their clients' behalf, and associated concealment, were a deliberate and intentional part of the Defendants' scheme to defraud JCI and others.

70. Shein and/or those acting under the direction or supervision of the Firm or Shein and his co-conspirators also fraudulently ensured that their clients did not testify concerning exposures to products associated with bankrupt companies during their depositions in tort litigation. In Shein's words: "[W]hat we focus on for the deposition is the viable, non-bankrupt companies." (Ex. A 65.) In other words, Shein and/or those acting under the direction or supervision of the Firm or Shein and his co-conspirators fraudulently ensured that their clients did not testify concerning exposures to products associated with bankrupt companies during their depositions in tort litigation.

71. To that end, on information and belief, Shein and/or those acting under the direction or supervision of the Firm or Shein and his co-conspirators caused clients to identify only the products of non-bankrupt companies in their depositions, and caused clients to not identify the products of bankrupt asbestos companies.

72. In this sense—that is, by fraudulently causing their own clients to provide incomplete and/or incorrect testimony— Shein and/or those acting under the direction or supervision of the Firm or Shein exploited and victimized clients in furtherance of their scheme to defraud JCI and others.

73. At the time Shein and/or those acting under the direction or supervision of the Firm or Shein and his co-conspirators provided the false exposure history in tort litigation, JCI did not know, and could not have known, of its falsity because typically only the Defendants' clients, the tort plaintiffs themselves, knew true and complete exposure history. Indeed, by providing false discovery responses and deliberately delaying the filing of trust claims, the Defendants and/or co-conspirators ensured that information concerning their clients' alternative exposures that could undermine litigation claims remained undisclosed to anyone else, including the trusts, until after the tort litigation concluded.

74. These exposure histories, which Shein and/or those acting under the direction or supervision of the Firm or Shein intentionally caused to be prepared and served, were false when made. Shein and/or those acting under the direction or supervision of the Firm or Shein knew them to be false, or, in the alternative, acted with reckless disregard to the truth or falsity of the histories, and in causing them to be made intended to deceive JCI.

75. Certain evidence demonstrating the false exposure histories fabricated by Shein and/or those acting under the direction or supervision of the Firm or Shein — namely, the trust claims and related exposure evidence—was only revealed as a result of discovery permitted by the Bankruptcy Court in connection with the estimation proceedings in the *Garlock* bankruptcy. The record of those proceedings was sealed until May 2015, when it was unsealed and made available to the public. But to this day, JCI remains unable to access a substantial volume of information discovered in the *Garlock* bankruptcy that would help it investigate its claims.

76. Accordingly, JCI did not know, and could not reasonably have known, of the fraud alleged herein until after May 2015, when the *Garlock* estimation trial was largely unsealed. JCI remains unable to fully investigate the fraud absent further discovery.

D. Obtaining Money Based on Fabricated Exposure Histories

77. The Defendants' deliberately used the fabricated exposure histories to mislead JCI, other tort defendants, courts, and juries, thereby enabling the Shein and/or those acting under the direction or supervision of the Firm or Shein to fraudulently obtain money through verdicts, judgments and satisfactions, and/or settlements that otherwise would not have been available.

78. In particular, through the false exposure histories, Shein and/or those acting under the direction or supervision of the Firm or Shein and his co-conspirators (1) created the false appearance in tort litigation that their clients had experienced no alternative exposures to asbestos, and (2) guaranteed there would be no direct evidence from their clients of such exposures. In fact, Shein and/or those acting under

the direction or supervision of the Firm or Shein and his co-conspirators not only knew their clients had experienced alternative exposures, but also used evidence of those exposures—in particular, sworn statements by their clients attesting to them—to obtain additional money by way of trust claims.

79. Because they misrepresented their clients' exposure histories, particularly direct evidence of their alternative exposures to "more potent" amphibole-containing products, *see In re Garlock Sealing Techs., LLC*, 504 B.R. at 75, Shein and/or those acting under the direction or supervision of the Firm or Shein and co-conspirators could and did argue to courts and juries that JCI's (and other non-bankrupt tort defendants') products must have caused the plaintiff's disease because there was no evidence of any other alternative asbestos exposures, or only vague and speculative evidence.

80. Through the fraudulent scheme, Shein and/or those acting under the direction or supervision of the Firm or Shein and his co-conspirators specifically intended to, and did, substantially increase (1) the likelihood that their clients would prevail if the cases were tried to verdict, (2) the legal fees and other defense costs expended by JCI, particularly the amounts expended on exposure experts, (3) the amount of any judgment against JCI and others, and (4) the amount of any post-verdict or other settlement paid by JCI and others.

81. Shein and/or those acting under the direction or supervision of the Firm or Shein and any co-conspirators also specifically intended that JCI, other tort defendants, courts, and juries, would rely on the false exposure histories.

82. In particular, Shein and/or those acting under the direction or supervision of the Firm or Shein and any co-conspirators intended that tort-defendants including JCI

would rely on the false exposure histories, including by trying or settling cases based on the false premise that there were no alternative exposures, or at least, no direct evidence thereof.

83. Shein and/or those acting under the direction or supervision of the Firm or Shein and any co-conspirators intended that courts and juries would rely on the false exposure histories to hold JCI and other tort-defendants liable for causing all of the plaintiff's damages, when in fact the tort-plaintiff's disease was caused, in whole or part, by other asbestos exposures that had been fraudulently concealed.

84. On the other hand, in cases where evidence was present showing full exposure histories, particularly where it included direct evidence of alternative exposures to amphiboles, JCI often succeeded in arguing that its products did not cause the plaintiff's illness and that amphibole asbestos products, such as thermal insulation, were the cause. This resulted in defense verdicts, lower defense costs to JCI, or the jury attributing a relatively low percentage of fault to JCI compared to the cases in which the jury and court were misled as to exposure.

85. The fraudulent scheme harmed JCI by causing it (and others) to suffer adverse and inflated verdicts based on false exposure histories, to pay artificially inflated satisfactions and settlements, and to pay increased defense costs. Even when JCI won a defense verdict or was dismissed prior to trial, the misrepresentation and concealment of alternative exposure evidence increased JCI's defense costs.

86. Upon information and belief, the fraudulent scheme of Shein and/or those acting under the direction or supervision of the Firm or Shein encompassed all of the mesothelioma cases he brought on behalf of clients against JCI since the Firm was

formed. However, the information demonstrating the presence of fraudulently manufactured false exposure histories in each of those cases is presently inaccessible to JCI. In addition, JCI remains unable to access a substantial volume of information discovered in the *Garlock* bankruptcy.

E. Undermining JCI's Business Interests Based on Fraudulent Scheme

87. The Defendants' objective was not limited to one-off uses of fabricated exposure histories in individual litigations. Instead, Defendants' pattern of fabricating exposure histories in order to mislead JCI, other tort defendants, courts, and juries, was a deliberate scheme to use the litigation process fraudulently in order to undermine the business of JCI and JCI's ability to evaluate accurately the present-day risks associated with its past asbestos products.

