VERIFIED COMPLAINT

COURTESY WEB COPY — PRIVACY REDACTIONS

Van Der Werff & Vaughn v. Colonial Life & Accident Insurance Company et al. Originally filed March 18, 2026 in the Supreme Court of the State of New York, Oneida County; later removed to the U.S. District Court for the Northern District of New York, Case No. 6:26-cv-00746-ECC-MJK.

This copy was prepared for public web access. Personal addresses, telephone numbers, email addresses, signatures, notary credentials, names of nonparties, and private information concerning children, household finances, and family matters have been redacted for privacy and security.

The redactions do not change the allegations concerning the named defendants. This is not the official docket copy. The court docket and filed document control. The complaint contains allegations that are disputed and have not been adjudicated.

PLEASE READ RESPONSIBLY

Do not treat allegations as findings of fact. Do not use this copy to obtain personal information, identify children, or interfere with any party, witness, client, attorney, or court. Consult the official docket for the complete procedural record and all parties' filed positions.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ONEIDA

BERT J. VAN DER WERFF and
TIMOTHY L. VAUGHN JR.,

INDEX No.

Plaintiffs,

SUMMONS

-against-

COLONIAL LIFE & ACCIDENT INSURANCE COMPANY,
THE PAUL REVERE LIFE INSURANCE COMPANY,
COLONIAL VOLUNTARY BENEFITS,
RAUL MOTA, individually and in his official capacity,
ERIKA WASIAK, individually and in her official capacity, and
KATHY PRATT, individually and in her official capacity,

Defendants.

To the Person(s) Named as Defendant(s) Above:

PLEASE TAKE NOTICE THAT YOU ARE HEREBY SUMMONED to answer the complaint of the Plaintiff(s) herein and to serve a copy of your answer on the Plaintiff(s) at the address indicated below within 20 days after the service of this Summons (not counting the day of service itself), or within 30 days after service is complete if the summons is not delivered personally to you within the State of New York.

YOU ARE HEREBY NOTIFIED THAT should you fail to answer, a judgment will be entered against you by default for the relief demanded in the complaint.

Dated: March 18, 2026

Defendant's Address:____

Plaintiff(s) designate Oneida County as the place of trial. The basis of this designation is:

☒ Plaintiff(s) reside in Oneida County.

☐ Defendant(s) reside in ______ County.

☐ Other (describe): ________________________

BERT J. VAN DER WERFF
Plaintiff, Pro Se

CONTACT INFORMATION + SIGNATURE REDACTED

TIMOTHY L. VAUGHN JR.

CONTACT INFORMATION + SIGNATURE REDACTED

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ONEIDA

BERT J. VAN DER WERFF and
TIMOTHY L. VAUGHN JR.,

Plaintiffs,

INDEX No.

VERIFIED COMPLAINT AND JURY DEMAND

-against-

COLONIAL LIFE & ACCIDENT INSURANCE COMPANY,
THE PAUL REVERE LIFE INSURANCE COMPANY,
COLONIAL VOLUNTARY BENEFITS,
RAUL MOTA, individually and in his official capacity,
ERIKA WASIAK, individually and in her official capacity, and
KATHY PRATT, individually and in her official capacity,

Defendants.

TO THE SUPREME COURT OF THE STATE OF NEW YORK

Plaintiffs Bert J. van der Werff ("van der Werff") and Timothy L. Vaughn Jr. ("Vaughn"), by and through this Verified Complaint, allege upon personal knowledge as to themselves and their own acts, and upon information and belief as to all other matters, as follows:

NATURE OF THE ACTION

1. This is an action for defamation per se and defamation, injurious falsehood, tortious interference with business relations, breach of contract, breach of the implied covenant of good faith and fair dealing, declaratory relief, and an accounting arising from Defendants' wrongful and damaging conduct in connection with the January 23, 2026 termination of Plaintiffs' Colonial/Paul Revere relationships.

2. For years, Plaintiffs operated as successful New York insurance producers working through Colonial Life & Accident Insurance Company and The Paul Revere Life Insurance Company (collectively, "Colonial" or the "Company"), building substantial books of business, renewal streams, employer relationships, and reputational goodwill.

3. On January 23, 2026, after an investigation triggered by a complaint associated with a newly installed Human Resources representative at one employer account, Leatherstocking Veterinary Services (herein referred to as "Leatherstocking"), Defendants accused van der Werff of deceptive and improper conduct, accused him

falsely of tying Colonial coverage to non-Colonial programs, accused him of misapplying Section 125 rules, and terminated him purportedly for cause.

