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7 UNDERWRITERS AT LLOYD'S, LONDON;
8 ACE EUROPEAN GROUP LTD; ARCH
9 INSURANCE COMPANY (EUROPE) LTD.;
10 QBE INSURANCE (EUROPE) LTD.;
HCC INTERNATIONAL INSURANCE
COMPANY PLC; HOUSTON CASUALTY
COMPANY; and SIRIUS INTERNATIONAL
INSURANCE CORPORATION

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF ORANGE, CENTRAL JUSTICE CENTER

30-2015-00767664-CU-BT-CJC

13 CERTAIN UNDERWRITERS AT LLOYD'S,
14 LONDON; ACE EUROPEAN GROUP LTD;
15 ARCH INSURANCE COMPANY (EUROPE)
16 LTD.; QBE INSURANCE (EUROPE) LTD.;
17 HCC INTERNATIONAL INSURANCE
18 COMPANY PLC; HOUSTON CASUALTY
19 COMPANY; and SIRIUS INTERNATIONAL
20 INSURANCE CORPORATION,

21 Plaintiffs,

22 v.

23 RINGLER ASSOCIATES, INC., a California
24 corporation; RINGLER INSURANCE
25 AGENCY, INC., a California corporation; and
26 DOES 1-10, inclusive.

27 Defendants.

Case No.

Judge Peter Wilson

COMPLAINT FOR DAMAGES

1. Conversion
2. Fraudulent Deceit
3. Breach of Contract
4. Fraud/Intentional Misrepresentation
5. Breach of Fiduciary Duty
6. Negligence

More than \$25,000 at Issue

JURY TRIAL DEMANDED

28 Certain Underwriters at Lloyd's, London, ACE European Group, Ltd., Arch Insurance
Company (Europe) Ltd., QBE Insurance (Europe) Ltd., HCC International Insurance Company
PLC, Houston Casualty Company, and Sirius International Insurance Corporation (hereinafter
collectively referred to as "Underwriters") submit the following Complaint for Damages:

1 **INTRODUCTION**

2 1. Plaintiffs Underwriters bring this action against Ringler Associates, Inc., Ringler
3 Insurance Agency, Inc., and Does 1 through 10 (collectively referred to as “Ringler”) to recover
4 more than \$4 million stolen by Ringler’s agent, Michael Woodyard (“Woodyard). Ringler is one
5 of the largest structured settlement companies in the United States and Underwriters have
6 entrusted millions of dollars over the years to Ringler’s agents to purchase annuities.
7 Unbeknownst to Underwriters, and while acting as Ringler’s agent, Woodyard converted funds
8 entrusted to him by Underwriters for the purchase of annuities to finance his extravagant lifestyle
9 and pay off massive debts he had incurred. Ringler is not only vicariously liable to Underwriters
10 for Woodyard’s theft, fraud and breach of contract, Ringler is also liable for the negligent
11 supervision and retention of its agent. Despite Underwriters’ demand for reimbursement, Ringler
12 has refused to repay Underwriters for their losses. Accordingly, Underwriters seek damages
13 against Ringler in an amount to be proven at trial, plus pre-judgment interest and all other relief as
14 allowed by law.

15 **PARTIES**

16 2. Plaintiffs Underwriters at Lloyd’s are individuals and companies engaged in the
17 insurance business at Lloyd’s London, England. As members of Underwriting syndicates, they
18 severally subscribed to the relevant policies of insurance described herein and suffered damages
19 by contributing to the payment of the premiums for the annuities at issue.

20 3. Plaintiff ACE European Group Ltd. is a United Kingdom insurance company doing
21 business in London, England. ACE European Group Ltd. also severally subscribed to some of the
22 relevant policies of insurance described herein and suffered damages by contributing to the
23 payment of the premiums for the annuities at issue.

24 4. Plaintiff Arch Insurance Company (Europe) Ltd. is a United Kingdom insurance
25 company doing business in London, England. Arch Insurance Company (Europe) Ltd. also
26 severally subscribed to some of the relevant policies of insurance described herein and suffered
27 damages by contributing to the payment of the premiums for the annuities at issue.

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1 5. Plaintiff QBE Insurance (Europe) Ltd. is a United Kingdom insurance company
2 doing business in London, England. QBE Insurance (Europe) Ltd. also severally subscribed to
3 some of the relevant policies of insurance described herein and suffered damages by contributing
4 to the payment of the premiums for the annuities at issue.

5 6. Plaintiff HCC International Insurance Company PLC is a United Kingdom
6 insurance company doing business in London, England. HCC International Insurance Company
7 PLC also severally subscribed to some of the relevant policies of insurance described herein and
8 suffered damages by contributing to the payment of the premiums for the annuities at issue.

9 7. Plaintiff Houston Casualty Company is a Texas insurance company with a principal
10 place of business in Houston, Texas. Houston Casualty Company also severally subscribed to
11 some of the policies described herein and suffered damages by contributing to the payment of
12 premiums for the annuities at issue.

13 8. Plaintiff Sirius International Insurance Corporation is a Swedish insurance
14 company doing business in London, England. Sirius International Insurance Corporation also
15 severally subscribed to some of the relevant policies of insurance described herein and suffered
16 damages by contributing to the payment of the premiums for the annuities at issue.

17 9. Defendant Ringler Associates, Inc. is a structured settlement broker incorporated in
18 the State of Delaware with its principal place of business located at 27422 Aliso Creek Road, Suite
19 200, Aliso Viejo, California 92656.