88. In particular, Defendants intended that each fraudulently-filed litigation would add unwarranted costs to JCI's business expenses, would make JCI less financially competitive because of those additional costs, and would therefore skew JCI's in favor of willingness to settle all asbestos injury cases, including fraudulent cases. Further specific examples of the fraudulent scheme of Shein and/or those acting under the direction or supervision of the Firm or Shein revealed in the unsealed discovery from the *Garlock* bankruptcy estimation proceedings are set forth below.

Particular Examples of Racketeering Conduct that Injured JCI

I. The *Vincent Golini* Case

89. On June 12, 2009, Shein and/or those acting under the direction or supervision of the Firm or Shein signed and filed a complaint against JCI and others on

behalf of Vincent Golini in the Court of Common Pleas in Philadelphia County, Pennsylvania. (Ex. B.)

90. Shein and/or those acting under the direction or supervision of the Firm or Shein caused the complaint to be served on JCI through its registered agent in Pennsylvania, CT Corporation Systems, knowing and intending that CT Corporation Systems would transmit the complaint to JCI in Illinois via the mails.

91. The lawsuit claimed that the tort-defendants' asbestos-containing products caused Golini's mesothelioma.

92. Shein was lead counsel in Golini's case, had final decision-making authority over all aspects of the case, and appeared as counsel at trial.

93. Golini's trial was bifurcated into liability and damages phases with the damages trial proceeding first. The damages phase was tried to a jury. The liability phase was tried to a judge jointly with the liability phase of the *John Koeberle* case, discussed below.

94. On or about April 29, 2010, the damages jury found for Golini in the amount of $5,650,000.

95. On or about May 4, 2010, while present in the District, Shein personally negotiated via email material conditions of the liability phrase of both the *Golini* and *Koeberle* cases with JCI counsel, Thomas Burns, which was transmitted via interstate wire.

96. Later, on June 3, 2010, the court found that JCI's products were a factual cause of Golini's death.

97. Following the verdict, JCI satisfied the judgment on or about July 21, 2010.

A. False Discovery Responses and Deposition Testimony

98. On or about July 29, 2009, Shein signed and served Golini's responses to interrogatories on JCI. (Ex. C-1.)

99. The response to Interrogatory No. 23 stated that Golini "ha[d] no personal knowledge which would lead him to believe" that he had been exposed to asbestos-containing products of "any … company not named as a defendant in this lawsuit." (Ex. C-1 14.)

100. Interrogatory No. 24 required Golini to identify all asbestos-containing products of companies not sued but to which he had been exposed. Shein answered "not applicable." (Ex. C-1 14.)

101. Interrogatory No. 67 required Golini to identify all written statements he had previously made relating to the facts of the case. Shein answered "none." (Ex. C-1 28.)

102. The responses to these interrogatories, which Shein and/or those acting under the direction or supervision of the Firm or Shein intentionally caused to be prepared and served, were false when made. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew the discovery responses to be false or misleading, or acted with reckless disregard to their truth or falsity, and in causing the responses to be made intended to deceive JCI.

103. Golini's deposition was taken on August 10-12, 2009. (Ex. C-2.) Kagan appeared as counsel for Golini. Consistent with the scheme to manufacture false

exposure histories, Golini testified almost exclusively about products associated with named, non-bankrupt tort defendants. Specifically, in his deposition Golini testified that he had never worked with products manufactured by, or labelled as, Kaylo, Owens-Corning or OCF, Fibreboard, Eagle-Pitcher, Armstrong, HK Porter, Raybestos Manhattan, Philadelphia Asbestos Corp. or PACOR, or Flexitallic. (Ex. C-2.)

104. The deposition testimony described above was false when given.

105. Kagan did not correct this testimony, and Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew the testimony to be false, or, in the alternative, acted with reckless disregard to the truth or falsity of it, and in causing it to be made intended to deceive JCI.

106. On April 7, 2010, Shein and/or those acting under the direction or supervision of the Firm or Shein compiled and signed deposition designations for the *Golini* liability phase trial. On information and belief, this document was served on JCI via mails or interstate wires.

B. Concealed Bankruptcy Claims

107. Between May 16 and May 19, 2009, before his deposition described above, Shein and/or those acting under the direction or supervision of the Firm or Shein caused Golini to sign at least 14 separate affidavits prepared at Shein's direction. (Ex. D-1 to D-14.) Each affidavit stated that while employed at the Philadelphia Naval Shipyard, Golini was exposed to asbestos dust from a different asbestos-containing product.

108. Specifically, in these affidavits Golini affirmed exposure to many of the products to which he later denied exposure in his deposition – including Owens

Corning, Armstrong, Fibreboard, and Babcock & Wilcox – and which Shein and/or those acting under the direction or supervision of the Firm or Shein intentionally and fraudulently omitted from the written discovery responses he prepared and served on Golini's behalf.

109. These affidavits of exposure were prepared at the direction of Shein in aid of contemplated future claims against trusts or bankruptcy estates of asbestos manufacturers not sued in the *Golini* tort case.

110. None of the 14 affidavits attesting to exposure were produced in discovery in the *Golini* case, although they were responsive to interrogatories and requests for production propounded by the Asbestos Claim Facility Defendants. Nor were the asbestos exposures described in the affidavits ever disclosed in *Golini*.

111. Conveniently, these alternative exposures and affidavits attesting to them were used to file trust claims shortly after the *Golini* trial verdict. Between June 14 and November 12, 2010, Shein and/or those acting under the direction or supervision of the Firm or Shein filed, or directed others to file, at least nine of the affidavits, and claims based thereon, with asbestos bankruptcy trusts on Golini's behalf. These included claims against Armstrong, Owens Corning, Fibreboard, and Flexitallic, products for which Golini had previously denied exposure.

112. The Defendants, on Golini's behalf, ultimately caused a claim to be submitted to the bankruptcy trusts of each of the 14 companies to which Golini affirmed exposure in the May 2009 affidavits. In total, the Firm filed or otherwise asserted at least 20 bankruptcy claims for Golini.

113. Shein personally signed the claim form submitted on Golini's behalf to the bankruptcy trust of boilermaker Babcock & Wilcox.

114. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or his co-conspirators also filed ballots on Golini's behalf in at least five bankruptcy cases: those of ASARCO, W.R. Grace, Hercules, Quigley, and Pittsburgh Corning. Like the bankruptcy trust claims, these ballots certified that Golini was exposed to these companies' asbestos-containing products. At least one such ballot was filed before the July 2009 interrogatories denying that Golini had been exposed to the asbestos products of any bankrupt company.

115. For each of these claims and ballots, Shein, and/or those acting under the direction or supervision of the Firm or Shein, or his co-conspirators provided proof of Golini's exposure to asbestos products associated with the bankrupt companies.

116. These claims and ballots were filed despite the express denials in Golini's tort case that Golini was exposed to asbestos products of non-defendant companies.

117. A schedule of bankruptcy claims made on Golini's behalf is included as Ex. E; the claims themselves in JCI's possession are Ex. E-1 to E-20.