4. On that same date, Colonial also terminated Vaughn's Agency Development Manager agreement, even though Vaughn was not accused in his own termination letter of any specific misconduct and was instead terminated on a purported 30-day notice without-cause basis.

5. At all relevant times, van der Werff operated in the marketplace as an independent broker offering multiple lines of insurance and non-insurance products, and Defendants were aware that his business activities were not limited solely to Colonial products.

6. The accusations made against van der Werff were false, materially misleading, contradicted by Colonial's own records, contradicted by Colonial's own signed employer-facing forms, contradicted by Colonial's own training, contradicted by Colonial's own Territory Sales Manager's sworn testimony just weeks before the terminations, contradicted by Colonial's later recorded admissions, and contradicted by written employer communications.

7. Defendants nevertheless published and relied upon those accusations, abruptly cut off Plaintiffs' primary source of income, impaired their renewal and commission streams, imposed and/or accelerated offsets and chargebacks, and inflicted severe business, financial, reputational, and personal harm.

8. Enrollment documents and Colonial's own records showed, among other things, that multiple employees in the Leatherstocking enrollment elected Colonial products independently, disproving Colonial's central accusation that Colonial products were conditioned on the purchase of Plaintiffs' separate programs.

9. Colonial's own compliance communications also confirmed that its internal cancellation practices differed from the election-lock language contained in signed employer-facing forms Plaintiffs had been trained to use and follow, including the form signed by representatives of the Leatherstocking account multiple times over the years.

10. This action also arises from Defendants' wrongful interference with Plaintiffs' long-term commission and renewal income streams, including the historical loss of income caused by Colonial's cancellation and chargeback practices over many years, and the destruction of substantial future renewal value that Plaintiffs had built through more than a decade of production.

11. Plaintiffs further allege that Colonial's false accusations, abrupt termination, continued [redacted]

[redacted]

12. In simple terms, Defendants accused van der Werff of deceptive sales conduct even though they possessed enrollment documentation from the complaining account's most recent enrollment cycle showing that employees had in fact enrolled in Colonial products independently without having enrolled into any other product as a "*prerequisite*", later admitted in a recorded call that those documents had been reviewed, and acknowledged that the accusation reflected the employer's "feeling" rather than objective enrollment data. Despite this knowledge, Defendants never withdrew or corrected the accusation and instead continued to rely upon it to justify termination and post-termination compensation actions.

13. Plaintiffs bring this action to recover compensatory damages, special damages, reputational damages, punitive damages where permitted, equitable relief, and all other appropriate relief.

THE PARTIES

14. Plaintiff Bert J. van der Werff is an individual residing in Oneida County, New York.

15. Plaintiff Timothy L. Vaughn Jr. is an individual residing in Oneida County, New York.

16. Defendant Colonial Life & Accident Insurance Company is, upon information and belief, a corporation authorized to do business in New York, with administrative offices at 1200 Colonial Life Boulevard, Columbia, South Carolina 29210.

17. Defendant The Paul Revere Life Insurance Company is, upon information and belief, a corporation affiliated with Colonial Life and used as the underwriting carrier for Colonial products in New York, with administrative offices identified in the record at 1 Fountain Square, Chattanooga, Tennessee 37402 and/or Colonial administrative offices in Columbia, South Carolina.

18. Defendant Colonial Voluntary Benefits is a marketing and/or trade name through which Colonial and/or Paul Revere products are marketed and sold.

19. Defendant Raul Mota was, at all relevant times, an executive-level Colonial employee involved in sales contract compliance, post-termination compensation decisions, communications with Plaintiffs, and the termination decision affecting van der Werff.

20. Defendant Erika Wasiak was, at all relevant times, a Colonial compliance employee involved in the investigation, scheduling, communications, document requests, and post-termination handling of matters involving Plaintiffs.

21. Defendant Kathy Pratt was, at all relevant times, a Colonial compliance employee involved in the investigation, communications with van der Werff, prior approvals of marketing materials, and the accusations later used against van der Werff.

22. At all relevant times, each individual Defendant acted within the course and scope of his or her employment, agency, and/or apparent authority on behalf of the Colonial corporate Defendants, and also committed tortious acts for which he or she is individually liable.

