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Hennepin County, MN

STATE OF MINNESOTA | DISTRICT COURT

COUNTY OF HENNEPIN | FOURTH JUDICIAL DISTRICT

Bonnie Berthiaume, Robert Berthiaume, Doris Burnham, Richard Burnham, Nancy Mayer-Gosz, Fletcher Lewis, and Carole Lewis,

Plaintiffs,

vs.

Allianz Life Insurance Company of North America and Imeriti, Inc. d/b/a Imeriti Financial Network,

Defendants.

CASE TYPE: Contract

COURT FILE NO.:___________

AMENDED COMPLAINT

Doris Burnham, Richard Burnham, Bonnie Berthiaume, Robert Berthiaume, Fletcher Lewis, Carole Lewis, and Nancy Mayer-Gosz (collectively, "Plaintiffs") on behalf of themselves and all others similarly situated, for their Complaint against Allianz Life Insurance Company of North America ("Allianz") and Imeriti, Inc., doing business as Imeriti Financial Network and formerly known as RZ Financial ("Imeriti") (collectively, "Defendants"), state and allege as follows:

NATURE OF THE ACTION

1. Sean M. Meadows ("Meadows"), a former financial adviser who stole over $10 million from his retirement-age clients, is now serving 25 years in federal prison. He was affiliated with Allianz and Imeriti, which both had actual knowledge of Meadows' illegal and unethical sales practices, failed to supervise him, willfully and deliberately ignored numerous red flags, failed to warn their customers of these red flags and sales practices, and assisted Meadows by providing an aura of legitimacy for his actions. The Defendants' reckless disregard for their

customers' best interests allowed Meadows to operate a Ponzi scheme with impunity and steal millions of dollars from their customers. This is a consumer fraud, false statements in advertising, deceptive trade practices, negligence, and aiding and abetting fraud action brought on behalf of a class of similarly-situated policyholders who purchased one or more Allianz annuities through Allianz's and Imeriti's agent, Meadows.

2. Plaintiffs have suffered damage as a result of Defendants' actions and breaches of their duties.

THE PARTIES

3. Plaintiffs Richard and Doris Burnham (the "Burnhams") reside in Hennepin County, Minnesota. Richard Burnham's birthday is June 14, 1955. Doris Burnham's birthday is February 2, 1956. The Burnhams did not discover the facts upon which their claims are based until approximately May 2014.

4. Plaintiffs Bonnie and Robert Berthiaume (the "Berthiaumes") reside in Ramsey County, Minnesota. Robert Berthiaume's birthday is May 15, 1941. The Berthiaumes did not discover the facts upon which their claims are based until approximately May 2014.

5. Plaintiffs Fletcher and Carole Lewis (the "Lewises") reside in Crow Wing County, Minnesota. Fletcher Lewis' birthday is February 2, 1947. The Lewises did not discover the facts upon which their claims are based until approximately May 2014.

6. Plaintiff Nancy Mayer-Gosz ("Nancy") resides in Hennepin County, Minnesota. Nancy's birthday is September 27, 1948. Nancy did not discover the facts upon which her claims are based until approximately May 2014.

7. Defendant Allianz is a Minnesota corporation with its executive offices located at 5701 Golden Hills Drive, Minneapolis, Hennepin County, Minnesota 55416. Founded in 1969,

Allianz is organized and exists under the laws of the State of Minnesota and is authorized to transact the business of insurance in Minnesota. Allianz sells fixed index, variable, and index variable annuities, in addition to life insurance products in Minnesota and across the United States.

8. Defendant Imeriti is a Minnesota corporation with its principal place of business located at 4134 Deegan Court, Suite 300, Monticello, Wright County, Minnesota 55362. Imeriti is an Allianz independent marketing organization ("IMO"). As an IMO, Imeriti agreed to meet compliance and quality standards established by Allianz. Imeriti also agreed that it would meet Allianz's requirements to review and approve its advertising. Allianz provided Imeriti with key marketing, sales, and administrative support. Because Imeriti is an IMO, agents associated with Imeriti receive higher commission percentages when they sell Allianz products than they would without Imeriti.

JURISDICTION AND VENUE

9. This Court has personal jurisdiction over Defendants because they are corporations organized under the laws of Minnesota, and both do business in Minnesota.

10. This Court has original jurisdiction over these claims pursuant to Minn. Stat. § 484.01.

11. Venue in Hennepin County is proper under Minn. Stat. § 542.09 because many of the acts and transactions giving rise to the violations of state law complained of herein occurred in Hennepin County. Additionally, Defendants conduct business in Hennepin County themselves or through registered agents. Finally, Allianz resides in Hennepin County.

STATEMENT OF THE FACTS

I. Annuities Generally

12. An annuity is a contract between an insurance company and an owner that is intended

to meet retirement and other long-range goals, and under which the owner makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments to the owner beginning immediately or at some future date. Although annuities are tax deferred, they are not tax free. When withdrawals are taken from the annuity, gains are taxed at ordinary income rates, rather than capital gains rates. When owners withdraw money early, they often must pay substantial surrender penalties to the insurance company, as well as tax penalties.

13. The annuities in this case are deferred-indexed annuities, which require the policyholder to wait a period of time before the policy holder is eligible to receive periodic payments. Deferred annuities provide for payments commencing at some specified future date chosen by the owner. The contracts can be surrendered or exchanged for another annuity. Indexed annuities yield returns on contributions based on a specified equity-based index.

II. Meadows Background and Relationships Between Parties

14. Meadows began selling annuities in January 1997. He was a licensed insurance producer from approximately February 1997 until April 2014. At all relevant times, Meadows was appointed and held out to the public as an Allianz agent. At all relevant times, Meadows was employed by or an agent of Imeriti or its predecessor. Defendants trained and oversaw Meadows for years as he sold their products.

15. From approximately 1998 until 2002, Meadows was an independent financial adviser at Focus Financial Network. There, he began a relationship with Allianz field marketing organization American Financial Marketing, which introduced him to selling deferred annuities through Allianz. Because of Meadows' relationship with American Financial Marketing, American Financial Marketing received a percentage of each commission that Meadows earned on sales of new annuities. Because American Financial Marketing was an Allianz field

marketing organization, Meadows received a higher commission from Allianz than he would have as an independent financial advisor selling Allianz products.

16. In approximately 2002 or 2003, Meadows left Focus Financial Network and joined Income Planning Group, a firm formed by an owner of American Financial Marketing. At Income Planning Group, Meadows continued to work with American Financial Marketing and to sell Allianz annuities. Allianz eventually purchased American Financial Marketing. After Allianz purchased American Financial Marketing, it continued its practice of offering higher commissions and incentives to agents affiliated with American Financial Marketing to encourage them to sell Allianz products. Because of his continued relationship with American Financial Marketing, Meadows continued to receive higher commissions and incentives to sell Allianz products than he would have without an affiliation with American Financial Marketing. While at Income Planning Group, Meadows typically earned between 8% and 10% of the initial value of any Allianz products he sold, which was a higher commission percentage than he received when he sold other products. Incentivized by Allianz with high commissions, the vast majority of the products that Meadows sold while at Income Planning Group were Allianz products.

17. On June 9, 2005, Sean Meadows pled guilty to a gambling charge in Scott County, Minnesota. A concurrent Theft by Swindle charge was dismissed on the same day. Meadows was discharged from probation for the gambling charge on April 9, 2010.

18. In approximately July 2005, Meadows left Income Planning Group and opened Meadows Financial Group, LLC ("MFG"), which Meadows owned and operated. Meadows and MFG continued to work with American Financial Marketing, and continued to sell Allianz annuities until the Minnesota Attorney General sued Allianz in 2006.

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19. In 2006, Meadows and MFG ended their affiliation with American Financial Group, and became affiliated with RZ Financial. In 2012, RZ Financial merged with Imeriti. As an IMO, RZ Financial/Imeriti received a percentage of each commission that Meadows earned on sales of Allianz annuities. Meadows earned higher commissions from Allianz because of his affiliation with RZ Financial and Imeriti than he would have without these affiliations.

20. Around the time of the Minnesota Attorney General lawsuit, and at least by 2008, Meadows directed many of his clients to surrender their Allianz policies and purchase new annuities from Aviva Life and Annuity Company (now known as Athene USA, Corp.) ("Aviva"), often at a significant cost to them. In 2008, Meadows' actions came to the attention of Allianz's general counsel's office, which actively negotiated with Meadows' attorneys about his removal of accounts from Allianz.

21. When selling Allianz products, Meadows used pre-printed and pre-approved marketing materials, contracts, and applications prepared by Allianz. The marketing materials, contracts, and applications Meadows used did not disclose the high commissions Meadows received from Allianz. By requiring Meadows to use its marketing materials, contracts, and applications, Allianz exercised control over the information Meadows shared with his clients about its policies. Further, by requiring Meadows to use these materials, Allianz intended that Meadows' clients, such as Plaintiffs, rely upon them.

22. Allianz was responsible for the overall structure and implementation of its IMO system, and for the review, screening, and approval of policy purchases for suitability, compliance with applicable laws and regulations, and compliance with Allianz company policies and guidelines. Meadows and Imeriti were subject to oversight and supervision by Allianz. Over the course of their relationship, Allianz investigated Meadows on multiple occasions. Sometime

around 2008, Allianz's general counsel's office communicated with Meadows' attorney regarding Meadows' clients' withdrawals and his removal of accounts from Allianz. In 2013, Allianz investigated Meadows again as the result of a customer complaint of fraud.