118. As a result, JCI was deprived of the opportunity to effectively try the case with direct evidence of alternative exposures, expended sums that it otherwise would not have expended, and suffered an adverse verdict that it otherwise would not have suffered.

II. The *John Koeberle* Case

119. On June 9, 2009, Shein and/or those acting under the direction or supervision of the Firm or Shein, along with co-counsel from Waters & Kraus, filed a

lawsuit on behalf of John Koeberle in the Court of Common Pleas in Philadelphia County, Pennsylvania against JCI and others. Shein personally signed the complaint. (Ex. F.)

120. Shein and/or those acting under the direction or supervision of the Firm or Shein caused the complaint to be served on JCI through its registered agent in Pennsylvania, CT Corporation Systems, knowing and intending that CT Corporation Systems would transmit the complaint via mail or interstate wire to JCI in Illinois, as it ultimately did via Federal Express.

121. The lawsuit claimed that the tort defendants' asbestos-containing products caused Koeberle's mesothelioma.

122. On information and belief, Shein was personally involved in, and had final decision-making authority over, discovery and pre-trial strategy in *Koeberle.*

123. On July 27, 2009, the Firm filed a motion for leave to file an amended complaint. The cover letter to the court was signed by Shein. That same day, Shein served the motion, or caused it to be served, via email on counsel of record for all the parties, including certain counsel outside the Commonwealth of Pennsylvania.

124. On August 27, 2009, the court authorized the filing of the amended complaint, which added new defendants, and the next day, Shein signed the praecipe that formally filed the amended complaint.

125. The *Koeberle* and *Golini* cases were tried jointly. Shein was trial counsel for both cases, while Waters & Kraus was co-counsel at trial on the *Koeberle* case only.

126. On or about May 4, 2010, Shein, while present in the District, negotiated via email material conditions of the liability phrase of both the *Golini* and *Koeberle* cases with JCI counsel, Thomas Burns, which was transmitted via interstate wire.

127. The *Koeberle* trial was bifurcated into liability and damages portions, with the damages trial proceeding first. The damages trial concluded on or about February 19, 2010, when a jury awarded Koeberle $4.5 million. The liability trial – at which JCI was the only defendant – concluded on or about June 3, 2010.

128. On or about July 8, 2010, JCI satisfied its share of the judgment.

129. On July 8, 2010, in Morton Grove, Illinois, JCI processed a check payable to co-conspirator Waters & Kraus, in trust for Koeberle. The check was sent to JCI's local counsel in Pennsylvania, who then mailed it from Pennsylvania to Waters & Kraus in Dallas, Texas via Federal Express on July 12, 2010.

A. False Discovery Responses and Deposition Testimony

130. On or about August 3, 2009, Shein and/or those acting under the direction or supervision of the Firm or Shein served responses to the Asbestos Claims Facility Defendants' General Interrogatories and Requests for Production on Koeberle's behalf. (Ex. G-1.)

131. Interrogatories Nos. 23 and 24 required Koeberle to indicate whether he worked with any asbestos-containing product that was not manufactured or distributed by a defendant in the tort case. Shein, on Koeberle's behalf, stated that "plaintiff presently has no personal knowledge which would lead him to believe so," but reserved the right to supplement his response in the future. (Ex. G-1 12.)

132. Upon information and belief, the responses to these interrogatories, which Shein and/or those acting under the direction or supervision of the Firm or Shein intentionally caused to be prepared and served, were false when made. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew the discovery responses to be false or misleading, or acted with reckless disregard to their truth or falsity, and in causing the responses to be made intended to deceive JCI.

133. Koeberle's deposition (Ex. G-2) was taken on or about September 10-11, 2009. Attorney Heather Kaplan of the Firm and Demetrios Zacharopolous of Waters & Kraus appeared as counsel for Koeberle.

134. At his deposition Koeberle denied working with asbestos insulation during his service in the U.S. Navy and denied knowing about claims against bankrupt asbestos companies or their bankruptcy trusts. He denied doing any work on boilers during his Navy service. Koeberle specifically denied working with products manufactured by Armstrong, U.S. Gypsum, and Pittsburgh Corning's Unibestos. (Ex. G-2 81, 84, 86-87.)

135. Koeberle's deposition testimony described above was false when given. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew the testimony to be false, or, in the alternative, acted with reckless disregard to the truth or falsity of it, and in causing it to be made intended to deceive JCI.

136. Neither the Firm attorney present at the deposition, Shein, nor his co-conspirators at Waters & Kraus corrected this false testimony.

B. Efforts to Conceal Alternative Cause Evidence at Trial

137. Shein and attorneys Troyce Wolf and Demetrios Zacharapolous of Waters & Kraus represented Koeberle at trial.

138. During the *Koeberle* liability-phase trial, counsel for JCI sought to utilize a picture of an asbestos-laden engine room on a U.S. Navy ship. Shein's co-conspirators at Waters & Kraus, who were co-counsel at the trial, argued that the evidence was irrelevant because in his deposition, Koeberle had denied exposure to asbestos pipe insulation during his Navy service. Shein stood silent as this argument was presented to the court.

139. In fact, as Shein and/or those acting under the direction or supervision of the Firm or Shein well knew and believed, he had in his possession information concerning Koeberle's alternative exposures to amphibole-containing products that he intended to use to make claims against multiple bankruptcy trusts of asbestos insulation manufacturers, including pipe insulation manufacturers, on Koeberle's behalf.

140. On February 17, 2010, Shein introduced the false exposure history at trial through his direct examination of Koeberle's causation expert, Dr. Daniel Sterman. Upon information and belief, Shein and/or those acting under the direction or supervision of the Firm or Shein manipulated Dr. Sterman's testimony by withholding information about Koeberle's exposure to pipe insulation products in the Navy, and by selectively preparing Dr. Sterman to focus his causation testimony on "gaskets and flanges" used in diesel engines.

C. Concealed Bankruptcy Claims

141. On or about August 30, 2010 – approximately two months after the liability-phase trial concluded, and one month after JCI satisfied the judgment – Shein and/or those acting under the direction or supervision of the Firm or Shein filed or caused to be filed four trust claims on Koeberle's behalf with bankruptcy trusts.

142. Those trust claims included three claims against asbestos insulation manufacturers Fibreboard, Owens Corning, and Armstrong.

143. Ultimately, between August 2010 and April 2012, the Firm, on Koeberle's behalf, filed trust claims with boiler maker Babcock & Wilcox, refractory product maker Harbison Walker, insulation makers and distributors Fibreboard, Owens Corning, Armstrong, Johns-Manville, and Halliburton, and joint compound maker U.S. Gypsum.

144. In addition, Shein and/or those acting under the direction or supervision of the Firm or Shein caused ballots to be filed on Koeberle's behalf in the bankruptcies of ASARCO and Pittsburgh Corning. Like the bankruptcy trust claims, these ballots certified that Koeberle was exposed to the asbestos-containing products of the pertinent companies.