JURISDICTION AND VENUE

23. This Court has subject matter jurisdiction over this action because the amount in controversy exceeds the jurisdictional limits of all lower courts.

24. This Court has personal jurisdiction over the corporate Defendants because they transacted business in New York, maintained producer relationships in New York, used New York offices and personnel, and committed tortious acts causing injury in New York.

25. This Court has personal jurisdiction over the individual Defendants because, among other things, they directed communications, decisions, and conduct into New York, intentionally caused injury in New York, and participated in the conduct complained of herein.

26. Venue is proper in Oneida County pursuant to CPLR 503 because Plaintiffs reside in this county and substantial portions of the injury and harm occurred here.

FACTUAL BACKGROUND

A. Plaintiffs' Longstanding Relationship With Colonial

27. Van der Werff began working with Colonial in or about 2014 as a District General Agent.

28. Vaughn worked through Colonial beginning in or about 2017 as an Agency Development Manager and partnered with van der Werff in building business.

29. Over the years, Plaintiffs developed substantial employer relationships through their own efforts, insurance production, renewal value, and business infrastructure through Colonial and Paul Revere products.

30. Colonial was the dominant source of Plaintiffs' income by far.

31. The income histories produced in this matter show substantial earnings from Colonial/Paul Revere-related work.

32. Van der Werff's annual Colonial/Paul Revere income totals from 2016 through 2025 were:

2016 – $63,644.50;

2017 – $49,429.97;

2018 – $64,835.96;

2019 – $122,317.72;

2020 – $52,824.06;

2021 – $57,741.82;

2022 – $112,516.81;

2023 – $141,006.39;

2024 – $137,580.52; and

2025 – $103,457.89.

33. Vaughn's annual Colonial/Paul Revere income totals from 2017 through 2025 were:

2017 – $18,911.81;

2018 – $23,944.37;

2019 – $51,798.09;

2020 – $38,027.85;

2021 – $33,982.21;

2022 – $45,784.00;

2023 – $94,412.00;

2024 – $79,466.00; and

2025 – $51,169.27.

34. It should be noted that the years 2020 and 2021 were greatly affected by the COVID-19 pandemic.

35. These income levels were the product of years of work from the ground up, client development, renewal qualification, and relationship building.

36. Colonial knew Plaintiffs depended on these relationships and income streams.

37. In addition to the annual income figures set forth above, Plaintiffs' relationships with Colonial had substantial continuing value in the form of future renewal commissions, lifetime vesting, district value, and the ability to continue developing long-term recurring revenue through Colonial and Paul Revere products.

38. By January 2026, van der Werff had spent approximately twelve years building those renewal streams while Vaughn had spent approximately nine years doing the same, and

the value of those streams extended well beyond then-current annual income because renewal income in this industry is earned over time from business previously written and maintained. Vaughn would have been 100% vested, as van der Werff was, after completing the year 2027.

39. Plaintiffs' damages therefore are not limited to the immediate loss of current commissions at the time of termination, but also include the destruction and impairment of future renewal income, future district value, and future expected earnings that had been built over many years and would have continued to be built.

40. Defendants knew Plaintiffs were well on their way to their stated goal of producing $1 million in new business annually. For 2023, Plaintiffs' district produced approximately $830,000+ in new business, and in 2024 the district produced approximately $850,000+ in new business.

41. Plaintiffs' district produced less for 2025 because Plaintiffs had accomplished a major financial goal and took some time off to relax and enjoy that accomplishment.

42. Colonial knew that terminating Plaintiffs and impairing their compensation rights would not merely affect one pay period, but would materially destroy long-term recurring income that Plaintiffs had spent years building.

43. At all relevant times, van der Werff operated not merely as a Colonial producer, but also as an independent broker who offered clients multiple lines of products and services, including both insurance and non-insurance offerings, depending on client needs.

44. Colonial knew for years that van der Werff and his business activities extended beyond Colonial-only products and that he worked with clients in a broader broker capacity.

45. The mere fact that van der Werff offered separate insurance and non-insurance products or services outside Colonial was neither hidden from Colonial nor inherently improper, and Colonial continued to contract with him and accept business from him for years with that knowledge.

46. This broader broker role is important context because the accusations later made by Defendants improperly conflated van der Werff's independent business activities with Colonial enrollment activity, even where the documentary record showed those offerings were separate and not required for Colonial participation.