23. By at least 2008, Allianz had actual knowledge that Meadows was engaging in illegal and unethical sales practices. By subjecting Meadows to its oversight and supervision, Allianz assumed a duty of care to persons who purchased Allianz products from Meadows.

24. Because Imeriti was an IMO, Imeriti was also responsible for reviewing, screening, and approving policy purchases for suitability, compliance with applicable law and regulations, and compliance with Allianz's policies. Allianz's reliance on Imeriti resulted in Allianz's failure to comply with their statutory obligations regarding replacement transactions and suitability information, and their own internal policies regarding annuity policy sales.

25. By at least 2010, Imeriti had actual knowledge that Meadows was engaging in illegal and unethical sales practices. By subjecting Meadows to its oversight and supervision, Imeriti assumed a duty of care to persons who purchased products from Meadows.

26. Allianz received direct payments in the form of surrender charges whenever Plaintiffs surrendered an existing Allianz policy.

27. Because of Allianz's and Imeriti's marketing, branding, intentional acts, and negligent acts, they intended Plaintiffs to believe that Meadows was acting as an agent for Allianz in promoting Allianz products as suitable investments. As a result, Plaintiffs' reliance on Meadows' actual and ostensible authority was reasonable, and Plaintiffs have suffered damages as more particularly described herein.

28. Meadows continued his affiliation with Allianz and Imeriti until after he was indicted in August of 2014 for three counts of mail fraud (18 U.S.C. § 1341); seven counts of wire fraud

(18 U.S.C. § 1343); one count of money laundering (18 U.S.C. § 1956(a)(1)(B)(i)); and one count of transaction involving fraud proceeds (18 U.S.C. § 1957), all stemming from the Ponzi scheme Meadows operated with impunity to steal money from Defendants' customers while affiliated with Defendants.

29. In December 2014, Meadows pleaded guilty to all charges except for one of the money laundering charges.

III. Churning and Early Surrenders

30. Over a ten-year period, and with the explicit knowledge and support of Allianz and Imeriti, Meadows put earning high commission rates and rewards ahead of his clients' best interests. Defendants continued to reward and encourage Meadows' actions, even though they had direct knowledge that he engaged in unethical sales practices.

31. In purchasing annuities from Meadows, Plaintiffs invested money and reasonably expected the value of the annuities to grow, depending on the performance of the chosen investment vehicle, before using the accumulated annuity assets during retirement.

32. The annuities Meadows and the Defendants sold imposed substantial surrender charges and penalties when Plaintiffs withdrew any portion of the initial investment. These charges and penalties severely limited Plaintiffs' access to their funds without benefitting them with a higher rate of return.

33. Meadows directed his clients, including Plaintiffs, to surrender annuities at least 60 times, often costing his clients tens of thousands of dollars in unnecessary taxes and early surrender charges. Defendants benefitted from these actions by collecting early surrender charges, which were paid by Meadows' clients, including Plaintiffs.

34. After his clients, including Plaintiffs, surrendered their annuities, Meadows would then pressure them to invest the diminished surrender value into new annuities so that he could

earn additional significant commissions, an illegal and unethical sales practice known as "churning." Churning is a term used in the annuity industry to describe an agent's use of deceptive practices to systematically replace clients' policies, with little to no benefit to the clients, by engaging in excessive buying and selling of annuities. When an agent is churning, he depletes the accumulated cash value from a client's existing annuity, usually by surrender, and applies that money to purchase a new annuity. Churning results in a substantial financial detriment to the policy holder because of penalties and taxes, a significant financial benefit to the sales agent in the form of a large commission, and a payment or fee for the insurer.

35. Meadows engaged in churning on a regular basis. For example, he induced many of his clients, including Plaintiffs, to surrender Allianz annuities in order to open policies with Aviva in 2006. After a short time (in many instances, after only two or three years), he then induced the same clients to surrender the new annuities to re-purchase Allianz annuities. His clients incurred significant penalties as a result of these early surrenders.

36. Allianz took no action to stop Meadows' illegal and unethical sales practices, despite the fact that Allianz investigated Meadows' sales practices in 2008 and 2013, and was in the midst of defending itself against several class action lawsuits alleging that its agents engaged in the very same behaviors as Meadows. Allianz benefitted from Meadows' practices.

37. Imeriti took no action to stop Meadows' churning and illegal and unethical business practices, even though it was aware of, and benefitted from, these practices.

38. Allianz and Imeriti not only turned a blind eye to these prohibited sales practices, they also rewarded Meadows for his ability to generate "new" business, even though they knew that Meadows was churning his clients' accounts. Allianz and Imeriti sent Meadows on many trips as rewards for his performance, including to Alaska, the Bahamas, Hawaii, Mexico, and

Florida. Often they paid for a guest to accompany him. Allianz singled Meadows out as a "top" producer, and heaped bonuses and attention on him.

39. When Meadows was satisfied that there would be no consequences from Allianz and Imeriti for his illegal and unethical sales practices, he ultimately stole the cash from his clients' surrendered policies, spending it on gambling and sex clubs and leaving his clients – many of them retirees or those nearing retirement – with nothing.

40. As described above, Allianz and Imeriti assisted Meadows in his pattern of directing his clients to surrender policies early (either partially or fully) and then to invest in new annuities. Furthermore, Allianz and Imeriti collected significant surrender charges from this activity. A representative chart shows Allianz earned a significant sum from early surrenders:

Beginning of contract year	1	2	3	4	5	6	7	8	9	10	11
Surrender charge percentage	9.10%	8.19%	7.28%	6.37%	5.46%	4.55%	3.64%	2.73%	1.82%	0.91%	0.00%

41. Allianz policies surrendered within the first three years of the policy incurred a significant penalty. Meadows directed many clients to surrender their policies within this three-year window and this netted Allianz significant profits in surrender charges and seriously harmed Meadows' clients, including Plaintiffs. Allianz never questioned Meadows' alarmingly high early surrender rate and instead benefitted from the significant surrender charges that resulted from Meadows' illegal and unethical sales practices.

42. Upon information and belief, Imeriti also earned penalties or fees as a result of early surrenders.

43. Meadows benefitted from churning resulting in the significant commissions Allianz awarded him. A representative chart shows that agents earned higher commissions during the first years of a policy. (Ex. 1 at 3.)

Cash Commissions continued

UL first year	MasterDex* Annuity Option A				MasterDex Annuity Option B			MasterDex Annuity Option C		
	Year 1 Ages 0-75	Years 2-3 Ages 0-75	Year 1 Ages 76-85	Years 2-3 Ages 76-85	Year 1 Ages 0-75	Years 2-5 Ages 0-75	Years 2+ trail comm	Year 1 Ages 0-75	Years 2-3 Ages 0-75	Years 2+ trail comm
100	9.00	4.50	7.00	3.50	7.25	3.62	0.50	5.00	2.50	1.00
95	8.00	4.00	6.00	3.00	6.25	3.12	0.50	4.00	2.00	1.00
90	8.00	4.00	6.00	3.00	6.25	3.12	0.50	4.00	2.00	1.00
85	7.50	3.75	5.50	2.75	5.75	2.87	0.50	3.50	1.75	1.00
80	7.00	3.50	5.00	2.50	5.25	2.62	0.50	3.00	1.50	1.00
75	6.50	3.25	4.50	2.25	4.75	2.37	0.50	2.75	1.37	1.00
70	6.00	3.00	4.00	2.00	4.25	2.12	0.50	2.50	1.25	1.00
65	5.50	2.75	3.50	1.75	3.75	1.87	0.50	2.25	1.12	1.00
60	5.00	2.50	3.00	1.50	3.25	1.62	0.50	2.00	1.00	1.00
55	4.50	2.25	2.50	1.25	2.75	1.37	0.50	1.75	0.87	1.00
50	4.00	2.00	2.00	1.00	2.25	1.12	0.50	1.50	0.75	1.00
45	3.50	1.75	1.50	0.75	1.75	0.87	0.50	1.25	0.62	1.00
40	3.00	1.50	1.00	0.50	1.25	0.62	0.50	1.00	0.50	1.00
35	2.50	1.25	0.50	0.25	0.75	0.37	0.50	0.75	0.37	1.00
30	2.50	1.25	0.50	0.25	0.75	0.37	0.50	0.75	0.37	1.00
25	2.50	1.25	0.50	0.25	0.75	0.37	0.50	0.75	0.37	1.00
20	2.50	1.25	0.50	0.25	0.75	0.37	0.55	0.75	0.37	1.00
15	2.50	1.25	0.50	0.25	0.75	0.37	0.50	0.75	0.37	1.00
10	2.50	1.25	0.50	0.25	0.75	0.37	0.50	0.75	0.37	1.00
5	2.50	1.25	0.50	0.25	0.75	0.37	0.50	0.75	0.37	1.00