145. These claims and ballots were filed despite Koeberle's and Shein's express denials in the tort case that Koeberle was exposed to asbestos products of non-defendant companies.

146. As part of the scheme, Shein, and/or those acting under the direction or supervision of the Firm or Shein, and his co-conspirators concealed evidence of Koeberle's exposure to products of these bankrupt asbestos manufacturers from JCI in the tort litigation, while knowing that Koeberle had been exposed to such products.

147. A schedule of bankruptcy claims made on Koeberle's behalf is included as Ex. H. A copy of Koeberle's ballot in the Pittsburgh Corning bankruptcy is attached as Ex. H-1.

148. As a result, JCI was deprived of the opportunity to effectively try the case with direct evidence of alternative exposures, expended sums that it otherwise would not have expended, and suffered an adverse verdict that it otherwise would not have suffered.

III. The *James Baccus* Case

149. On March 12, 2007, Shein and/or those acting under the direction or supervision of the Firm or Shein, along with co-counsel from Waters & Kraus, filed a lawsuit on behalf of James Baccus and Syble Baccus in the Court of Common Pleas in Philadelphia County, Pennsylvania against JCI and others. (Ex. I.)

150. Shein signed the complaint in Pennsylvania and Shein and/or those acting under the direction or supervision of the Firm or Shein caused it to be served on JCI's registered agent in Pennsylvania, CT Corporation Systems, knowing and intending that CT Corporation Systems would transmit the complaint to JCI in Illinois, as it ultimately did via Federal Express.

151. The lawsuit claimed that the defendants' asbestos-containing products caused Baccus's mesothelioma.

152. Shein served as counsel of record and, on information and belief, was personally involved in the pleading, discovery, and pre-trial strategy in *Baccus*. Waters & Kraus was co-counsel at trial on the case. On information and belief, Shein had final authority over all litigation decisions in Baccus's case.

153. On April 14, 2008, a jury found for Baccus's estate and surviving spouse in the total amount of $25.2 million, of which $7 million was compensatory damages attributed to JCI.

154. JCI satisfied the judgment shortly thereafter.

155. The satisfaction payment – which was inflated by Defendants' fraud, and which Defendants foreseeably caused JCI to make – was made on or about April 16, 2008 via interstate wire transfer to the trust account of co-conspirator Waters & Kraus in Texas. The payment originated from Morton Grove, Illinois.

A. False Discovery Responses and Deposition Testimony

156. On or about March 20, 2007, attorney Mary Keyes from Waters & Kraus signed, and served via mail or interstate wire transmission, responses to interrogatories in *Baccus.* A true and correct copy of these interrogatory responses (less two missing pages not in JCI's possession) is attached hereto as Ex. J-1.

157. Upon information and belief, the interrogatory responses denied that Baccus was exposed to asbestos manufactured by non-defendants in the case.

158. Upon information and belief, the responses to these interrogatories, which Shein intentionally caused to be prepared and served, were false when made. Shein or one of his conspirators knew the discovery responses to be false or misleading, or acted with reckless disregard to their truth or falsity, and in causing the responses to be made intended to deceive JCI.

159. Baccus was deposed on or about March 26 to 29, 2007. (Ex. J-2.) In his deposition Baccus admitted exposure to the asbestos products of several companies that were not defendants in his tort case, including Kaylo (an Owens Corning insulation

product), U.S. Gypsum, Flexitallic, and Armstrong. (Ex. J-2 32, 183, 321, 383.) But he denied knowing whether he was exposed to Johns-Manville insulation. Baccus also denied that he made any claims to bankruptcy trusts, including those of Johns-Manville and Eagle Pitcher.

160. Shein and/or those acting under the direction or supervision of the Firm or Shein did not correct this deposition testimony. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew the testimony to be false, or, in the alternative, acted with reckless disregard to the truth or falsity of it, and in causing the testimony to be made intended to deceive JCI.

B. Concealed Bankruptcy Claims

161. Shein and/or those acting under the direction or supervision of the Firm or Shein caused to be filed Baccus's first bankruptcy trust claim on or about April 8, 2008, approximately three weeks after the trial verdict.

162. Shein and/or those acting under the direction or supervision of the Firm or Shein ultimately caused to be filed at least nine claims on Baccus's behalf with asbestos bankruptcy trusts between May 2008 and January 2012.

163. Several of those claims affirmed exposure to asbestos-containing products Baccus did not identify, or denied exposure to, in his deposition, including claims against the bankruptcy trusts of Halliburton, Fibreboard, Harbison Walker, and Johns-Manville.

164. In addition, Shein and/or those acting under the direction or supervision of the Firm or Shein also filed, and caused to be filed on Baccus's behalf, ballots in the

bankruptcies of AC&S, ASARCO, Flintkote, and Pittsburgh Corning. None of these manufacturers were identified as alternative exposures in the tort case.

165. In submitting these bankruptcy claims and ballots, Baccus affirmed exposure to the bankrupt companies' asbestos-containing products.

166. A schedule of bankruptcy claims made on Baccus's behalf is included as Ex. K and is incorporated by reference here. Baccus's ballots in the bankruptcies of Pittsburgh Corning and AC&S are attached hereto as Exs. K-1 to K-2.

167. As a result, JCI was deprived of the opportunity to effectively try the case with direct evidence of alternative exposures, expended sums that it otherwise would not have expended on experts, and suffered an adverse verdict that it otherwise would not have suffered.

IV. The *Robert Mattison* Case

168. On or about December 21, 2007, Shein and/or those acting under the direction or supervision of the Firm or Shein filed a lawsuit on behalf of Robert Mattison in the Court of Common Pleas in Philadelphia County, Pennsylvania against JCI and others. Shein signed the complaint. (Ex. L.)

169. The complaint alleged that the defendants' asbestos-containing products caused Mattison's mesothelioma.

170. Shein, Kagan, and co-conspirators Troyce Wolf and Demetrious Zacharopolous of Waters & Kraus served as counsel of record. On information and belief, Shein was personally involved in the pleading, discovery, and pre-trial strategy in *Mattison*. Shein, Wolf, and Zacharopolous were co-counsel at trial on the case. On

information and belief, Shein had final authority over all litigation decisions in Mattison's case.

171. In May 2009, a jury found for Mattison in the total amount of $4 million.

172. On May 14, 2009, in Morton Grove, Illinois, JCI processed a check payable to the Firm, in trust for Mattison, in satisfaction of JCI's portion of the judgment.

A. False Discovery Responses

173. On May 14, 2008, Shein and/or those acting under the direction or supervision of the Firm or Shein signed and served responses to Asbestos Claims Facility Defendants' General Interrogatories for asbestos cases on Mattison's behalf via mail or interstate wire transmission. (Ex. M-1.)

174. Interrogatory No. 9 required Mattison to state the name, brand name, and manufacturer of asbestos-containing products to which he was exposed. Shein and/or those acting under the direction or supervision of the Firm or Shein, on Mattison's behalf, did not answer, stating only that "Given that discovery is ongoing, plaintiff reserves the right to supplement his response to this discovery request at a later time." (Ex. M-1 5.)