20 10. Defendant Ringler Insurance Agency, Inc. is a structured settlement broker
21 incorporated in the State of California with its principal place of business located at 27422 Aliso
22 Creek Road, Suite 200, Aliso Viejo, California 92656.

23 11. Defendants Does 1 through 10 are as yet unknown companies and/or individuals
24 affiliated or associated with Ringler who, upon information and belief, may bear some liability for
25 Underwriters' losses. The true names or capacities, whether individual, corporate or otherwise, of
26 Defendants Does 1 through 10 are unknown to Underwriters who therefore sue such defendants by
27 such fictitious names, and will amend this Complaint to show their true names and capacities
28 when ascertained.

1 **JURISDICTION AND VENUE**

2 12. Jurisdiction is proper in the Superior Court for the County of Orange pursuant to
3 Section 410.10 of the California Code of Civil Procedure because it has general subject matter
4 jurisdiction and no statutory exceptions to jurisdiction exist. The amount in controversy exceeds
5 the jurisdictional minimum of this Court.

6 13. Venue is proper in the County of Orange pursuant to Section 395 of the California
7 Code of Civil Procedure because defendants Ringler Associates, Inc. and Ringler Insurance
8 Agency, Inc. are residents of Orange County.

9 **FACTUAL ALLEGATIONS**

10 **Agency Relationship Between Ringler and Woodyard**

11 14. Ringler is a national insurance broker specializing in structured settlements and
12 holds itself out to be the “largest structured settlement company in America”. Ringler employs 140
13 agents across the country in 60 cities to serve Ringler’s customers and to attract new business.
14 According to Ringler, \$29.3 billion in structured settlement annuity premiums have been placed
15 by Ringler since 1975.

16 15. Upon information and belief, Woodyard was a resident of the State of Texas during
17 the period of time in which he served as a Ringler agent. Woodyard’s current whereabouts are
18 unknown to Underwriters.

19 16. Upon information and belief, Woodyard had been an agent for Ringler from 1997
20 to July 2014, shortly after Underwriters learned that certain annuities for which Underwriters had
21 forwarded funds to Woodyard had never been purchased. Woodyard operated a North Texas office
22 on behalf of Ringler. At all relevant times, Woodyard represented and held himself out to be an
23 agent or employee of Ringler. As an agent for Ringler, Woodyard’s scope of employment
24 included, but was not limited to, providing quotations for annuities, arranging for the purchase of
25 annuities, receiving funds for the purchase of annuities, transmitting funds to life insurance
26 companies to complete the purchase of annuities, transferring certificates of annuities to Ringler’s
27 customers, and ultimately sharing in commissions with Ringler.

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1 17. In his role as agent for Ringler operating the Ringler North Texas office, Woodyard
2 incorporated and managed Ringler Associates North Texas, Inc. (“Ringler North Texas”), a Texas
3 corporation.

4 18. Both Woodyard and Ringler held Woodyard out to be Ringler’s agent or
5 “associate” for Ringler’s North Texas office and Ringler’s London office.

6 19. Woodyard utilized banking accounts owned or operated by Ringler, Ringler North
7 Texas, and personal bank accounts for annuity and other business transactions he undertook
8 through the North Texas office.

9 20. Upon information and belief, Ringler and Woodyard shared access to a single bank
10 account (“Ringler Central Account”). The Ringler Central Account is used to deposit commissions
11 directly received by Ringler from life insurance companies before a percentage of such
12 commissions are paid to its agents, including Woodyard. Upon receipt of commissions, Ringler
13 deducts its share of the commissions. The Ringler Central Account was also used by Woodyard to
14 pay office expenses, meet payroll for office employees, and cover other business expenses.

15 21. At all relevant times, Ringler maintains the legal right to control the activities of its
16 agents, including Woodyard, supervises or controls the method of operations of its agents,
17 employs policies and procedures for its agents to follow, grants the agents the right to use
18 Ringler’s trademarks, reputation, trade secrets, and marketing and service information, supplies
19 instrumentalities and tools of the work performed by its agents, provides banking and management
20 services to its agents, owns the property rights to intellectual property developed by its agents,
21 receives a share of all profits earned by its agents, and directs and controls the Ringler Central
22 Account into which all commissions are deposited before they are shared with Ringler’s agents.
23 Accordingly, for these and other reasons, at all relevant times, Ringler was the principal or
24 employer of its agents and Woodyard was an agent of Ringler.

25 22. To the extent Woodyard was not Ringler’s actual agent, Woodyard was an
26 ostensible agent of Ringler due to the fact that both Ringler and Woodyard caused Underwriters to
27 reasonably believe that Woodyard possessed the authority to act on Ringler’s behalf. Ringler holds
28 its “consultants” out to be agents or employees of Ringler. For example, Woodyard used Ringler’s

1 corporate name on his letterhead and correspondences, on his business cards, and in his email
2 correspondences. In addition, Ringler's website provided no indication that Woodyard was
3 anything but Ringler's agent or employee.

4 23. Ringler, through its actions and representations, held Woodyard out as an agent or
5 employee of Ringler such that Underwriters reasonably relied on Woodyard's apparent or
6 ostensible agency.

7 24. In respect to the both the verified annuity purchases and fraudulent annuities
8 discussed herein, Woodyard solicited business from Plaintiffs' representatives within the scope of
9 his agency or employment with Ringler.

10 Underwriters' Policy Obligations

11 25. Underwriters have underwritten personal accident and illness insurance for various
12 United Nations ("UN") organizations for nearly 20 years. The policies generally provide coverage
13 to the UN organizations for injury and illness to their employees, such as accidental death and
14 permanent partial and total disability. Pursuant to the terms and conditions of the policies, the
15 injured employees may be entitled to lifelong benefit payments from Underwriters.