UL first year	MasterDex 5* Annuity Option A				MasterDex 5 Annuity Option B			MasterDex 5 Annuity Option C		
	Year 1 Ages 0-75	Years 2-5 Ages 0-75	Year 1 Ages 76-85	Years 2-5 Ages 76-85	Year 1 Ages 0-75	Years 2-5 Ages 0-75	Years 2+ trail comm	Year 1 Ages 0-75	Years 2-5 Ages 0-75	Years 2+ trail comm
100	11.00	5.50	9.00	4.50	9.00	4.50	0.50	6.50	3.25	1.00
95	10.00	5.00	8.00	4.00	8.00	4.00	0.50	5.50	2.75	1.00
90	10.00	5.00	8.00	4.00	8.00	4.00	0.50	5.50	2.75	1.00
85	9.50	4.75	7.50	3.75	7.50	3.75	0.50	5.00	2.50	1.00
80	9.00	4.50	7.00	3.50	7.00	3.50	0.50	4.50	2.25	1.00
75	8.50	4.25	6.50	3.25	6.50	3.25	0.50	4.00	2.00	1.00
70	8.00	4.00	6.00	3.00	6.00	3.00	0.50	3.50	1.75	1.00
65	7.50	3.75	5.50	2.75	5.50	2.75	0.50	3.00	1.50	1.00
60	7.00	3.50	5.00	2.50	5.00	2.50	0.50	2.50	1.25	1.00
55	6.50	3.25	4.50	2.25	4.50	2.25	0.50	2.00	1.00	1.00
50	6.00	3.00	4.00	2.00	4.00	2.00	0.50	1.50	0.75	1.00
45	5.50	2.75	3.50	1.75	3.50	1.75	0.50	1.00	0.50	1.00
40	5.00	2.50	3.00	1.50	3.00	1.50	0.50	0.50	0.25	1.00
35	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
30	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
25	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
20	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
15	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
10	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
5	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00

UL first year	MasterDex 10* Annuity Option A				MasterDex 10 Annuity Option B			MasterDex 10 Annuity Option C		
	Year 1 Ages 0-75	Years 2-5 Ages 0-75	Year 1 Ages 76-85	Years 2-5 Ages 76-85	Year 1 Ages 0-75	Years 2-5 Ages 0-75	Years 2+ trail comm	Year 1 Ages 0-75	Years 2-5 Ages 0-75	Years 2+ trail comm
100	11.00	5.50	9.00	4.50	9.00	4.50	0.50	6.50	3.25	1.00
95	10.00	5.00	8.00	4.00	8.00	4.00	0.50	5.50	2.75	1.00
90	10.00	5.00	8.00	4.00	8.00	4.00	0.50	5.50	2.75	1.00
85	9.50	4.75	7.50	3.75	7.50	3.75	0.50	5.00	2.50	1.00
80	9.00	4.50	7.00	3.50	7.00	3.50	0.50	4.50	2.25	1.00
75	8.50	4.25	6.50	3.25	6.50	3.25	0.50	4.00	2.00	1.00
70	8.00	4.00	6.00	3.00	6.00	3.00	0.50	3.50	1.75	1.00
65	7.50	3.75	5.50	2.75	5.50	2.75	0.50	3.00	1.50	1.00
60	7.00	3.50	5.00	2.50	5.00	2.50	0.50	2.50	1.25	1.00
55	6.50	3.25	4.50	2.25	4.50	2.25	0.50	2.00	1.00	1.00
50	6.00	3.00	4.00	2.00	4.00	2.00	0.50	1.50	0.75	1.00
45	5.50	2.75	3.50	1.75	3.50	1.75	0.50	1.00	0.50	1.00
40	5.00	2.50	3.00	1.50	3.00	1.50	0.50	0.50	0.25	1.00
35	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
30	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
25	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
20	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
15	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
10	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00
5	4.50	2.25	2.50	1.25	2.50	1.25	0.50	0.25	0.12	1.00

100% chargeback on surrenders in the first six policy months
50% chargeback on surrenders in the second six policy months

Call the FASTeam for MasterDex Annuity rates in AL, IN, and KY
Call the FASTeam for MasterDex 5 Annuity rates in AL, CT, IL, IN, KY, NJ, PA, UT, and WA.

44. Meadows caused at least sixty individuals, including Plaintiffs, to prematurely surrender at least $8.6 million in Allianz annuities in the eight-year period before he was arrested.

45. Allianz and Imeriti were aware of the number of these early surrenders, and had actual or constructive knowledge that Meadows was causing his clients to surrender policies even though they incurred significant surrender charges. Allianz and Imeriti each received some portion of the surrender charges incurred by Meadows' clients, and therefore they each directly benefitted from Meadows' churning.

A. The Burnhams

46. Richard ("Richard") and Doris ("Doris") Burnham lost over $360,000 by 2014 after Allianz and Imeriti continue to process surrenders of the Burnhams' annuities even though they

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were aware of Meadows' illegal and unethical sales practices. Neither Allianz nor Imeriti ever alerted the Burnhams of Allianz's investigations of Meadows, nor did they disclose the numerous red flags related to Meadows' illegal and unethical sales practices. Allianz and Imeriti assisted Meadows in churning the Burnhams' annuities for nearly ten years.

47. On or about December 1, 2004, Meadows submitted to Allianz an annuity application for Richard, funded by a replacement of an existing annuity valued at $93,000.00. Allianz created Contract *6564 for the annuity, a MasterDex X Annuity, and collected a premium of approximately $93,000. Allianz paid Meadows a commission of approximately $13,552.09 on this transaction.

48. On or about December 28, 2004, Meadows submitted to Allianz an annuity application for Richard, funded by transferring an existing Roth IRA valued at approximately $9,800.00. Allianz created Contract *9163, a MasterDex X Annuity, and collected a premium of $10,590.21. Allianz paid Meadows a commission on this transaction.

49. Also on or about December 28, 2004, Meadows submitted to Allianz an annuity application for Doris, funded by transferring an existing Roth IRA valued at approximately $8,900.00. Allianz created Contract *9166, a MasterDex X Annuity, and collected a premium of $9,217.10. Allianz paid Meadows a commission on this transaction.

50. On or about July 28, 2006, Meadows submitted to Allianz an annuity application for Doris. Allianz created Contract *1638, and collected a premium of $10,000. Allianz paid Meadows a commission on this transaction.

51. On or about March 5, 2009, Meadows faxed a request for Annuity Contract Funds to Allianz on behalf of Richard, requesting a full surrender of Contract *6564 for net cash value. Instead of attaching the contract, Meadows checked "Certificate of lost contract," certifying that

Contract *6564 was lost or destroyed. Richard had held Contract *6564 for less than five years and paid a surrender penalty of approximately $37,357.02.

52. On or about March 8, 2008, Meadows directed Richard and Doris to jointly purchase an annuity from Aviva. Meadows received a commission of approximately $11,250.70 on this transaction.

53. Also on or about March 8, 2008, Meadows directed Doris to purchase a separate annuity from Aviva. Meadows received a commission of approximately $6,067.90 on this transaction.

54. In approximately April or May of 2009, Meadows directed Richard to purchase a third annuity from Aviva. Meadows received a commission of approximately $7,887.81 on this transaction.

55. On or about December 10, 2009, Meadows directed the Burnhams to surrender one of their Aviva annuities for $149,059.81. The Burnhams paid a surrender penalty of approximately $10,769.53. The Burnhams had held this policy for less than two years.

56. Also on or about December 10, 2009, Meadows directed Doris to surrender her Aviva annuity for $80,488.41. Doris paid a surrender penalty of approximately $5,814.84. Doris had held this policy for less than two years.

57. On or about December 23, 2009, Meadows submitted to Allianz an annuity application for Doris funded by a check written in the amount of $74,673.57. Allianz created Contract *8803, a MasterDex X Annuity, and collected a premium. Allianz paid Meadows a commission of approximately $5,227.15 on this transaction.

58. On or about December 28, 2009, Meadows submitted to Allianz a joint annuity application for Richard and Doris funded by a cash payment of $138,290.28. Allianz created

Contract *8820, a MasterDex X Annuity, and collected a premium. Allianz paid Meadows a commission on this transaction.

59. On or about February 16, 2010, Meadows submitted to Allianz an annuity application for Richard funded by rolling over his IRA which amounted to $111,772.05. Allianz created Contract *7035, a MasterDex X Annuity, and collected a premium. Allianz paid Meadows a commission on this transaction.

60. On or about May 14, 2011, Meadows submitted to Allianz another Allianz annuity application for Richard. This Allianz annuity was a replacement of Richard's Aviva annuity, which Richard had held for just over two years. On or about August 22, 2011, Meadows directed Richard to surrender his Aviva annuity, which had a surrender value of $119,176.29. Aviva processed the surrender, and Richard paid a surrender penalty of approximately $8,152.57. Aviva then processed a transfer of $119,176.29 to Allianz, which created Contract *8340. Allianz paid Meadows a commission of approximately $8,342.34 on this transaction.

61. On or about June 27, 2011, Meadows submitted to Allianz an annuity application for Doris funded by rolling over her IRA. Allianz created a new contract for a MasterDex X annuity, and collected a premium of $88,021.49, paid with a check. Allianz paid Meadows a commission on this transaction.

62. On or about February 4, 2014, Meadows faxed a Withdrawal Request Form to Allianz for Contract *8820 on behalf of the Burnhams. Meadows requested a partial surrender of $80,000, which Allianz processed. The Burnhams had held this annuity for less than five years. Allianz collected a surrender penalty from them.