175. Interrogatories Nos. 23 and 24 required Mattison to indicate whether he worked with any asbestos-containing product that was not manufactured or distributed by a defendant in the tort case. Shein, on Mattison's behalf, stated that "plaintiff presently has no personal knowledge which would lead him to believe so." (Ex. M-1 14.)

176. Interrogatory No. 67 required Mattison to identify all written statements he has made relating to the facts of his lawsuit. Shein and/or those acting under the

direction or supervision of the Firm or Shein, on Mattison's behalf, refused to answer on the basis of attorney-client privilege and work-product protection. (Ex. M-1 27.)

177. The responses to Interrogatories Nos. 23 and 24 were false when made, and the responses to Interrogatories Nos. 9 and 67 which, Shein and/or those acting under the direction or supervision of the Firm or Shein intentionally caused to be prepared and served, were misleading by omission when made. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew the discovery responses to be false or misleading, or acted with reckless disregard to their truth or falsity, and in causing the responses to be made intended to deceive JCI.

178. On May 15, 2008, as part of the interrogatory responses in Mattison's case, Shein and/or those acting under the direction or supervision of the Firm or Shein produced a worksheet signed by Mattison titled "THESE ARE THE TYPES OF ASBESTOS PRODUCTS AND PRODUCTS WHICH CONTAINED ASBESTOS WHICH I PERSONALLY WORKED WITH, ON AND/OR WORKED AROUND." It stated that Mattison was exposed to asbestos-containing valves, pumps, packing, and gaskets – the types of products made by the defendants in Mattison's tort case – without specifying any brand names. (Ex. M-2.)

179. The above discovery responses and worksheet were false when made.

180. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew the discovery responses and worksheet to be false, or, in the alternative, acted with reckless disregard to the truth or falsity of them, and in causing the responses to be made intended to deceive JCI.

181. On March 3, 2009, in furtherance of the scheme, Shein signed deposition designations in *Mattison* and Shein and/or those acting under the direction or supervision of the Firm or Shein served them on all defendants by mail or interstate wire transmission, specifically, facsimile.

182. On April 13, 2009, in furtherance of the scheme, Shein signed amended deposition designations in *Mattison* and Shein and/or those acting under the direction or supervision of the Firm or Shein served them on all defendants by mail or interstate wire transmission, specifically, facsimile.

B. Concealed Bankruptcy Claims

183. Beginning on or about July 2, 2009, and continuing through November 2011, Shein, and/or those acting under the direction or supervision of the Firm or Shein, or his co-conspirators filed or otherwise asserted at least seven bankruptcy claims on behalf of Mattison.

184. These bankruptcy claims included claims against, or ballots in the bankruptcies of, Johns-Manville, Fibreboard, Halliburton, Armstrong, Quigley, W.R. Grace, and Pittsburgh Corning. None of these brands were disclosed in the written discovery and deposition testimony in Mattison's case. And none of these companies manufactured or distributed the types of products – gaskets, packing, valves, and pumps – disclosed in Mattison's tort case.

185. A schedule of bankruptcy claims made on Mattison's behalf is included as Ex. N. Mattison's ballot in the Pittsburgh Corning bankruptcy is attached as Ex. N-1.

186. As part of the scheme, Shein, and/or those acting under the direction or supervision of the Firm or Shein, and co-conspirators concealed from JCI evidence of

Mattison's exposure to these bankrupt asbestos manufacturers' products while knowing that Mattison had been exposed to such products.

187. As a result, JCI was deprived of the opportunity to effectively try the case with direct evidence of alternative exposures, expended sums that it otherwise would not have expended, and suffered an adverse verdict that it otherwise would not have suffered.

Allegations Common to All Misrepresentations In Discovery And Trial

188. The source of JCI's injuries was the above-described and hereby incorporated illegal acts and omissions that led to their procurement of judgments against and settlements with JCI. These improper actions resulted in JCI being unable to present certain meritorious arguments or defenses—principally those involving the underlying plaintiff's exposure to alternative sources of asbestos and admissions that those alternative sources caused the plaintiff's mesothelioma—to the various courts presiding over the cases in which conspirators represented parties adverse to JCI. Indeed, in light of the fraudulent acts and scheme, JCI was deprived of any reasonable opportunity to raise those claims or defenses in the underlying cases.

189. Each and every specific misrepresentation or fraudulent omission alleged above was material at the time it was made.

190. In particular, Shein and/or those acting under the direction or supervision of the Firm or Shein caused the false testimony, discovery, and other representations and omissions to be made precisely because the information was material in the tort litigation to which each false statement or omission pertained.

191. Shein, and/or those acting under the direction or supervision of the Firm or Shein, or one of his conspirators knew or recklessly disregarded the falsity of each misrepresentation and omission at the time it was made.

192. In the alternative, with respect to misrepresentations, Shein and/or those acting under the direction or supervision of the Firm or Shein (1) chose to remain deliberately ignorant of the statements' truth or falsity despite a duty to investigate, or (2) made the statements, or caused them to be made, with reckless disregard for their truth or falsity.

193. In the alternative, with respect to fraudulent omissions, Shein and/or those acting under the direction or supervision of the Firm or Shein (1) chose to remain deliberately ignorant of the statements' truth or falsity despite a duty to investigate, or (2) omitted material facts, or stood silent as their clients or co-counsel did so, with knowledge of falsity or reckless disregard for the truth or falsity of the respective statements – all in circumstances where they had an obligation to make full disclosure, including by correcting the record if necessary.

194. Shein and/or those acting under the direction or supervision of the Firm or Shein made each of the fraudulent misrepresentations and omissions described above with the intent to deceive and defraud JCI, other tort defendants, courts, and juries, and to wrongfully obtain money from JCI and other tort defendants through contingency fees from payments by defendants procured and inflated based on the fraudulently fabricated false exposure histories.

195. Although reliance is not a required element of its RICO claims, JCI did reasonably, justifiably, and/or as a matter of right rely on the Defendants' fraudulent

misrepresentations and omissions to its detriment, including by making payments to the Defendants in the above-mentioned cases, and expending unnecessary defense costs. JCI relied on these representations made in this District.

196. Further, JCI reasonably, justifiably, and/or as a matter of right relied on Shein and/or those acting under the direction or supervision of the Firm or Shein to obey statutes, court orders, rules of professional ethics, court rules, rules of evidence and civil procedure, and other applicable law. JCI had a right to, and did in fact, assume that Shein and/or those acting under the direction or supervision of the Firm or Shein would not knowingly make misstatements of material fact or fraudulent omissions, or cause or allow his clients to do so. JCI also had a right to, and did in fact, assume that Shein and/or those acting under the direction or supervision of the Firm or Shein would abide by his admitted duty to disclose evidence associated with trust claims in clients' tort litigation. Thus, JCI had a right to, and did, rely on answers to deposition questions being true and correct to the best of the deponent's belief and not corruptly persuaded, and to assume that Shein and/or those acting under the direction or supervision of the Firm or Shein had not fraudulently misrepresented, omitted, or concealed responsive, material facts in written discovery.