16 26. Underwriters issued to the World Trade Organization ("WTO") insurance policy
17 number WC001007566 with a period of January 1, 2000 through December 31, 2000. Pursuant to
18 the terms and conditions of the policy, Underwriters agreed to indemnify WTO for its liability in
19 respect to bodily injury to a WTO staff member under the terms of WTO's Staff Rules.

20 27. Underwriters issued to the United Nations Office for Project Services ("UNOPS")
21 insurance policy number B0576/ML10215 with a period of October 3, 2006 through October 2,
22 2007. Pursuant to the terms and conditions of the policy, Underwriters agreed to indemnify
23 UNOPS for its liability in respect to bodily injury to a UNOPS staff member under the terms of
24 the United Nations' Staff Rules.

25 28. Underwriters issued to the International Fund for Agricultural Development
26 ("IFAD") three relevant policies of insurance, number ML10052 with a period of January 1, 2006
27 through December 31, 2006; number B080110078G08 with a period of January 1, 2008 to
28 December 31, 2008; and number B0801/18155G09, with a period of December 31, 2009 through

1 December 30, 2010. Pursuant to the terms and conditions of these policies, Underwriters agreed to
2 indemnify IFAD for its liability in respect to bodily injury to an IFAD staff member under the
3 terms of the IFAD's Human Resources Procedures Manual.

4 29. Underwriters issued to the International Labour Organisation ("ILO") two relevant
5 policies of insurance, number WC0011007495 with a period of January 1, 2001 through
6 December 31, 2001, and number B0801/10074G08 with a period of January 1, 2008 through
7 December 31, 2009. Pursuant to the terms and conditions of these policies, Underwriters agreed to
8 indemnify ILO for its liability in respect to bodily injury to an ILO staff member under the terms
9 of the ILO Staff Regulations Annex II and International Training Centre of the ILO Staff
10 Regulations Annex F.

11 Claims Received by Underwriters Under the Policies of Insurance

12 30. Pursuant to the terms and conditions of the policies of insurance issued by
13 Underwriters to the UN organizations listed above, Underwriters have received claims for
14 insurance benefits for bodily injury, partial or permanent disability, or death benefits to family
15 members of deceased employees. In respect to the allegations contained herein and the annuity
16 funds stolen by Woodyard, Underwriters received and adjusted eleven claims for insurance
17 benefits under the policies issued to the UN organization. Details of these eleven claims are
18 provided in Exhibit A attached hereto. In each of the eleven claims listed in Exhibit A,
19 Underwriters provided insurance benefits to individuals who can no longer work for the UN
20 organizations due to severe injury or disability which occurred while working for a UN
21 organization, or to family members of employees who passed away during their employment with
22 the UN organizations.

23 31. In respect to eight of the eleven claims identified in Exhibit A, Underwriters
24 utilized Roger Rich & Co. ("Roger Rich"), a United Kingdom company, as the Third-Party
25 Administrator ("TPA") to administer and adjust these claims on behalf of Underwriters.

26 32. In respect to three of the eleven claims identified Exhibit A, Underwriters utilized
27 Vanbreda International ("Vanbreda"), a Belgium company, as the TPA to administer and adjust
28 these claims on behalf of Underwriters.

1 Underwriters' Attempt to Purchase Annuities Via Ringler's Agent

2 33. Historically, Underwriters have purchased annuities from life insurance companies
3 as a cost-effective way to discharge their liability to the UN organizations for ongoing disability or
4 death benefit claims and to provide a secure and ongoing method of payment to individuals
5 entitled to ongoing benefit payments. Once the annuity is purchased by Underwriters for the
6 individual claim, the life insurance company effectively takes over the payment of the claim,
7 either through monthly, quarterly or annual payments for the lifetime of the beneficiary. The
8 annuities are usually purchased on a capital protected basis so that, should the insured person pass
9 away before the funds provided by Underwriters are fully released, there is a return of the unpaid
10 balance to Underwriters.

11 34. Beginning in or around 1997, Roger Rich, on behalf of Underwriters, utilized the
12 services of Ringler's agent Woodyard, as the intermediary to obtain quotes for annuities and
13 arrange for the purchases of the annuities from U.S.-based life insurance companies.

14 35. Specifically, since in or around 1997, Roger Rich has arranged at least 22 annuities
15 through Ringler, utilizing Woodyard, to obtain quotes and facilitate the purchase of the annuities.
16 In addition, Vanbreda, on behalf of Underwriters, arranged for the purchase of three annuities
17 through Ringler, utilizing Woodyard. In total, at least 25 annuities have been purchased, or were
18 attempted to have been purchased, by Underwriters through Ringler and its agent Woodyard from
19 1997 through May 2014.

20 36. At all relevant times, the process by which Underwriters purchased annuities
21 through Woodyard was understood to involve: (a) Woodyard providing quotes from life insurance
22 companies to Underwriters via their TPAs; (b) Underwriters agreeing to the quotation, if
23 acceptable, and transferring the premium funds to a Ringler bank account operated or shared by
24 Woodyard; (c) Woodyard transferring the funds to the life insurer; (d) the life insurer accepting
25 the annuity obligation and paying a commission to Ringler; and (e) Ringler disbursing a share of
26 the commission to its agent, Woodyard.

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1 37. Through Ringler and Woodyard, Underwriters purchased fourteen verified
2 annuities from Metropolitan Life Insurance Co. ("MetLife"). These fourteen annuities have been
3 confirmed by Ringler and MetLife to be properly purchased, issued and verified.