63. Also on February 4, 2014, Meadows faxed a Withdrawal Request Form to Allianz for Contract *7035 on behalf of Richard. Meadows requested a partial surrender of $70,000, which

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Allianz processed. Richard had held this annuity for approximately four years. Allianz collected a surrender penalty of approximately $4,305.24 from Richard.

64. Again on February 4, 2014, Meadows faxed a Withdrawal Request Form to Allianz for Contract *8340 on behalf of Richard. Meadows requested a partial surrender of $70,000, which Allianz processed. Richard had held this annuity for less than three years. Allianz collected a surrender penalty of approximately $4,305.24 from Richard.

65. On approximately February 5, 2014, Meadows requested a partial surrender of Allianz Contract *8803 in the amount of $70,000 for Doris, which Allianz processed. Doris had held this policy for less than five years. Allianz collected a surrender penalty of approximately $3,558.48 from Doris.

66. Despite the fact that Allianz and Imeriti were aware of Meadows' fraudulent actions and improper churning, Richard and Doris first learned about Meadows' fraud on or about May 2, 2014 when an investigator from the Minnesota Department of Commerce contacted Richard and explained the scheme to him.

67. The Burnhams still have money invested in Allianz annuities, and their investment continues to be at risk due to Defendants' failure to safeguard their money.

B. The Berthiaumes

68. Meadows stole money directly from Robert ("Robert") and Bonnie ("Bonnie") Berthiaume's annuity without their authorization. They alerted Allianz to this theft. Allianz failed to take any action to stop Meadows from stealing from other clients and instead continued to process Meadows' requests that Allianz process early surrenders for his clients.

69. On or about February 18, 2009, Meadows directed Robert to purchase an annuity from Aviva. Meadows received a commission of approximately $9,750.00 on this transaction.

70. On or about April 7, 2010, Meadows sent Allianz an Annuity Application for a Master Dex X Annuity for Robert, funded by a total surrender and transfer of Robert's Aviva annuity, which Robert had held for just over one year. In April or May 2010, Meadows transferred $135,626.46, the surrender value of the Aviva annuity, to Allianz. Robert paid Aviva a surrender penalty of approximately $10,526.16. Allianz created Contract *9167. Allianz paid Meadows a commission on this transaction.

71. On or about May 9, 2011, Meadows submitted a partial surrender request to Allianz from Contract *9167 in the amount of $55,000.00. Allianz collected a surrender penalty of $4,925.27 from Robert.

72. On or about January 22, 2013, Meadows faxed a Withdrawal Request Form to Allianz for Annuity Contract *9167 on Robert's behalf. Meadows requested a partial surrender of $5,000.00. Robert did not authorize this surrender. After realizing what had happened, Bonnie immediately notified Allianz that Meadows had taken money from their annuity without permission. As a result, Allianz opened up an investigation of Meadows, but to the best of Bonnie's recollection, Allianz never followed up with her about her complaint. Allianz did not notify any of Meadows' other clients about this investigation or inform clients of Meadows' illegal and unethical conduct. Instead, Allianz continued to process early surrenders for Meadows' clients, with the direct knowledge that Meadows had defrauded clients.

73. The Berthiaumes did not learn the full extent of Meadows' fraud until they were contacted by law enforcement investigators in approximately May 2014.

74. On or about December 23, 2014, approximately four months after Meadows was indicted, and over a year after the Berthiaumes notified Allianz about Meadows' fraud, Allianz

notified Robert that Meadows was no longer contracted with Allianz, and thus no longer authorized to provide service related to Contract *9167.

C. The Lewis Family

75. In November 2007, Meadows submitted an annuity application to Aviva dated November 21, 2007 for Carole J. Lewis ("Carole"), and Aviva created an annuity contract for Carole. Meadows received a commission of approximately $7,423.50 on this transaction.

76. On or about August 4, 2009, Meadows directed Carole to surrender her Aviva contract in order to purchase a new policy with Allianz. Meadows advised Carole that Allianz had great bonuses for keeping funds in its annuities for more than ten years. Carole had held the Aviva contract for less than two years. Aviva processed the early surrender and collected a surrender penalty of $6,455.04 from Carole.

77. On or about September 13, 2010, Meadows submitted an application for an Allianz Master Dex X policy for Fletcher Lewis ("Fletcher"). Fletcher paid a premium of approximately $90,668.05, and Allianz created Contract *5009.

78. On or about June 25, 2012, Meadows advised the Lewises that an early withdrawal of funds from Allianz Contract *5009 would be better for them because they could earn better interest rates if their money was invested elsewhere. Meadows then submitted a request to Allianz for a $75,000.00 partial surrender of Contract *5009, which Fletcher had held for less than two years.

79. In April 2014, for the first time in their lives, the Lewises took a month-long vacation. When they returned home on approximately May 2, 2014, they tried contacting Meadows regarding their investments. Meadows did not return their repeated phone calls. Soon after, the Lewises' son told them that Meadows was being investigated. After the Lewises learned that

authorities had searched Meadows' house, they contacted the Minnesota Department of Commerce. The Minnesota Department of Commerce informed them that they had been the victims of Meadows' fraud.

80. On or about December 23, 2014, Allianz informed Fletcher that Meadows was no longer contracted with Allianz, and thus was no longer authorized to provide service related to Contract *5009.

81. The Lewises still have money invested in Allianz annuities, and their investment continues to be at risk due to Defendants' failure to safeguard their money.

82. If the Lewises had learned about Meadows' illegal and unethical business practices before Meadows' arrest, they would have asked him to return their money.

D. Nancy Mayer-Gosz

83. Nancy Mayer-Gosz first met with Meadows around February 2008. On or about February 20, 2009, Meadows submitted an application to purchase an annuity from Aviva. Aviva created a contract and paid Meadows a commission of approximately $7,237.41 on this transaction.

84. Meadows directed Nancy to surrender her Aviva contract on or about April 13, 2010 in order to purchase a new policy with Allianz. The surrender value of the Aviva contract was approximately $98,806.21, and Nancy paid a surrender penalty of $7,668.00. She had held the Aviva contract for just over one year.

85. On or about May 7, 2010, Meadows submitted an application for Nancy's purchase of Allianz Contract *7119, with an initial premium of $90,000.00. Allianz paid Meadows a commission of approximately $6,300.00 on this transaction.

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86. Less than one year later, on or about January 21, 2011, Meadows submitted a $10,000.00 partial surrender of Allianz Contract *7119 for Nancy. Allianz collected a surrender penalty of $1,033.36 from Nancy.

87. On or about October 1, 2012, Meadows submitted a surrender request for Allianz Contract *7119. The surrender value of Contract *7119 was approximately $78,013.13. Allianz collected a surrender penalty of approximately $12,074.24 from Nancy. She had held this policy for just over two years.

88. Nancy did not learn about Meadows' fraud until approximately May 22, 2014. Her son had learned from a friend he shared with Meadows that Meadows was being investigated, and Nancy's son told her about Meadows' scheme. Neither Allianz nor Imeriti ever notified her of Meadows' illegal and unethical practices.

IV. Rewards Meadows Received from Allianz and Imeriti

89. While Imeriti recruits and hires individual sales agents and brokers, each agent and broker enters into a separate written agency agreement with Allianz. Allianz is responsible for the agent's appointment as Allianz's licensed insurance agents in Minnesota, and any other states in which Allianz conducts business. Allianz is ultimately responsible for the training and supervision of its agents' sales activities.

90. At all times mentioned in the causes of action alleged herein, Meadows was an agent and/or employee of Allianz and Imeriti. In carrying out the actions described herein, Meadows was acting within the course and scope of this agency and/or employment, and was acting with the consent, permission, and authorization of Allianz and Imeriti's officers and managing agents.

91. Allianz administers various "incentive programs" to motivate its agents' sales activities. Unbeknownst to Plaintiffs, Allianz offered incentives such as free vacations, free

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dinners, and other sales promotions to agents, including Meadows, in addition to any agent commissions and persistency bonuses. Plaintiffs were unaware of the nature and extent of the potential and actual conflicts of interest between Allianz, Meadows, and Plaintiffs.

92. Imeriti also administered incentive programs to motivate its agents. For instance, in 2012, Imeriti offered Meadows and his wife a free vacation to Great Exuma in the Bahamas. Plaintiffs were unaware of the nature and extent of the potential and actual conflicts of interest between Imeriti, Meadows, and Plaintiffs.

93. Allianz sent Meadows on fully-paid trips as rewards for his performance to places such as:

- Hawaii;
- Costa Rica;
- Cabo San Lucas, Mexico (several times);
- Cancun, Mexico (several times);
- Alaska;
- Nassau, Bahamas;
- Negril, Jamaica;
- Florida, including Boca Raton and Miami (several times);
- Arizona (several times);
- New York;
- California;
- Kansas (multiple times); and
- Yellowstone.

94. In addition, Allianz frequently honored Meadows as part of a select number of high-producing agents who met as a "round table" to share sales information with other agents. At these meetings, Meadows described how he frequently pressured his clients to surrender annuity policies early in order to purchase a competing product. Allianz was aware that Meadows had a history of these illegal and unjustifiable actions but nevertheless encouraged him and paid Meadows commissions on these new policies. Allianz collected significant surrender penalties for each early surrender.