197. As Shein and/or those acting under the direction or supervision of the Firm or Shein intended, courts and juries also relied on the false exposure histories and found JCI and others fully liable for his clients' damages, even though, in truth, those damages were caused in whole or in part by the fraudulently concealed alternative amphibole exposures.

198. By causing incorrect or incomplete testimony to be given, knowingly concealing affidavits and other exposure evidence, and undertaking the other fraudulent or wrongful conduct described herein, Shein and/or those acting under the direction or supervision of the Shein or the Firm were not providing lawful, bona fide, legal representation in the cases described herein.

199. Further evidencing the material impact of the fraudulent misrepresentations and omissions, when armed with evidence of alternative exposures in other cases, JCI has successfully garnered defense verdicts or significantly reduced liability and/or damages.

200. Shein knew of the material impact of this evidence, admitting that it is in "best interest" of JCI and other defendants to be able to prove that a plaintiff was "regularly, frequently and proximately exposed to pipe covering and asbestos cement and refractory products [associated with bankrupt companies] that emit very high levels of amphibole asbestos fibers." (Ex. A 109-110.)

Use of Interstate Wires and Mails

201. The scheme was nationwide in scope. The Firm is headquartered in Philadelphia, PA. JCI is an Illinois corporation. Exemplar cases in this complaint include cases in Philadelphia. Bankruptcy trust claims were directed to several different states.

202. The scheme to defraud reasonably contemplated and depended upon ubiquitous use of the mails and interstate wires, including telephones, electronic mail, and electronic service of court documents via the Internet. These means of communications were used and caused to be used by Shein and/or those acting under

the direction or supervision of the Shein or the Firm to provide deliberately false exposure histories to JCI and to prosecute cases based thereon.

203. Shein and/or those acting under the direction or supervision of the Shein or the Firm used the mails and interstate wires, *inter alia*, to send from this District fraudulent pleadings, discovery responses, deposition transcriptions, expert reports, motions in limine, and settlement demands and terms either directly to JCI and/or its counsel, OTMB, located in Chicago, Illinois, or the Dickie firm, located in this District, with knowledge that JCI's counsel in the forum state would forward the litigation document to JCI and/or OMTB via the mails or interstate wires.

204. On information and belief, the majority or a substantial proportion of the misrepresentations made in furtherance of the scheme occurred via the mailing or emailing of pleadings, discovery responses, deposition transcripts, expert reports, motions in limine, settlement demands and terms, and other writings. Indeed, the scheme depended on, and was designed to make use of, mail and wire communications with JCI and others to expedite and execute the fraud.

205. In furtherance of the scheme, Shein and/or those acting under the direction or supervision of the Shein or the Firm transmitted or caused to be transmitted via U.S. mail or interstate wire communication each and every pleading, discovery response, deposition transcript, and other court filings specifically alleged above in this Complaint.

206. The Firm, Shein, and the attorneys and employees acting at their direction and supervision caused JCI and other non-bankrupt defendants to pay, via interstate wire transfers and mailed checks, fraudulently obtained and inflated judgments,

satisfactions, and settlements as a result of the false exposure history scheme described herein, as more particularly described in the *Golini, Koeberle, Baccus,* and *Mattison* cases.

207. The payments made by JCI to Shein and his co-conspirators for fraudulently obtained and inflated judgments, satisfactions, and settlements originated from Morton Grove, Illinois, and ultimately traveled to Pennsylvania and/or Texas.

208. On information and belief, Shein communicated with his co-conspirators via interstate wire communications, including telephone calls, emails and faxes, to keep one another abreast of pertinent developments in furtherance of the scheme.

Additional Cases

209. On information and belief, the fraudulent scheme— including fabricating false exposure histories, suppressing alternative exposure evidence and evidence of trust and bankruptcy claims, filing motions to further conceal their fraud, and making false representations to juries and courts—was a regular course and method of doing business employed by Shein, and involved substantially all of the cases Shein and/or those acting under the direction or supervision of the Shein or the Firm brought against JCI.

Count One: Violation of 18 U.S.C. § 1962(c) by Shein

210. The allegations of paragraphs 1 through 209 are re-alleged and incorporated as set forth verbatim herein in order to state a claim against Shein.

211. Shein is a "person" under 18 U.S.C. § 1961(3).

212. The Firm constitutes an enterprise engaged in, or the activities of which affect, interstate commerce for purposes of 18 U.S.C. § 1962(c). In particular, the Firm

is engaged in and affects interstate commerce because it, among other things, solicits and represents clients outside Pennsylvania, and enters into co-counsel relationships with law firms outside Pennsylvania, including Waters & Kraus, LLP, as explained in more detail below. Additionally, the Firm's activities affect interstate commerce because it has obtained millions of dollars in personal-injury verdicts and settlement payments against manufacturers and distributors of asbestos-containing products throughout the United States.

213. Shein, who was at all relevant times employed by or associated with the Firm, directly conducted and participated in the business and affairs of the Firm through a pattern of racketeering in violation of 18 U.S.C. § 1962(c).

214. In particular, Shein devised and implemented a scheme specifically intended to obstruct justice, defraud JCI and others, and to obtain money from them by false pretenses by fraudulently manufacturing false exposure histories for mesothelioma clients. Shein then used those false exposure histories in tort litigation to fraudulently obtain and inflate verdicts, judgments and satisfactions, and settlements against JCI and others, including as set forth in the *Golini, Koeberle, Baccus,* and *Mattison* cases discussed above.

215. In furtherance of this scheme, Shein reasonably foresaw the use of, and did in fact repeatedly use, or cause his agents to use, the mails and interstate wires in furtherance of essential parts of the scheme. In particular, Shein caused each and every pleading, discovery response, transcript, and other litigation document specifically described in this Complaint to be transmitted by mail or interstate wire in furtherance of the scheme.

216. Each such use of the mails or wires is a separately indictable violation of 18 U.S.C. § 1341 (mail fraud) or 18 U.S.C. § 1343 (wire fraud) and is, therefore, a separate predicate act of racketeering activity under 18 U.S.C. § 1961(1).

217. These predicate acts are related in that, as alleged above, they shared the same or similar purposes, results, participants, victims, methods of commission and were otherwise interrelated by distinguishing characteristics and were not isolated events, but rather regular and integral steps in furtherance of Shein's scheme to defraud JCI and others through false exposure histories.

218. Further, the predicate acts were continuous in that they have occurred on a regular basis since at least 2007, affected numerous civil actions and, on information and belief, remain ongoing in cases against JCI and others.

219. Accordingly, Shein's acts of mail and wire fraud constitute a pattern of racketeering for purposes of 18 U.S.C. §§ 1961(5) and 1962(c).

220. By reason of Shein's violation of 18 U.S.C. § 1962(c), JCI has been injured in its business and/or property in an amount to be proven at trial. Specifically, Shein's violation of § 1962(c) has proximately caused JCI to expend substantial money and resources to defend claims based on fraudulently manufactured false exposure histories in excess of the defense costs for claims based on truthful exposure histories, and to pay fraudulently obtained and inflated satisfactions and/or settlements that could not and would not have been obtained absent the false exposure histories.