4 38. Upon information and belief, Ringler received, for its own benefit, a percentage of
5 the commissions paid by MetLife to Ringler and Woodyard for the purchase of the fourteen
6 verified annuities.

7 39. In addition to the fourteen verified annuities, Underwriters arranged for the
8 purchase of eleven annuities through Ringler using Ringler's agent Woodyard for the claims
9 identified in Exhibit A. However, rather than purchasing the annuities as directed, for each of
10 these eleven claims Woodyard fraudulently represented that annuities had been purchased while
11 he converted the funds designated for the annuities for his own personal use and enjoyment. The
12 details of the attempted annuity purchases are provided in Exhibit A attached hereto.

13 40. In total, Woodyard knowingly and fraudulently misappropriated and converted in
14 excess of \$4 million in funds from Underwriters for his own personal use and enjoyment.

15 41. Further, Underwriters' obligation to provide monthly, quarterly, or annual
16 insurance benefit payments to the eleven claimants described in Exhibit A remains ongoing due to
17 the absence of annuities which were intended to cover the insurance benefit payments.
18 Accordingly, Underwriters' damages as a result of Woodyard's fraudulent and deceitful acts are
19 ongoing and increasing due to Underwriters' contractual obligations to provide benefit payments
20 for the claims identified herein in an amount to be proven at trial.

21 Discovery of the Misappropriation of Annuity Funds

22 42. In or around April 2014, Underwriters began to receive communications and
23 notices from some beneficiaries that annuity payments were not received on schedule. Thereafter,
24 Underwriters and/or Underwriters' agents began to investigate the missing annuity payments.

25 43. Underwriters attempted to contact Woodyard regarding the missing annuity
26 payments. No substantive response was received from Woodyard. Thereafter, Underwriters'
27 representative followed up with Woodyard regarding the missing annuity payments. Woodyard
28 falsely indicated that the payment transfers would be forthcoming. Despite numerous additional

1 attempts to contact Woodyard about the missing annuity payments, Woodyard never again
2 responded to Underwriters before he abandoned his pretense of a legitimate business operation. In
3 addition, no payments or return of the annuity funds were received from Woodyard.

4 44. At or around the same time Underwriters were attempting to contact Woodyard and
5 ascertain the reason for the missing annuity payments, Underwriters also contacted Jim Early,
6 Ringler's Vice President, for assistance in investigating the missing annuity payments. Ringler's
7 representative confirmed that according to Ringler's records, the annuities identified in Exhibit A
8 had not been purchased in accordance with Ringler's rules and requirements. Instead, through its
9 own investigation Ringler determined that the funds were transferred by Woodyard into an
10 unauthorized account and were missing.

11 45. MetLife has confirmed no funds were received from Woodyard or Ringler, nor any
12 annuities purchased or issued, for the eleven missing annuities.

13 46. Based on their own investigation and information provided by Ringler,
14 Underwriters first discovered that instead of using the funds transferred from Underwriters to
15 purchase the annuities identified above as directed, Woodyard knowingly, willfully, and
16 fraudulently misappropriated the funds for his own personal use.

17 47. Upon information and belief, Woodyard has admitted to Ringler and Underwriters'
18 investigator that he knowingly, intentionally and unlawfully misappropriated the annuity funds for
19 his own personal use and that the funds are all gone.

20 48. Prior to Underwriters' discovery, Woodyard had, for a period of time, made
21 "annuity payments" to the beneficiaries out of the funds he had misappropriated in order to
22 perpetuate his fraud and hide his unlawful actions. However, eventually his "ponzi" scheme
23 collapsed.

24 49. In addition to attempting to hide his scheme by making "annuity payments"
25 himself, Woodyard created certain fraudulent annuity certificates which were provided to the
26 TPAs to perpetuate his fraud and hide his misappropriation of Underwriters funds. MetLife has
27 confirmed that some of the alleged annuity certificates provided by Woodyard are fake and were
28 forged by Woodyard in an attempt to disguise his theft.

1 50. Underwriters have sought recovery of the misappropriated funds from Woodyard
2 and Ringler. To date, Underwriters' efforts to recover the missing funds have been unsuccessful.

3 51. Upon information and belief, following its discovery of Woodyard's theft of the
4 annuity funds, Ringler terminated Woodyard's agency relationship with Ringler and removed his
5 contact information from its website.

6 Woodyard's Fraudulent "Over-Quoting" Of The Cost Of Purchased Annuities

7 52. In addition to Woodyard's acts of fraudulently and deceitfully misappropriating
8 Underwriters' funds which were intended for the purchase of annuities as detailed in paragraphs
9 39 to 40 herein, Woodyard also "over-quoted" to Underwriters the cost of annuities he actually
10 purchased and converted the difference between the quoted price and the actual purchase price for
11 his own personal use and enjoyment.

12 53. As previously discussed in paragraph 37 above, not all of the annuities attempted to
13 be purchased through Woodyard were fraudulent. Underwriters verified that at least 14 annuities
14 were in fact purchased by Woodyard from MetLife. However, in respect to six of the 14 verified
15 annuities Underwriters learned in or around September 2014 that Woodyard had quoted a higher
16 price to Underwriters than he received from MetLife. When the annuity was purchased at the
17 lower price, Woodyard converted the difference in price rather than returning the funds to
18 Underwriters. A detailed list of the six verified annuities where Woodyard "over-quoted"
19 Underwriters is provided in Exhibit B attached hereto.