V. Aviva Investigation

95. On or about August 19, 2010, an Aviva employee requested that Aviva investigate and monitor Meadows. The employee observed "[i]t appears [Meadows] has had a lot of the business he wrote surrender within 1-3 years[.]" The employee referred Meadows for review "because of the apparent patterns that are appearing in his block of business."

96. Aviva then conducted a review of 71 policy applications Meadows submitted. (*See* Ex. 2.) This internal investigation indicated that Meadows' clients submitted more than 35 policy surrenders, and as a result, approximately 50% of Meadows' book of Aviva business had been surrendered. (*Id.*) Aviva also determined that Meadows' clients requested more than 16 surrenders in 2010 alone, and that 16 of those policies were surrendered within the first three years of the contract. (*Id.*) Aviva described these facts as "alarming" and a "big red flag." (*See* Ex. 3 at 2.)

97. As a result of this internal investigation, and rather than answer Aviva's questions, Meadows abruptly severed his relationship with Aviva on November 2, 2010.

98. Imeriti received a copy of, or was otherwise aware of, Aviva's September 21, 2010 letter describing Meadows' unusually high rate of surrenders and did nothing to investigate the

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high rate of surrenders among Meadows' client base. Instead, Imeriti knowingly looked the other way as Meadows continued to churn policies at Allianz. Imeriti never did anything to stop Meadows' behavior and instead profited from the commissions Meadows generated on sales of new Allianz annuities.

VI. Allianz Customer Complaints and Investigation

99. Sometime around 2008, Allianz's general counsel's office communicated with Meadows' attorney regarding his removal of accounts from Allianz to Aviva.

100. In 2013, Meadows' clients began to directly register complaints with Allianz about his improper behavior.

101. As described above, in the fall of 2013, Bonnie Berthiaume notified Allianz that Meadows had withdrawn $5,000 from her husband's annuity early that year without authorization. To the best of Bonnie's recollection, Allianz never responded to her complaint.

102. In approximately October 2013, Lori Hansel ("Lori"), another Meadows client, notified Allianz that Meadows had not informed her and her husband that Allianz would collect significant early surrender charges when they partially surrendered an annuity. Allianz told Lori that they would waive these fees and refund her money if she re-invested with Allianz within a certain time frame. Lori then told Allianz that her money was invested in a "bond fund" with Meadows and that she did not know whether she could get the money back. After the "grace period" from Allianz expired, Lori notified Allianz that she needed more time to get her money back from Meadows. On or about November 26, 2013, Allianz removed Meadows as the agent on the Hansels' contracts. After approximately nine months, Meadows returned the Hansels' money, but Allianz's "grace period" had expired.

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103. Allianz started an investigation of Meadows in late 2013, and notified the Minnesota Department of Commerce that it had concerns about his business practices. It never once notified Meadows' customers that he was under investigation. Due to its 2008 and 2013 investigations, Allianz had actual knowledge of Meadows' scheme. Allianz continued to process early surrenders of Meadows' clients' annuities up until the day he was indicted in August 2014.

104. Imeriti had had actual knowledge of Allianz's 2013 investigation into Meadows, and did nothing to investigate his unethical and illegal business practices. Imeriti did not notify Meadows' clients that he was under investigation. Instead, it continued to facilitate policy surrenders and Meadows' relationship with Allianz in order to continue profiting from Meadows' illegal behavior.

VII. History of State and Federal Lawsuits Against Defendant Allianz

105. Over the past several years, Allianz has been sued numerous times based on its agents' illegal, improper, and unethical annuity sales practices. As a result, Allianz knew or should have known that clients such as Plaintiffs were vulnerable to illegal and unethical sales practices like Meadows'.

106. On September 19, 2005, Vida Negrete sued Allianz in a class action styled *Negrete v. Allianz Life Insurance Co. of North America*, in United States District Court for the Central District of California, Case No. 2:05-cv-06838-CAS-MAN. The complaint alleged Allianz engaged in racketeering, deceptive trade practices, false advertising, breach of fiduciary duty, aiding and abetting a breach of fiduciary duty, and unjust enrichment, by selling unsuitable deferred annuities to customers, many of whom were senior citizens.

107. On December 22, 2005, Carolyn Healey sued Allianz in a similar class action styled *Healey v. Allianz Life Insurance Co. of North America*, in the United States District Court

for the Central District of California, Case No. 2:05-cv-08908-CAS-MAN. *Negrete* and *Healey* were subsequently coordinated for purposes of pre-trial discovery and motion practice.

108. The Court entered final judgment in *Negrete* and *Healey* on March 18, 2015, after the parties settled the case for $251 million.

109. On February 9, 2006, Linda Mooney filed a class action complaint against Allianz, *Mooney v. Allianz Life Insurance Co. of North America*, Case No. 06-CV-00545-ADM-FLN, in the United States Court for the District of Minnesota. The complaint alleged that Allianz deceptively and fraudulently marketed "upfront" annuity bonuses that Allianz knew or should have known the plaintiffs, who were senior citizens, were not likely ever to receive. On October 12, 2009, the jury found that Allianz engaged in deceptive practices, but that the class plaintiffs did not suffer harm as a result because the class plaintiffs' annuities would have performed just as poorly due to the stock market recession.

110. On April 12, 2006, Anthony Iorio filed his third amended class action complaint against Allianz and others, *Iorio v. Asset Marketing Systems, Inc.*, Case No. 05-CV-0633-JLS-CAB, in the United States District Court for the Southern District of California. The complaint alleged Allianz engaged in unfair competition, fraud, breach of contract, and breach of implied covenant, by selling unsuitable deferred annuities to customers, many of whom were senior citizens. On March 3, 2011, the Court entered final judgment to dismiss the case with prejudice after the parties settled for $100 million.

111. On January 9, 2007, the Minnesota Attorney General's Office filed a complaint against Allianz, *State of Minnesota v. Allianz Life Insurance Co. of North America*, Case No. 27-CV-07-581, in Hennepin County, Minnesota. The complaint alleged Allianz engaged in deceptive trade practices and false advertising by selling unsuitable deferred annuities to

customers, many of whom were senior citizens. In October of 2007, the parties settled the lawsuit. Allianz agreed to fully refund the premiums for the unsuitable annuities, with 4.15% interest. Additionally, Allianz agreed to pay $500,000.00 to the State of the Minnesota to cover the expense of investigating and filing the lawsuit.

112. As part of the settlement with the state of Minnesota, Allianz agreed that it would not issue deferred annuities unless it had reasonable grounds for believing the annuities were suitable for the applicant based on the totality of the applicant's circumstances. Allianz also agreed to enhance its suitability system, standards, and procedures to monitor and review deferred annuity sales, and that it would apply a heightened, elevated review process to certain annuity sales. Further, Allianz agreed to develop and implement policies and procedures to further monitor agents, review sales, and take other appropriate actions for agents who demonstrate a pattern of submitting applications deemed to be unsuitable.

VIII. Allianz Compliance Guide

113. According to its Compliance Guide, Allianz was well aware of its regulatory obligations. It made the following promises:

a. "Allianz is committed to total compliance with all regulatory requirements and standards of conduct for the benefit of both clients and you."

b. "Failure to adhere to the policies in the Compliance Guide to Successful Business may result in disciplinary action, up to and including a chargeback of commissions and/or termination of your Allianz Life Insurance Company of North America Agent Agreement."

c. "In redefining our commitment to you and your clients, Allianz has developed its Partnership for Consumer Trust (PACT). PACT is made up of many individual components that together make a powerful statement that Allianz is working to lead the industry."

d. "Allianz has a long-standing commitment to making sure every contract issued meets your client's unique needs and financial objections. These needs and objectives vary widely and no single insurance product is right for everyone. Allianz will issue a contract, provided the recommended product is suitable based on your client's stated financial condition."

e. "Whenever an existing policy/contract is being used to facilitate the purchase of a new policy/contract, a replacement may be involved. Transactions involving a replacement may not be made unless it is in your client's best interest. The replacement must be appropriate to your client's needs and must provide them with a benefit that is not otherwise available in their existing product."

f. "Red flags (indicators of suspicious activity):

i. The early termination of a policy, especially at a cost to your client[.]

ii. Little or no concern by the client for the financial performance of a product...but much concern about the early termination features of a product."

g. "You may not: . . . Ask or require an applicant, policyowner, or insured to sign a blank or incomplete application or other forms."

h. "Replacements that are not in a client's best interest and made for the primary purpose of generating commissions are commonly referred to as 'churning.' The guiding principle in replacement transactions is that the transaction may not be made unless it is in the client's best interest, both short- and long-term, and that the client is fully informed of both the advantages and disadvantages of the replacement in question. You must refrain from initiating any replacement sale unless you and your client believe that they will benefit from the transaction. All relevant suitability factors must be taken into account[.]"

IX. Class Action Allegations

114. This action is brought by the Plaintiffs as a class action, on their own behalf and on behalf of all others similarly situated, under the provisions of Rules 23.01 and 23.02(c) of the Minnesota Rules of Civil Procedure, for damages, costs, and attorneys' fees. Plaintiffs seek certification of this action as a class action on behalf of the following class:

National Class

All residents of the United States who, during the Class Period, purchased an Allianz annuity or other Allianz life insurance product from Sean M. Meadows and were defrauded of some or all of their investment. The Class Period commences on January 1, 2004 and continues through the date of Meadows' indictment, August 5, 2014.