221. By reason of this violation of 18 U.S.C. § 1962(c), JCI is entitled to treble damages, attorney fees, costs, and interest on all of them.

Count Two: Violation of 18 U.S.C. § 1962(d) by Shein

222. The allegations of paragraphs 1 through 221 are re-alleged and incorporated by reference in order to state a claim against Shein.

223. Beginning in or about 2007, and continuing through the date of this Complaint, Shein knowingly and unlawfully conspired with other conspirators at the Firm and with certain attorneys at Waters & Kraus to conduct the affairs of the Firm through a pattern of mail fraud and wire fraud.

224. At all relevant times, each conspirator knew of and participated in this scheme through specific overt acts intended to further its objective of defrauding JCI.

225. Specifically, as described in more detail above, Shein orchestrated and implemented the fraudulent scheme of fabricating false exposure histories for their clients in order to fraudulently obtain money from JCI and others. This included the knowing misrepresentation and concealment of exposure evidence.

226. Shein also served and caused to be served false and fraudulent discovery responses that concealed exposure evidence, coached clients to only identify products of those companies sued in their testimony, misrepresented the true cause of their clients' disease to courts, and argued motions to further conceal their fraud.

227. Shein and his co-conspirators filed or caused to be filed (or otherwise asserted) claims in bankruptcy cases and against asbestos trusts on behalf of Shein's clients using evidence that was fraudulently concealed in the clients' tort litigation. Shein and his co-conspirators coordinated to ensure, to the extent possible, that trust claims were not made until after the completion of a client's tort litigation or were

concealed from JCI and other non-bankrupt tort defendants, and did so with the intent to further the fraud against JCI and other non-bankrupt tort defendants.

228. By reason of this violation of 18 U.S.C. § 1962(d), JCI is entitled to treble damages, attorney fees, costs, and interest on all of them.

Count Three: Violation of 18 U.S.C. § 1962(c) by All Defendants

229. The allegations of paragraphs 1 through 209 are re-alleged and incorporated by reference for purposes of alleging this claim under 18 U.S.C. § 1962(c) against all Defendants.

230. The Defendants are each "persons" under 18 U.S.C. § 1961(3).

231. The "Co-Counsel Enterprise" is an association-in-fact within the meaning of 18 U.S.C. § 1961(4). The Co-Counsel Enterprise consists of the Firm, Shein, and Waters and Kraus.

232. The Co-Counsel Enterprise is associated together for the common purpose of representing clients who have potential claims against current or former manufacturers of asbestos-containing products and bankruptcy trusts or other successors of companies that formerly manufactured or distributed asbestos-containing products. Part of that joint representation included the fraudulent scheme of recovery for individuals alleging exposure to asbestos-containing products, as alleged above.

233. Since at least 2007, the Co-Counsel Enterprise has been engaged in and its activities have affected interstate commerce for purposes of 18 U.S.C. § 1962(c). Specifically, the Co-Counsel Enterprise solicits and represents clients throughout the United States. The Co-Counsel Enterprise affects interstate commerce through the fees generated from recoveries against manufacturers and distributors of asbestos-

containing products and bankruptcy trusts for companies that formerly manufactured or distributed asbestos-containing products throughout the United States. For example, the Shein website indicates that it has obtained multimillion dollar judgments in its clients' favor.

234. The Co-Counsel Enterprise is an ongoing organization with an ascertainable structure with a framework for making and carrying out decisions and functions as a continuing unit with established duties. In particular, the Firm represents clients in tort litigation in state or federal court through attorneys working under the direction or supervision of the Firm. The Firm also causes claims to be filed with bankruptcy trusts. Shein serves as counsel for the clients and manages both the firm, the filing of claims with bankruptcy trusts, and tort litigation. Waters & Kraus serve as co-counsel and jointly represents clients with Shein and the Firm, including the representations that gave rise to the fraudulent scheme and other joint representations.

235. For the same reasons, the Co-Counsel Enterprise is amenable to hierarchical or consensual decision-making. The Firm, Shein, and Waters & Kraus coordinate with respect to their joint representation of individual clients, including representation at trial.

236. The Firm, Shein, and Waters & Kraus are economically interdependent through shared fees received through their representations of common clients.

237. The Co-Counsel Enterprise has been continuous. As alleged above, the Firm, Shein, and Waters & Kraus have operated the Co-Counsel Enterprise since 2007. The ongoing co-counsel relationship among the Firm, Shein, and Waters & Kraus has existed apart from the pattern of racketeering activity described here. However, the Co-

Counsel Enterprise was used as a tool to effectuate the pattern of racketeering activity discussed herein.

238. The Defendants directly conducted and participated in the business and affairs of the Co-Counsel Enterprise through a pattern of racketeering in violation of 18 U.S.C. § 1962(c).

239. The Firm participated in the scheme through the actions of its management, shareholders, attorneys, paralegals, and/or other agents. These individuals acted under the direction or supervision of the Firm, including the direction or supervision of the Firm's named partner. The Firm derived a financial benefit from the fraud. On information and belief, the inflated recoveries obtained by Shein and/or those acting under the direction or supervision of Shein or the Firm constituted revenue for the Firm. The acts that contributed to the fraudulent scheme described herein were carried out in the course of legal work for the Firm's clients and thus were within the scope of these individuals' employment. The Firm acquiesced and/or authorized the acts of those who furthered the fraudulent scheme described herein because named partner of Shein Law, Ben Shein, was aware of, directed, and perpetrated the fraudulent scheme and has tried to prevent the disclosure of the fraudulent scheme on behalf of the Firm.

240. In particular, the Defendants devised and implemented a scheme specifically intended to obstruct justice, defraud JCI and others, and to obtain money from them by false pretenses by fraudulently manufacturing false exposure histories for mesothelioma clients. The Defendants then used those false exposure histories in tort litigation to fraudulently obtain and inflate verdicts, judgments and satisfactions, and

settlements against JCI and others, including as set forth in the *Golini, Koeberle, Baccus,* and *Mattison* cases discussed above.

241. In furtherance of this scheme, the Defendants reasonably foresaw the use of, and did in fact repeatedly use, or cause his agents to use, the mails and interstate wires in furtherance of essential parts of the scheme. In particular, the Defendants caused each and every pleading, discovery response, transcript, and other litigation document specifically described in this Complaint to be transmitted by mail or interstate wire in furtherance of the scheme.

242. Each such use of the mails or wires is a separately indictable violation of 18 U.S.C. § 1341 (mail fraud) or 18 U.S.C. § 1343 (wire fraud) and is, therefore, a separate predicate act of racketeering activity under 18 U.S.C. § 1961(1).

243. These predicate acts are related in that, as alleged above, they shared the same or similar purposes, results, participants, victims, methods of commission and were otherwise interrelated by distinguishing characteristics and were not isolated events, but rather regular and integral steps in furtherance of the Defendants' scheme to defraud JCI and others through false exposure histories.