20 54. In or around September 2014, Underwriters discovered Woodyard's fraudulent
21 over-quoting of the above identified annuities through its investigation of Woodyard's fraud when
22 it asked MetLife to verify the existence of the annuities Underwriters purchased through
23 Woodyard. In confirming the 14 annuities actually purchased by Woodyard, Underwriters
24 obtained for the first time information from MetLife reflecting the price actually paid by
25 Woodyard for the annuity. Only at that time were Underwriters able to compare the quoted price
26 against the actual purchase price and, thus, first discovered Woodyard's additional fraudulent acts
27 in over-quoting annuity prices.

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1 55. Underwriters are still attempting to determine all of the individual insurers who
2 contributed to the “over-quoted” annuities. However, most if not all of the Underwriters in this
3 action contributed to these annuity premiums and, thus, were damaged by Woodyard’s deception.

4 Woodyard’s Unfitness To Act As Ringler’s Agent

5 56. Upon information and belief, during his time of employment with Ringler,
6 Woodyard has been involved in multiple civil and criminal lawsuits. In particular, Woodyard has
7 been the subject of at least two non-support of dependents cases and at least one disorderly
8 conduct case.

9 57. Upon information and belief, Woodyard has also been the subject of a number of
10 civil suits in which civil judgments were obtained against him. These civil suits, and resulting civil
11 judgments against him, appear to have often involved claims brought by gambling establishments.

12 58. Upon information and belief, Woodyard’s home was foreclosed upon in 2009.

13 59. Upon information and belief, in addition to the civil and criminal actions,
14 Woodyard has been subject to numerous tax liens filed against him in several states. Many of
15 these tax liens are outstanding and some go back as far as 1992. The oldest tax liens pre-date
16 Woodyard’s employment by Ringler.

17 60. Upon information and belief, Woodyard was heavily involved in gambling
18 activities. It appears many of the civil suits and tax liens may relate to Woodyard’s significant
19 gambling activities. Evidence of Woodyard’s severe gambling problem was, or should have been,
20 apparent from the documentation found in his workplace and any search of the tax liens and civil
21 judgments against him.

22 61. Upon information and belief, prior to and/or during his time of employment/agency
23 Ringler was aware, or should have been aware, of Woodyard’s civil lawsuits, unlawful activities,
24 tax liens, financial difficulties and/or gambling activities which rendered him unfit to act as
25 Ringler’s agent as a trusted structured settlement “consultant”.

26 62. Woodyard’s numerous civil and criminal lawsuits, tax liens, foreclosure, and
27 gambling habits were clear risk factors and significant signs of Woodyard’s financial distress.
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1 Woodyard's financial distress, indebtedness, and gambling habits rendered him unfit or
2 incompetent to be placed in a position of trust handling client funds.

3 63. Upon information and belief, Ringler failed to perform basic financial background
4 checks prior to employing Woodyard as Ringler's agent. Further, during Woodyard's time as
5 Ringler's agent, Ringler failed to monitor or audit Woodyard's activities or enforce its own rules
6 and regulations. Appropriate background checks, monitoring and/or supervision by Ringler would
7 have uncovered Woodyard's unfitness to handle client funds prior to his employment by Ringler
8 or during the period Woodyard committed his fraudulent acts against Underwriters.

9 64. Ringler knew or should have known about Woodyard's financial difficulties and
10 unfitness to perform his role prior to and/or during his time of employment/agency with Ringler.
11 However, it was not until after Plaintiffs' funds had been stolen and Plaintiffs notified Ringler of
12 that fact did Ringler finally terminate Woodyard's agency or employment.

13 Ringler's Failure to Audit Woodyard's Business Activities

14 65. Upon information and belief, at all relevant times Ringler had the right and
15 obligation to conduct periodic audits of Woodyard's practices and accounts.

16 66. Upon information and belief, Ringler performed no audits of Woodyard of any kind
17 during the period in which he was converting Underwriters' funds.

18 67. Upon information and belief, Ringler never performed any audit or review to
19 confirm that in the case of the six over-quoted annuities – for which Ringler received a
20 commission – the premiums paid by Underwriters matched the actual purchase prices of the
21 annuities.

22 68. Upon information and belief, Woodyard's co-workers suspected that Woodyard
23 was engaged in improper conduct with regard to Underwriters, but Ringler never conducted
24 interviews of these individuals at any time prior to the discovery of Woodyard's fraud.

25 **FIRST CAUSE OF ACTION**

26 **(Conversion)**

27 69. Plaintiffs adopt and reassert the allegations contained in paragraphs 1 through 68 as
28 if fully set forth herein.

1 70. The funds transferred by Underwriters to Woodyard for the purchase of the false
2 annuities described herein and in Exhibit A were and are the property of Underwriters and
3 designated solely for the purchase of annuities as instructed by Underwriters to Woodyard. Until
4 such time annuities were in fact purchased and the funds transferred to the appropriate life
5 insurance company, Underwriters' funds remained the property of Underwriters.

6 71. The excess funds transferred by Underwriters to Woodyard for the purchase of the
7 over-quoted verified annuities described herein and in Exhibit B are at least in part the property of
8 Underwriters and were required to have been returned to Underwriters as Woodyard had no right
9 to retain or use those funds. The over-quoted funds remained the property of Underwriters.

10 72. Woodyard intentionally and substantially interfered with Underwriters' funds by
11 taking the funds and misappropriating the funds for his own personal use and enjoyment.

12 73. Underwriters did not consent in any manner to Woodyard taking the funds at issue
13 for his own personal use.

14 74. Woodyard and Ringler have not returned the funds to Underwriters, nor have they
15 replaced the annuities Underwriters intended to purchase.