Excluded from the class is any parent, subsidiary, affiliate, controlled person, officer, director, agent, servant, employee, or immediate family member of Defendants.

Minnesota Subclass

All residents of the State of Minnesota who, during the Class Period, purchased an Allianz annuity or other Allianz life insurance product from Sean M. Meadows and were defrauded of some or all of their investment. The Class Period commences on January 1, 2004 and continues through the date of Meadows' indictment, August 5, 2014.

Excluded from the class is any parent, subsidiary, affiliate, controlled person, officer, director, agent, servant, employee, or immediate family member of Defendants.

Senior Citizens and Disabled Persons Subclass

All residents of the State of Minnesota who are senior citizens or disabled, who during the Class Period, purchased an Allianz annuity or other Allianz life insurance product from Sean M. Meadows and were defrauded of some or all of their investment. The Class Period commences on January 1, 2004 and continues through the date of Meadows' indictment, August 5, 2014.

Excluded from the class is any parent, subsidiary, affiliate, controlled person, officer, director, agent, servant, employee, or immediate family member of Defendants.

115. Common questions of law and fact that apply to the Plaintiffs and class members exist and predominate. More particularly, this action involves questions of law and fact common to Plaintiffs and all members of the class: (1) all members of the class had accounts with Allianz; (2) all members of the class purchased their Allianz annuities or insurance products from Defendants' agent, Meadows; (3) Defendants' compliance programs and duty to supervise failed in the same way for all class members; (4) Defendants failed to thoroughly investigate Meadows' fraudulent transactions involving members of the class; (5) Defendants failed to warn members of the class of Meadows' fraudulent acts; and (6) even after direct knowledge of Meadows' illegal, unethical, and improper actions, Defendants continued to benefit from Meadows' fraudulent transactions by collecting surrender fees from class members.

116. The named Plaintiffs' claims in this action are typical claims of the members of the class. The named Plaintiffs are members of the class of victims described herein. Plaintiffs purchased Allianz annuities and other Allianz life insurance products from the Defendants' agent Meadows, and Plaintiffs have been harmed by the actions described in this Complaint.

117. Plaintiffs, and the class of policyholders, are too numerous for individual lawsuits to be a practical or efficient use of judicial resources. The class members are readily identifiable through Defendants' records. Upon information and belief, the number of persons qualifying for class membership is at least 60 people.

118. A class action is in the best interest of judicial economy. Proof of the wrongs committed against Plaintiffs will provide proof of the wrongs committed against all class members. Identification of class members can be easily determined from records kept in the

Defendants' ordinary course of business. This Court can adjudicate all class members' claims with respect to the conduct complained of herein.

119. Class action treatment is a superior method of adjudication and provides a substantial benefit to the litigants and the courts since it presents far fewer management difficulties and provides the benefits of a single adjudication and comprehensive supervision by a single judge. Furthermore, the expense and burden of individual litigation would make it difficult or impossible for individual members of the class to redress the wrongs done to them. An important public interest will be served by addressing the matter as a class action. Notice of the pendency of and any resolution of this class action can be provided to class members by direct mail as well as by publication.

120. Plaintiffs are unaware of any difficulties likely to be encountered in the management of this action that would preclude its maintenance as a class action. Accordingly, the proposed class fulfills the certification criteria of Minnesota Rules of Civil Procedure 23.01 and 23.02(c). Certification of the above-defined class is appropriate.

STATEMENT OF THE CLAIMS

COUNT ONE
VIOLATIONS OF MINN. STAT. § 325F.69
Minnesota Consumer Fraud Act
(Against Allianz)

121. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

122. Allianz sold, indirectly and directly, investment services and annuity products to the public. Allianz engaged in the conduct alleged in this Complaint in transactions intended to result, and which did result, in the sale of annuities to Plaintiffs. Plaintiffs are consumers who purchased products from Allianz for retirement and financial planning.

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123. Allianz advertises its annuities services and products to the public as dependable and predictable with the intent that potential customers rely on these statements when deciding whether to purchase Allianz products.

124. For instance, in an advertising brochure Allianz states the following:

> Our top priority is the safety of your money[.] . . . Our goal is to provide policy holders with wealth management products that can help meet today's needs and financial objectives, with a product philosophy of offering fair and equitable values on each policy we issue. Foremost in our minds is the safety of the money you entrust to our care. . . . Innovative products, exceptional customer service, and sound financial strength make Allianz Life the place to turn to help meet your retirement objectives.

125. Allianz's advertisements urge the public to seek out Allianz financial professionals, like Meadows, for advice about annuity products.

126. For instance, Allianz's website provides information regarding the MasterDex X Annuity, and as a "next step" provides a place for people to contact Allianz. It also recommends that people contact their financial professional to learn more about the product.

127. Such advertisements by Allianz mislead the public, including Plaintiffs, about the rigorousness of Allianz's supervision, vetting, and internal investigations of Allianz agents and the safeguards afforded to its customers. Members of the public, including Plaintiffs, relied on these advertisements when deciding whether to purchase Allianz products.

128. Further, Meadows' clients, including Plaintiffs, relied on statements he made about the dependability and safety of the annuities he sold them. With each annuity application he submitted, Meadows certified that "During the sales presentation connected with the replacement transaction, I (agent) used only Allianz approved sales materials and left a copy of each piece used with the applicant." These statements were authorized and approved by Allianz.

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129. Allianz is engaged in, and its acts and omissions affect, trade and commerce. Allianz's acts, practices, and omissions were done in the course of Allianz's business of marketing, offering for sale, and selling goods and services throughout the United States, including in Minnesota.

130. Allianz's conduct as alleged in this Complaint, including without limitation, Allianz's advertisements regarding its efforts to safeguard investments, Allianz's failure to disclose its knowledge of Meadows' illegal and improper sales practices to its customers, and Allianz's continued acceptance of Meadows' requests to surrender his clients' annuities after Allianz knew or should have known of his illegal activities constitutes unfair methods of competition and unfair, deceptive, fraudulent, unconscionable, and/or unlawful acts or practices.

131. By engaging in such conduct and omissions of material facts, Allianz has violated state consumer protection laws prohibiting it from the act, use, or employment of any fraud, false pretense, false promise, misrepresentation, misleading statement, or deceptive practice with the intent that others rely thereon in connection with the sale of any merchandise.

132. The damages, ascertainable losses, and injuries, including to their money or property, suffered by Plaintiffs as a direct result of Allianz's unfair methods of competition and unfair, deceptive, fraudulent, unconscionable and/or unlawful acts or practices as set forth in this Complaint include, without limitation: a) total loss of their retirement accounts; b) unnecessary early surrender fees; c) unnecessary taxes due to early surrenders of retirement accounts; d) loss of use of and access to their account funds and costs associated with the inability to obtain money from their accounts or being limited in the amount of money they were permitted to obtain from their accounts, including missed payments on bills and loans; and e) continued risk to current investments due to Allianz's failure to safeguard their money.

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133. Allianz's conduct described in this Complaint constitutes unfair methods of competition and unfair, deceptive, unconscionable, fraudulent and/or unlawful acts or practices in violation of the Minnesota Consumer Fraud Act, Minn. Stat. § 325F.69, subd. 1, including without limitation, its advertisements regarding its efforts to safeguard investments, its failure to provide timely and accurate notice to Plaintiffs of the material fact of its knowledge of Meadows' illegal and improper activities, and its continued acceptance of Meadows' requests to have his clients' annuities surrendered early after it knew or should have known that Meadows was illegally and improperly handling its clients' money.

COUNT TWO
VIOLATIONS OF MINN. STAT. § 325F.67
Minnesota False Statement in Advertising Act
(Against Allianz)

134. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

135. Allianz sold, indirectly and directly, investment services and annuity products to the public. Allianz engaged in the conduct alleged in this Complaint in transactions intended to result, and which did result, in the sale of annuities to Plaintiffs. Plaintiffs are consumers who purchased products from Allianz for retirement and financial planning.

136. Allianz advertises its annuities services and products to the public as dependable and predictable with the intent that potential customers rely on these statements when deciding whether to purchase Allianz products.

137. For instance, in an advertising brochure Allianz states the following:

> Our top priority is the safety of your money[.] . . . Our goal is to provide policy holders with wealth management products that can help meet today's needs and financial objectives, with a product philosophy of offering fair and equitable values on each policy we issue. Foremost in our minds is the safety of the money you entrust to our care. . . . Innovative products, exceptional customer service,

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and sound financial strength make Allianz Life the place to turn to help meet your retirement objectives.

138. Allianz's advertisements urge the public to seek out Allianz financial professionals, like Meadows, for advice about annuity products.

139. For instance, Allianz's website provides information regarding the MasterDex X Annuity, and as a "next step" provides a place for people to contact Allianz. It also recommends that people contact their financial professional to learn more about the product.

140. Such advertisements by Allianz mislead the public, including Plaintiffs, about the rigorousness of Allianz's supervision, vetting, and internal investigations of Allianz agents and the safeguards afforded to its customers. Members of the public, including Plaintiffs, relied on these advertisements when deciding whether to purchase Allianz products.

141. Further, Meadows' clients, including Plaintiffs, relied on statements he made about the dependability and safety of the annuities he sold them. These statements were authorized and approved by Allianz. With each annuity application he submitted, Meadows certified that "During the sales presentation connected with the replacement transaction, I (agent) used only Allianz approved sales materials and left a copy of each piece used with the applicant." These statements were authorized and approved by Allianz.