244. Further, the predicate acts were continuous in that they have occurred on a regular basis since at least 2007, affected numerous civil actions and, on information and belief, remain ongoing in cases against JCI and others.

245. Accordingly, the Defendants' acts of mail and wire fraud constitute a pattern of racketeering for purposes of 18 U.S.C. §§ 1961(5) and 1962(c).

246. By reason of the Defendants' violation of 18 U.S.C. § 1962(c), JCI has been injured in its business and/or property in an amount to be proven at trial.

Specifically, the Defendants' violation of § 1962(c) has proximately caused JCI to expend substantial money and resources to defend claims based on fraudulently manufactured false exposure histories in excess of the defense costs for claims based on truthful exposure histories, and to pay fraudulently obtained and inflated satisfactions and/or settlements that could not and would not have been obtained absent the false exposure histories.

247. By reason of this violation of 18 U.S.C. § 1962(c), JCI is entitled to treble damages, attorney fees, costs, and interest on all of them.

Count Four: Violation of 18 U.S.C. § 1962(d) by All Defendants

248. The allegations of paragraphs 1 through 209 and paragraphs 229 through 247 are re-alleged and incorporated by reference in order to state a claim against all Defendants.

249. Beginning in or about 2007, and continuing through the date of this Complaint, the Defendants knowingly and unlawfully conspired to conduct the affairs of the Co-Counsel Enterprise through a pattern of mail fraud and wire fraud.

250. At all relevant times, each conspirator knew of and participated in this scheme through specific overt acts intended to further its objective of defrauding JCI.

251. Specifically, as described in more detail above, the Defendants orchestrated and implemented the fraudulent scheme of fabricating false exposure histories for their clients in order to fraudulently obtain money from JCI and others. This included the knowing misrepresentation and concealment of exposure evidence.

252. The Defendants also served and caused to be served false and fraudulent discovery responses that concealed exposure evidence, coached clients to only identify

products of those companies sued in their testimony, misrepresented the true cause of their clients' disease to courts, and argued motions to further conceal their fraud.

253. The Defendants filed or caused to be filed (or otherwise asserted) claims in bankruptcy cases and against asbestos trusts on behalf of their clients using evidence that was fraudulently concealed in the clients' tort litigation. The Defendants and their co-conspirators coordinated to ensure, to the extent possible, that trust claims were not made until after the completion of a client's tort litigation or were concealed from JCI and other non-bankrupt tort defendants, and did so with the intent to further the fraud against JCI and other non-bankrupt tort defendants.

254. By reason of this violation of 18 U.S.C. § 1962(d), JCI is entitled to treble damages, attorney fees, costs, and interest on all of them.

Count Five: Common Law Fraud by Shein

255. The allegations of paragraphs 1 through 209 are re-alleged and incorporated by reference in order to state a claim against Shein.

256. Shein had a duty not to make or cause to be made false statements, and to truthfully answer the discovery responses, in *Golini, Koeberle, Baccus,* and *Mattison*, and to make truthful disclosures as more particularly described above.

257. The representations Shein made or caused to be made in *Golini, Koeberle, Baccus,* and *Mattison* were material, important, and factual when made.

258. The omissions Shein made or caused to be made in *Golini, Koeberle, Baccus,* and *Mattison* were material, important, and factual when concealed.

259. The representations Shein made or caused to be made, particularly regarding asbestos exposure from non-defendants' products, in *Golini, Koeberle, Baccus,* and *Mattison* were false.

260. When Shein made or caused to be made the misrepresentations in *Golini, Koeberle, Baccus,* and *Mattison*, Shein knew they were false.

261. Shein intentionally failed to disclose important facts in *Golini, Koeberle, Baccus,* and *Mattison;* disclosed some facts but intentionally failed to disclose other material facts, making the disclosures deceptive; intentionally failed to disclose material facts that were known only to themselves and that JCI could not have otherwise discovered; and actively concealed material facts from JCI or prevented JCI from discovering those facts.

262. JCI did not know and could not reasonably have known of the concealed facts.

263. Shein misrepresented and fraudulently concealed facts in *Golini, Koeberle, Baccus,* and *Mattison* with the intent that JCI, other tort defendants, courts, and juries rely and act upon them.

264. Shein misrepresented and fraudulently concealed facts in *Golini, Koeberle, Baccus,* and *Mattison* with the intent to deceive and defraud JCI, other tort defendants, courts, and juries.

265. As more fully set forth above, JCI had a right to rely upon, and acted in reasonable and/or justifiable reliance upon, the fraudulent misrepresentations and nondisclosures in *Golini, Koeberle, Baccus,* and *Mattison.*

266. As a proximate result of Shein's fraudulent misrepresentations and nondisclosures in *Golini, Koeberle, Baccus,* and *Mattison*, JCI suffered compensatory damages in an as yet undetermined amount to be proven at trial, which exceeds $75,000, exclusive of interests and costs.

267. JCI's reliance on the misrepresentations and nondisclosures in *Golini, Koeberle, Baccus,* and *Mattison* was a substantial factor in causing JCI's harm.

Count Six: Common Law Conspiracy by Shein

268. The allegations of paragraphs 1 through 209 are re-alleged and incorporated by reference in order to state a claim against Shein.

269. As particularly described above, Shein had a meeting of the minds with his co-conspirators, including certain attorneys at Waters & Kraus, on a common object to be accomplished and an agreement to commit wrongful acts to that end. Specifically, Shein sought and obtained the recovery of contingency fees that were obtained and artificially inflated through fraudulent misrepresentation and concealment of evidence in *Golini, Koeberle, Baccus,* and *Mattison*, while also recovering fees from asbestos bankruptcy trust claims.

270. Shein and his co-conspirators committed various unlawful and wrongful acts as more particularly described above in pursuit of the fraudulently obtained verdicts and subsequent satisfactions in *Golini, Koeberle, Baccus,* and *Mattison.*

271. Shein and his co-conspirators were aware of each other's plans to commit the wrongful acts.

272. Consistent with their agreement, Shein intended that the wrongful acts be committed.

273. As a proximate result of the conspirators' civil conspiracy, JCI suffered compensatory damages in an amount to be proven at trial, which exceeds $75,000, exclusive of interests and costs.

Prayer for Relief

274. For each Count, JCI respectfully requests that the Court enter judgment in JCI's favor and against the Defendants, each of them jointly and severally, in the following amounts:

a. Compensatory damages in an amount to be determined at trial.

b. That the damages attributable to the RICO claims be trebled, as permitted by 18 U.S.C. § 1964.

c. Punitive damages on the damages attributable to the common law fraud and civil conspiracy claims.

d. Attorney's fees, costs, and pre- and post-judgment interest.

e. An injunction prohibiting the Defendants from continuing to perpetrate their fraudulent scheme against JCI.

f. Such other and further relief as justice may require.

275. JCI demands a jury trial on all issues so triable.

Date: May 12, 2017

Respectfully submitted,

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