16 75. Ringler, as the principal responsible for the acts of its agent Woodyard, is
17 vicariously liable to Plaintiffs for the harm caused to Plaintiffs as the result of Woodyard's
18 conversion of Underwriters' funds.

19 76. In the alternative, Ringler is liable to Plaintiffs for harm caused to Plaintiffs as a
20 result of the conversion of Underwriters' funds committed by Woodyard as an apparent or
21 ostensible agent of Ringler.

22 77. Plaintiffs have been damaged in an amount to be proven at trial as a result of
23 Woodyard's actions in converting and misappropriating the annuity funds.

24 78. In addition, Plaintiffs' damages are ongoing and increasing due to Underwriters'
25 contractual obligations to provide benefit payments for the claims identified herein.

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1 **SECOND CAUSE OF ACTION**

2 **(Fraudulent Deceit)**

3 79. Plaintiffs adopt and reassert the allegations contained in paragraphs 1 through 78 as
4 if fully set forth herein.

5 80. Woodyard willfully and intentionally engaged in fraud and deceit as defined by
6 California Civil Code § 1709 – 1710.

7 81. Woodyard induced Underwriters’ agents into entrusting funds to him by promising
8 that he would facilitate the purchase of annuities from life insurance companies and transfer funds
9 from Underwriters to the life insurance companies for such purchases.

10 82. Woodyard’s fraudulent promises to purchase annuities as directed by Underwriters’
11 agents occurred on the dates and in the manner discussed herein and in Exhibits A and B.

12 83. Woodyard’s assertions and promises, which induced Underwriters’ into entrusting
13 annuity funds to Woodyard and Ringler, were not true facts and Woodyard did not believe his
14 assertions and promises to be true.

15 84. Woodyard intentionally suppressed from Underwriters the true facts that there were
16 no annuities, that any “annuity payments” were falsely made by Woodyard to hide his unlawful
17 scheme, and the certificates of annuities provided by Woodyard in certain cases were fake.
18 Further, Woodyard intentionally suppressed from Underwriters and its agents the true facts that
19 the costs of the purchased verified annuities were less than the amount of funds transferred by
20 Underwriters to Woodyard.

21 85. Woodyard made promises to Underwriters to facilitate the purchase of annuities
22 and transfer funds to life insurance companies for the purchase of annuities which he had no
23 intention of performing. To the contrary, Woodyard intended to keep Underwriters’ funds for his
24 own personal use.

25 86. All of Woodyard’s promises, communications, and acts with Underwriters in
26 regards to the attempted purchase of the annuities identified herein and in Exhibit A were
27 knowingly false and made with the intent to deceive Underwriters in order to unlawfully
28 misappropriate Underwriters’ funds for Woodyard’s own personal use.

1 87. All of Woodyard's promises, communications and acts with Underwriters in
2 regards to over-quoting for the purchased verified annuities identified herein and in Exhibit B
3 were knowingly false and made with the intent that Underwriters rely on his false representations
4 in order to deceive Underwriters so that Woodyard could unlawfully misappropriate Underwriters'
5 funds for his own personal use.

6 88. Based on Ringler's status as a leading structured settlement company and
7 Woodyard's professional experience, Underwriters justifiably relied on the promises, assertions
8 and representations made by Woodyard in inducing Underwriters to transfer funds for the
9 purchase of annuities.

10 89. Woodyard did not perform his promises to purchase the annuities.

11 90. Ringler, as the principal responsible for the acts of its agent Woodyard, is
12 vicariously liable to Plaintiffs for the harm caused to Plaintiffs as the result of the fraudulent and
13 deceitful acts of Woodyard.

14 91. In the alternative, Ringler is liable to Plaintiffs for harm caused to Plaintiffs as a
15 result of the fraudulent and deceitful acts committed by Woodyard as an apparent or ostensible
16 agent of Ringler.

17 92. Plaintiffs have been damaged in an amount to be proven at trial as a result of
18 Woodyard's fraudulent and deceitful actions in misappropriating the annuity funds.

19 93. In addition, Plaintiffs' damages as a result of Woodyard's fraudulent and deceitful
20 acts are ongoing and increasing due to Underwriters' contractual obligations to provide benefit
21 payments for the claims identified herein.

THIRD CAUSE OF ACTION

(Breach of Contract)

22
23
24 94. Plaintiffs adopt and reassert the allegations contained in paragraphs 1 through 93 as
25 if fully set forth herein.

26 95. Underwriters and Woodyard entered into an implied or express contract(s) whereby
27 Woodyard was required to provide quotes for annuity purchases, receive funds from Underwriters
28 and transfer the funds to the appropriate life insurance company for the purchase of annuities,

1 obtain valid certificates of annuities from the life insurance companies guaranteeing annuity
2 payments, and transfer the certificates of annuities to the TPAs.

3 96. In addition, Underwriters and Woodyard entered into an implied or express
4 contract(s) whereby Woodyard was to purchase certain annuities at the price quoted and for the
5 amount of funds transferred by Underwriters to Woodyard. An implied or express condition of the
6 contract obligated Woodyard to return any funds to Underwriters which were in excess of the
7 actual purchase price for an annuity.

8 97. Woodyard has breached the contract(s) by failing to purchase the annuities from
9 life insurance companies as directed and misappropriating Underwriters' funds for his own
10 personal use. Specifically, Woodyard breached his contractual obligations in the manner described
11 herein and in Exhibits A and B.

12 98. Ringler, as the principal responsible for the acts of its agent Woodyard, is
13 vicariously liable to Plaintiffs for the harm caused to Plaintiffs as the result of Woodyard's breach
14 of contract and misappropriation of Underwriters' funds.