142. Allianz is engaged in, and its acts and omissions affect, trade and commerce. Allianz's acts, practices, and omissions were done in the course of Allianz's business of marketing, offering for sale, and selling goods and services throughout the United States, including in Minnesota.

143. Allianz's conduct as alleged in this Complaint, including without limitation, Allianz's advertisements regarding its efforts to safeguard investments, Allianz's failure to disclose its knowledge of Meadows' illegal and improper sales practices to its customers, and

Allianz's continued acceptance of Meadows' requests to surrender his clients' annuities after Allianz knew or should have known of his illegal activities constitutes unfair methods of competition and unfair, deceptive, fraudulent, unconscionable, and/or unlawful acts or practices.

144. By engaging in such conduct and omissions of material facts, Allianz has violated state consumer protection laws prohibiting it from disseminating or circulating an advertisement containing material assertions, representations, and statements of fact which are untrue, deceptive, and misleading with intent to sell products to the public and to increase consumption thereof or to induce the public to enter into an obligation relating thereto.

145. The damages, ascertainable losses, and injuries, including to their money or property, suffered by Plaintiffs as a direct result of Allianz's unfair methods of competition and unfair, deceptive, fraudulent, unconscionable and/or unlawful acts or practices as set forth in this Complaint include, without limitation: a) total loss of their retirement accounts; b) unnecessary early surrender fees; c) unnecessary taxes due to early surrenders of retirement accounts; d) loss of use of and access to their account funds and costs associated with the inability to obtain money from their accounts or being limited in the amount of money they were permitted to obtain from their accounts, including missed payments on bills and loans; and e) continued risk to current investments due to Allianz's failure to safeguard their money.

146. Allianz's conduct described in this Complaint constitutes unfair methods of competition and unfair, deceptive, unconscionable, fraudulent and/or unlawful acts or practices in violation of the Minnesota False Statement in Advertising Act, Minn. Stat. § 325F.67, including without limitation, its advertisements regarding its efforts to safeguard investments, its failure to provide timely and accurate notice to Plaintiffs of the material fact of its knowledge of Meadows' illegal and improper activities, and its continued acceptance of Meadows' requests to

have his clients' annuities surrendered early after it knew or should have known that Meadows was illegally and improperly handling its clients' money.

COUNT THREE
VIOLATIONS OF MINN. STAT. § 325D.44
Minnesota Uniform Deceptive Trade Practices Act
(Against Allianz)

147. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

148. Allianz sold, indirectly and directly, investment services and annuity products to the public. Allianz engaged in the conduct alleged in this Complaint in transactions intended to result, and which did result, in the sale of annuities to Plaintiffs. Plaintiffs are consumers who purchased products from Allianz for retirement and financial planning.

149. Allianz represented to the public, including Plaintiffs, that its annuity products and services were internally regulated to ensure suitability and to prevent fraudulent conduct, like churning and theft. Allianz intended that members of the public, including Plaintiffs, rely on these representations when deciding whether to purchase Allianz products.

150. Allianz advertises its annuities services and products to the public as dependable and predictable with the intent that potential customers would rely on these statements when deciding whether to purchase Allianz products.

151. For instance, in an advertising brochure Allianz states the following:

> Our top priority is the safety of your money[.] . . . Our goal is to provide policy holders with wealth management products that can help meet today's needs and financial objectives, with a product philosophy of offering fair and equitable values on each policy we issue. Foremost in our minds is the safety of the money you entrust to our care. . . . Innovative products, exceptional customer service, and sound financial strength make Allianz Life the place to turn to help meet your retirement objectives.

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152. Allianz's advertisements urge the public to seek out Allianz financial professionals, like Meadows, for advice about annuity products.

153. For instance, Allianz's website provides information regarding the MasterDex X Annuity, and as a "next step" provides a place for people to contact Allianz. It also recommends that people contact their financial professional to learn more about the product.

154. Such advertisements by Allianz mislead the public, including Plaintiffs, about the rigorousness of Allianz's supervision, vetting, and internal investigations of Allianz agents and the safeguards afforded to its customers. Members of the public, including Plaintiffs, relied on these advertisements when deciding whether to purchase Allianz products.

155. Further, Meadows' clients, including Plaintiffs, relied on statements he made about the dependability and safety of the annuities he sold them. These statements were authorized and approved by Allianz. With each annuity application he submitted, Meadows certified that "During the sales presentation connected with the replacement transaction, I (agent) used only Allianz approved sales materials and left a copy of each piece used with the applicant." These statements were authorized and approved by Allianz.

156. These representations were misleading because Allianz did not intervene in Meadows' fraud, non-suitable sales, churning, and theft.

157. Allianz is engaged in, and its acts and omissions affect, trade and commerce. Allianz's acts, practices, and omissions were done in the course of Allianz's business of marketing, offering for sale, and selling goods and services throughout the United States, including in Minnesota.

158. Allianz's conduct as alleged in this Complaint, including without limitation, its advertisements regarding its efforts to safeguard investments, failure to disclose its knowledge of

Meadows' illegal and improper sales practices to its customers, and continued acceptance of Meadows' requests to surrender his clients' annuities after it knew or should have known of his illegal activities constitutes unfair methods of competition, and unfair, deceptive, fraudulent, unconscionable and/or unlawful acts or practices.

159. By engaging in such conduct and omissions of material facts, Allianz has violated state consumer laws prohibiting it from the act, use, or employment of any fraud, false pretense, false promise, misrepresentation, misleading statement, or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise.

160. By engaging in such conduct and omissions of material facts, Allianz willfully engaged in trade practices known to be deceptive.

161. The damages, ascertainable losses, and injuries, including to their money or property, suffered by Plaintiffs as a direct result of Allianz's unfair methods of competition and unfair, deceptive, fraudulent, unconscionable and/or unlawful acts or practices as set forth in this Complaint include, without limitation: a) total loss of their retirement accounts; b) unnecessary early surrender fees; c) unnecessary taxes due to early surrenders of retirement accounts; d) loss of use of and access to their account funds and costs associated with the inability to obtain money from their accounts or being limited in the amount of money they were permitted to obtain from their accounts, including missed payments on bills and loans, together with costs and disbursements, including costs of investigation and reasonable attorneys' fees; and e) continued risk to current investments due to Allianz's failure to safeguard their money.

162. Allianz's conduct described in this Complaint constitutes unfair methods of competition and unfair, deceptive, unconscionable, fraudulent and/or unlawful acts or practices in violation of the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. § 325D.44,

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subd. 1(5), (7), and (13), et seq., including without limitation, its advertisements regarding its efforts to safeguard investments, its failure to provide timely and accurate notice to Plaintiffs of the material fact of its knowledge of Meadows' illegal and improper activities, and its continued acceptance of Meadows' requests to have his clients' annuities surrendered early after it knew or should have known that he was illegally and improperly handling his clients' money.

COUNT FOUR
VIOLATIONS OF MINN. STAT. § 325F.71
Deceptive Acts Perpetrated Against Senior Citizens and Disabled Persons
Senior Citizens and Disabled Persons Subclass
(Against Allianz)

163. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

164. Members of the Senior Citizens and Disabled Persons subclass are senior citizens or disabled. Allianz's conduct has caused them to suffer the loss of assets essential to their health and welfare.

165. For instance, Plaintiff Nancy Mayer-Gosz ("Nancy") is disabled. Nancy suffers from post-polio syndrome, a progressive, degenerative disorder that causes her to experience muscle weakness, the loss of muscle, pain, fatigue, memory problems, and intolerance to cold. Nancy's post-polio syndrome substantially limits major life activities such as freedom of movement and the ability to work. Allianz's conduct has caused her to suffer the loss of assets essential to her health and welfare.

166. Allianz maintains the records, including birth dates and biographical material, for all of its consumers.

167. Through Allianz's internal investigations and compliance, it knew or should have known that Meadows was defrauding senior citizens and people with disabilities, and it failed to intervene and protect Plaintiffs.

168. Allianz's conduct described above constitutes multiple, separate violations of Minn. Stat. § 325F.71, subd. 2.

COUNT FIVE
NEGLIGENCE
(Against Allianz)

169. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

170. At all times relevant hereto, Plaintiffs had annuities with Allianz.

171. Because of its review, screening, and approval of policy purchases for suitability, compliance with applicable law and regulations, and compliance with Allianz's policies, Allianz knew or should have known that Meadows directed many of his clients to surrender their existing policies early in order to purchase new Allianz annuities. By 2008, Allianz had actual knowledge that Meadows was engaging in illegal and unethical sales practices.

172. Because many of Meadows' clients who purchased Allianz policies then surrendered those policies in the next few years, Allianz knew or should have known that Meadows was encouraging his clients to surrender policies early, resulting in significant early withdrawal penalties. Allianz knew or should have known that certain customers were not aware of these early withdrawal penalties.

173. Allianz was familiar with the regulatory restrictions imposed on replacement contracts and early surrenders. Allianz knew that it was subject to certain regulatory

requirements concerning replacement contracts and early surrenders, including regulations designed to prevent churning, money laundering, and other illicit behavior.