15 99. In the alternative, Ringler is liable to Plaintiffs for harm caused to Plaintiffs as a
16 result of the breach of contract and misappropriation of Underwriters' funds committed by
17 Woodyard as an apparent or ostensible agent of Ringler.

18 100. Plaintiffs have been damaged in an amount to be proven at trial as a result of
19 Woodyard's breach of contract and misappropriation of the annuity funds.

20 101. In addition, Plaintiffs' damages are ongoing and increasing due to Underwriters'
21 contractual obligations to provide benefit payments for the claims identified herein.

22 **FOURTH CAUSE OF ACTION**

23 **(Fraud/Intentional Misrepresentation)**

24 102. Plaintiffs adopt and reassert the allegations contained in paragraphs 1 through 101
25 as if fully set forth herein.

26 103. Woodyard willfully and intentionally engaged in fraud and misrepresentation as
27 defined by California Civil Code § 1572.
28

1 104. Woodyard induced Underwriters into entering into a contract by representing that
2 he would facilitate the purchase of annuities from life insurance companies and transfer funds
3 from Underwriters to the life insurance companies.

4 105. Woodyard's fraudulent representation to purchase annuities occurred on the dates
5 and in the manner discussed herein and in Exhibit A. Further, Woodyard's fraudulent
6 representations regarding the purchase price of verified annuities occurred on the dates and in the
7 manner discussed herein and in Exhibit B.

8 106. Woodyard's assertions and representations of facts were not true, Woodyard did
9 not believe his assertions and representations to be true, and Woodyard made such representations
10 recklessly and without regard for the truth.

11 107. Woodyard intentionally suppressed from Underwriters and its agents the true facts
12 that there were no annuities, that any "annuity payments" were falsely made by Woodyard to hide
13 his unlawful scheme, and the certificates of annuities provided by Woodyard in certain cases were
14 fake. Further, Woodyard intentionally suppressed from Underwriters and its agents the true facts
15 that the costs of the purchased verified annuities were less than the amount of funds transferred by
16 Underwriters to Woodyard.

17 108. Woodyard made promises to Underwriters to facilitate the purchase of annuities
18 and transfer funds to life insurance companies for the purchase of annuities which he had no
19 intention of performing. To the contrary, Woodyard intended to keep Underwriters' funds for his
20 own personal use.

21 109. All of Woodyard's acts, representations and communications with Underwriters in
22 regards to the attempted purchase of the annuities identified herein and in Exhibit A were
23 knowingly false and made with the intent that Underwriters rely on his false representations in
24 order to deceive Underwriters so that Woodyard could unlawfully misappropriate Underwriters'
25 funds for his own personal use.

26 110. All of Woodyard's acts, representations and communications with Underwriters in
27 regards to over-quoting for the purchased verified annuities identified herein and in Exhibit B
28 were knowingly false and made with the intent that Underwriters rely on his false representations

1 in order to deceive Underwriters so that Woodyard could unlawfully misappropriate Underwriters'
2 funds for his own personal use.

3 111. Based on Ringler's status as a leading structured settlement company and
4 Woodyard's professional experience, Underwriters justifiably and reasonably relied on the
5 representations, promises, and assertions made by Woodyard in inducing Underwriters to transfer
6 funds for the purchase of annuities.

7 112. Ringler, as the principal responsible for the acts of its agent Woodyard, is
8 vicariously liable to Plaintiffs for the harm caused to Plaintiffs as the result of the fraudulent and
9 deceitful acts of Woodyard.

10 113. In the alternative, Ringler is liable to Plaintiffs for harm caused to Plaintiffs as a
11 result of the fraudulent and deceitful acts committed by Woodyard as an apparent or ostensible
12 agent of Ringler.

13 114. Plaintiffs have been damaged in an amount to be proven at trial as a result of
14 Woodyard's fraudulent and deceitful actions in misappropriating the annuity funds.

15 115. In addition, Plaintiffs' damages as a result of Woodyard's fraudulent and deceitful
16 acts are ongoing and increasing due to Underwriters' contractual obligations to provide benefit
17 payments for the claims identified herein.

18 **FIFTH CAUSE OF ACTION**

19 **(Breach of Fiduciary Duty)**

20 116. Plaintiffs adopt and reassert the allegations contained in paragraphs 1 through 115
21 as if fully set forth herein.

22 117. As a result of Woodyard's obligation to receive Underwriters' funds and transfer
23 the funds to a life insurance company for purchase of annuities, a fiduciary relationship existed
24 between the parties whereby Woodyard had a fiduciary duty to Underwriters and was duty bound
25 to act with the utmost good faith for the benefit of Underwriters.

26 118. Woodyard breached his fiduciary duty to Underwriters by converting and
27 misappropriating Underwriters' funds for his own personal use and enjoyment.

28

1 119. Ringler, as the principal responsible for the acts of its agent Woodyard, is
2 vicariously liable to Plaintiffs for the harm caused to Plaintiffs as the result of Woodyard's breach
3 of his fiduciary duties to Underwriters.

4 120. In the alternative, Ringler is liable to Plaintiffs for harm caused to Plaintiffs as a
5 result of the breach of fiduciary duties to Underwriters committed by Woodyard as an apparent or
6 ostensible agent of Ringler.

7 121. Plaintiffs have been damaged in an amount to be proven at trial as a result of
8 Woodyard's breach of his fiduciary duty to Underwriters.