174. Because Allianz reviewed, screened, and approved policy purchases for suitability, compliance with applicable law and regulations, and compliance with Allianz's policies, investigated Meadows' illegal and unethical sales practices, knew that its clients were nearing retirement or retired, knew that its clients incurred significant withdrawal penalties for surrendering a policy early, knew about the regulatory restrictions regarding replacement contracts and early surrenders, and knew that they were subject to certain regulatory requirements concerning account monitoring and compliance, Allianz owed a duty to Plaintiffs to monitor and safeguard their annuities.

175. Allianz breached its duty to Plaintiffs in the following ways:

a. Failing to identify, monitor, or exercise any due diligence related to a pervasive pattern of churning conducted by Meadows with regard to a high percentage of his client base;

b. Failing to implement and adhere to compliance and monitoring protocols concerning replacement contracts and early surrenders;

c. Failing to identify, monitor, or exercise any due diligence related to the regulatory and compliance red flags identified herein; and

d. Causing and allowing customer assets to be misappropriated by Meadows for his own use.

176. As a direct and proximate consequence of Allianz's conduct as described in the foregoing and throughout this Complaint, Plaintiffs lost a significant portion of the money, securities, and property they paid and delivered to Allianz and Meadows, they have been denied

the use of their assets, and have been damaged thereby in an amount to be determined at trial. The harm suffered by Plaintiffs was the foreseeable result of Allianz's conduct.

COUNT SIX
NEGLIGENCE
(Against Imeriti)

177. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

178. At all times relevant hereto, Plaintiffs had annuities with Allianz purchased while Imeriti or its predecessor supervised Meadows and shared in his commissions for sales of annuities.

179. Imeriti knew that Meadows was encouraging his clients to surrender policies early, resulting in significant early withdrawal penalties.

180. Imeriti was familiar with the regulatory restrictions imposed on replacement contracts and early surrenders. Imeriti knew that it was subject to certain regulatory requirements concerning replacement contracts and early surrenders, including regulations designed to prevent churning, money laundering, and other illicit behavior.

181. Because Imeriti reviewed, screened, and approved policy purchases for suitability, compliance with applicable law and regulations, and compliance with Allianz's policies, knew about Meadows' illegal and unethical sales practices, knew that Meadows' clients were nearing retirement or retired, knew that policyholders incurred significant withdrawal penalties for surrendering a policy early, knew about the regulatory restrictions regarding replacement contracts and early surrenders, and knew that they were subject to certain regulatory requirements concerning account monitoring and compliance, Imeriti had a duty to Plaintiffs to monitor and safeguard their annuities.

182. Imeriti breached its duty to Plaintiffs in the following ways:

a. Failing to identify, monitor, or exercise any due diligence related to a pervasive pattern of churning conducted by Meadows with regard to a high percentage of his client base;

b. Failing to implement and adhere to compliance and monitoring protocols concerning replacement contracts and early surrenders;

c. Failing to identify, monitor, or exercise any due diligence related to the regulatory and compliance red flags identified herein; and

d. Causing and allowing customer assets to be misappropriated by Meadows for his use.

183. As a direct and proximate consequence of Imeriti's conduct as described in the foregoing and throughout this Complaint, Plaintiffs lost a significant portion of the money, securities, and property they paid and delivered to Allianz and Meadows, they have been denied the use of their assets, and have been damaged thereby in an amount to be determined at trial. The harm suffered by Plaintiffs was the foreseeable result of Imeriti's conduct.

COUNT SEVEN
AIDING AND ABETTING FRAUD
(Against Allianz)

184. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

185. As set forth herein, by misappropriating the funds that Plaintiffs invested with Allianz, Meadows committed fraud and injured Plaintiffs.

186. Due to its review, screening, and approval of policy purchases for suitability, compliance with applicable laws and regulations, and compliance with Allianz company

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policies, and its investigations into Meadows' misconduct, Allianz had actual knowledge that his misconduct was fraudulent. By 2008, Allianz had actual knowledge that Meadows was engaging in illegal and unethical sales practices. Further, due to Allianz's long-term and in-depth relationship with Meadows, Allianz had constructive knowledge that Meadows' conduct was fraudulent.

187. Allianz substantially and materially assisted Meadows in the commission of his fraudulent conduct in the following respects:

a. Accepting for investment and processing funds that were the result of churning without any investigation or oversight;

b. Failing to identify, monitor, or exercise any due diligence related to discrepancies and inconsistencies concerning Plaintiffs' investments into new Allianz products and Plaintiffs' early withdrawals;

c. Failing to implement and adhere to compliance and monitoring protocols concerning Meadows' use of Plaintiffs' funds;

d. Failing to identify, monitor, or exercise any due diligence related to the regulatory and compliance red flags identified herein;

e. Following its 2008 and 2013 investigations, failing to notify Meadows' clients, to notify law enforcement or regulators, and to continue its investigation into Meadows' practices, and continuing to process early surrenders of annuities for Meadows' clients, despite the fact that it knew that these practices were suspicious and alarming; and

f. Causing and/or allowing customer assets to be misappropriated by Meadows for his use.

188. Allianz's participation, as described herein, was necessary for Meadows to carry out his scheme.

189. By virtue of its substantial and material assistance to Meadows, Allianz was aware of its role in Meadows' tortious activity and it acted knowingly in assisting Meadows.

190. As a direct and proximate consequence of Allianz's conduct as described in the foregoing and throughout this Complaint, Plaintiffs have lost a significant portion of the money, securities, and property they paid and delivered to Meadows, have been denied the use of their assets, and have been damaged thereby at an amount to be determined at trial.

COUNT EIGHT
AIDING AND ABETTING FRAUD
(Against Imeriti)

191. Plaintiffs re-allege and incorporate by reference all of the foregoing allegations as if fully set forth herein.

192. As set forth herein, by misappropriating the funds that Plaintiffs invested with him, Meadows committed fraud and injured Plaintiffs.

193. Due to Imeriti's review, screening, and approval of policy purchases for suitability, compliance with applicable laws and regulations, and compliance with Allianz's company policies, and its knowledge of Meadows' misconduct, Imeriti had actual knowledge that his misconduct was fraudulent. Further, due to its long-term and in-depth relationship with Meadows, Imeriti had constructive knowledge that Meadows' conduct was fraudulent.

194. Imeriti substantially and materially assisted Meadows in the commission of his fraudulent conduct in the following respects:

a. Facilitating the investment funds that were the result of churning without any investigation or oversight, despite the fact that Imeriti knew that Aviva had sent

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Meadows a letter questioning the high number of surrenders in his client base and knew that Allianz had investigated Meadows' illegal and unethical business practices;

b. Failing to identify, monitor, or exercise any due diligence related to discrepancies and inconsistencies concerning Plaintiffs' investments into new products and Plaintiffs' early withdrawals;

c. Failing to implement and adhere to compliance and monitoring protocols concerning Meadows' use of Plaintiffs' funds;

d. Failing to identify, monitor, or exercise any due diligence related to the regulatory and compliance red flags identified herein; and

e. Causing and/or allowing customer assets to be misappropriated by Meadows for his use.

195. Imeriti's participation, as described herein, was necessary for Meadows to carry out his scheme.

196. By virtue of its substantial and material assistance to Meadows, Imeriti was aware of its role in Meadows' tortious activity and it acted knowingly in assisting Meadows.

197. As a direct and proximate consequence of Imeriti's conduct as described in the foregoing and throughout this Complaint, Plaintiffs have lost a significant portion of the money, securities, and property they paid and delivered to Meadows, have been denied the use of their assets, and have been damaged thereby at an amount to be determined at trial.

REQUEST FOR RELIEF

WHEREFORE, Plaintiffs ask this Court to award judgment against Defendants:

1. Because Plaintiffs' claims benefit the public, awarding judgment against Defendants for damages, costs, disbursements, and other equitable relief under Minn. Stat.

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§ 8.31, subd. 3a, the general equitable powers of this Court, and any other authority for all persons injured by Defendants' acts described in this Complaint.

2. Declaring that Defendants' acts described in this Complaint constitute multiple, separate violations of Defendants' common law duties to Plaintiffs.

3. Enjoining Defendants, their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parent or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from violating in any way Defendants' common law duties to Plaintiffs and any other clients and customers, committing financial fraud, and engaging in deceptive practices toward Plaintiffs, any other clients and customers, and regulators.

4. Awarding judgment against Defendants for civil penalties for each separate violation of Defendants' common law duties to Plaintiffs.

5. Awarding judgment against Defendants for civil penalties pursuant to Minn. Stat. §§ 325F.69, 325F.67, 325D.44, and 325F.71, including but not limited to an additional civil penalty of $10,000 for each violation.

6. Awarding damages, together with costs and disbursements, including costs of investigation and attorneys' fees to Plaintiffs.

7. A trial by jury.

8. Granting such further relief as the Court deems appropriate and just.

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Dated: October 3, 2017

BEST & FLANAGAN LLP

By: ______________________

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ATTORNEYS FOR PLAINTIFFS

MINN. STAT. § 549.211 ACKNOWLEDGMENT

The party on whose behalf the attached pleading is served acknowledges through its undersigned counsel that sanctions, including reasonable attorney fees and other expenses, may be awarded to the opposite party or parties pursuant to Minn. Stat. § 549.211.

Dated: October 3, 2017

BEST & FLANAGAN LLP

By: ______________________

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