9 122. In addition, Plaintiffs' damages are ongoing and increasing due to Underwriters'
10 contractual obligations to provide benefit payments for the claims identified herein.

11 **SIXTH CAUSE OF ACTION**

12 **(Negligent Hiring, Retention and Supervision)**

13 123. Plaintiffs adopt and reassert the allegations contained in paragraphs 1 through 122
14 as if fully set forth herein.

15 124. Ringler negligently hired, supervised or retained Woodyard by employing
16 Woodyard as an employee or agent despite Woodyard's civil and criminal legal issues described
17 in paragraphs 56 to 64 herein. Based on Woodyard's past unlawful civil and criminal acts, tax
18 liens, financial distress, and gambling habits, Woodyard was unfit or incompetent to act as a
19 trusted structured settlement "consultant" and Ringler negligently allowed Woodyard access to
20 and control over client funds.

21 125. Ringler knew or should have known that hiring and/or retaining Woodyard created
22 a risk or hazard to Ringler's customers and the funds deposited with Ringler.

23 126. As a result of Woodyard's unfitness as an employee or agent of Ringler,
24 Underwriters suffered the loss of funds identified herein.

25 127. Further, Ringler negligently supervised and/or retained Woodyard by failing to
26 conduct periodic audits of Woodyard's business practices and accounts as described in paragraphs
27 65 to 68 herein.

28

1 128. By failing to conduct periodic audits of Woodyard's business practices and
2 accounts, Ringler negligently supervised and/or retained Woodyard and knew, or should have
3 known, its failure to audit created a risk or hazard to Ringler's customers and the funds deposited
4 with Ringler.

5 129. As a result of Ringler's failure to conduct periodic audits of Woodyard's practices
6 and accounts, Underwriters suffered the loss of funds identified herein.

7 130. Ringler's negligence in hiring, supervising or retaining Woodyard was a substantial
8 factor in the loss of funds and harm suffered by Underwriters.

9 131. Plaintiffs have been damaged in an amount to be proven at trial as a result of
10 Ringler's negligence.

11 132. In addition, Plaintiffs' damages are ongoing and increasing due to Underwriters'
12 contractual obligations to provide benefit payments for the claims identified herein.

13 **PRAYER FOR RELIEF**

14 WHEREFORE Plaintiffs pray for judgment against Defendants as follows:

- 15 1. Award Plaintiffs compensatory damages in an amount to be determined at trial;
- 16 2. Award Plaintiffs pre-judgment interest as allowed by law;
- 17 3. Award Plaintiffs exemplary damages in an amount to be determined at trial;
- 18 4. Award Plaintiffs costs of suit; and
- 19 5. Grant such other and further relief as this Court deems just and proper.

20 **JURY TRIAL DEMANDED**

21 Plaintiffs demand a jury trial on all triable issues.

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Dated: January 22, 2015

CLYDE & CO US LLP

By:



Peter J. Whalen

Jennifer D. McKee

Attorneys for Plaintiffs

CERTAIN UNDERWRITERS AT LLOYD'S,
LONDON; ACE EUROPEAN GROUP LTD;
ARCH INSURANCE COMPANY (EUROPE)
LTD.; QBE INSURANCE (EUROPE) LTD.;
HCC INTERNATIONAL INSURANCE
COMPANY PLC; HOUSTON CASUALTY
COMPANY; and SIRIUS INTERNATIONAL
INSURANCE CORPORATION

Exhibit A

EXHIBIT A

Stolen Annuities

Claim No.	Organization	Annual Benefits Due to Claimant	Annuity Amount Paid to Woodyard	Date Paid	Forged Certificate?
Claimant No. 1	WTO	CHF 45,468.00	\$616,429.00	02/16/2006	
Claimant No. 2	UNOPS	\$27,284.89	\$537,216.23	01/07/2011	
Claimant No. 3	IFAD	€15,928.32	\$390,926.37	04/27/2011	
Claimant No. 4	ILO	\$32,584.68	\$681,289.40	12/08/2011	X
Claimant No. 5	ILO	\$9,956.51	\$223,182.83	12/08/2011	X
Claimant No. 6	ILO	\$2,627.00	\$43,837.65	02/03/2011	X
Claimant No. 7	ILO	\$15,668.24	\$235,919.00	09/26/2002	X
Claimant No. 8	IFAD	\$15,889.20	\$290,254.86	03/30/2010	
Claimant No. 9	IFAD	\$34,857.12	\$665,510.14	03/29/2013	
Claimant No. 10	IFAD	\$13,615.68	\$303,481.73	03/29/2013	
Claimant No. 11	IFAD	\$30,757.32	\$621,377.84	03/29/2013	

Exhibit B

EXHIBIT B

"Over-Quoted" Annuities

Claim No.	Annuity Amount Paid to Woodyard	Date Funds Paid To Woodyard	Annuity Amount Paid to MetLife	Date Annuity Purchased From MetLife	Amount of Overpayment
Claimant No. 12	\$790,000.00	10/29/1997	\$760,000.00	12/15/1997	\$30,000.00
Claimant No. 13	\$82,208.00	05/09/2005	\$81,030.63	08/17/2006	\$1,177.37
Claimant No. 14	\$704,633.00	05/14/1998	\$645,856.00	09/28/1998	\$58,777.00
Claimant No. 15	\$896,456.00	01/23/1998	\$896,000.00	02/06/1998	\$456.00
Claimant No. 16	\$42,182.00	10/21/1998	\$37,722.00	12/02/2003	\$4,460.00
Claimant No. 17	\$859,706.47	07/19/2005	\$828,029.00	09/08/2005	\$31,677.00