47. There is no line of product that is dependent upon, contingent upon, or a "*prerequisite*" of another.

B. Colonial's Training, Guidance, and Compliance Practices

57. Colonial trained van der Werff and his team in enrollment procedures, waivers, and Section 125-related practices through its then-Territory Trainer for Upstate New York Christopher Merkle.

58. Christopher Merkle trained van der Werff and his team in person at Colonial's office located at 231 Salina Meadows Parkway, Syracuse, New York 13212 on multiple occasions.

59. During Colonial's training through Christopher Merkle, van der Werff and his team were taught that annual enrollment practices included sitting with each and every eligible employee individually, explaining benefits, updating records, and obtaining signed waivers from employees who declined coverage.

60. Plaintiffs were also trained that these annual employee sessions served liability and compliance purposes, in addition to ordinary enrollment and business-development purposes.

61. Colonial further trained Plaintiffs through Merkle concerning Section 125-related election rules and the importance of honoring plan-year election restrictions.

62. Specifically, Christopher Merkle trained Plaintiffs that if an employer allowed cancellations outside of a qualifying event, the employer could face IRS trouble, including potential penalties or fines, particularly in the event of an audit.

63. Plaintiffs relied on Colonial's training and Colonial's employer-facing forms in administering benefit programs.

64. Plaintiffs were not inventing these practices on their own; they were applying what Colonial had trained them to do.

B-1. Colonial's Flex Plan Documentation Contradicts Its Own Termination Rationale

65. Colonial's Flex Plan Supplemental Form—required and signed by Leatherstocking—states "*Once employee elections are made, they may not be changed during the plan year except under circumstances outlined in the document*."

66. This form makes no distinction between pre-tax and post-tax Colonial products, matches the training Plaintiffs' received, and was the rule followed in good-faith compliance.

67. Colonial cannot simultaneously rely on this document for employer instruction while terminating agents for following the same document.

B-2. Contradictory Compliance Interpretation

68. Compliance Consultant Kathy Pratt later wrote:

"Post-tax products may be cancelled at any time... Our Company does not have authority to deny a cancellation request."

and

"For pre-tax products, it is our Company's standard procedure to obtain approval from the plan administrator before processing a cancellation during a plan year if the request does not meet a family status change."

69. These statements conflict with Colonial's signed employer-facing Flex Plan Supplemental Form and the training Plaintiffs' were given.

B-3. Good-Faith Acceptance of Colonial's Interpretation

70. van der Werff's email response to Kathy Pratt stated "*We will abide by your interpretation and policy as outlined... Your explanation is extremely helpful.*"

71. Plaintiffs accepted and complied immediately and without objection. They were terminated hours later—demonstrating bad-faith timing and retaliatory conduct.

C. Colonial's Shift to 13-Month Persistency and Plaintiffs' Resulting Compliance Practices

72. During Plaintiffs' relationship with Colonial, Colonial changed its performance and compensation focus from BQI metrics to a 13-month persistency standard. In short, Colonial shifted from measuring business that stayed "on the books" for the first four months to measuring business that stayed "on the books" for the first thirteen months. Compensation and bonus calculations were based on these metrics.

73. As a result of that shift, Plaintiffs became more attentive to policy persistency, election integrity, and the proper enforcement of enrollment and cancellation rules reflected in Colonial's own employer-facing forms and training.

74. In particular, Plaintiffs paid closer attention to the language in Colonial's Flex Plan Supplemental Form and related enrollment materials stating, in substance, that once employee elections were made, they could not be changed during the plan year except under a qualifying event.

75. Plaintiffs' increased adherence to Colonial's rules and training was not undertaken to mislead anyone or to create improper restrictions, but rather as a good-faith effort to comply with Colonial's own documentation and signed employer contracts, training, and business expectations following Colonial's shift to a 13-month persistency-driven standard.

76. Defendants later used that same good-faith adherence to Colonial's own forms and training as part of the basis to accuse Plaintiffs of misconduct, even though Plaintiffs' conduct had been shaped in substantial part by Colonial's own change in performance expectations.

D. Twelve Years of Systemic Cancellation Misapplication

77. From 2014 to 2026, Colonial reversed policies and imposed chargebacks on Plaintiffs based on its internal cancellation policies—despite its own Flex documents and training stating that no cancellations were allowed during the plan year unless a qualifying event occurred.

78. As a result:

A) Policies that should have remained in-force were cancelled
B) Chargebacks were imposed wrongfully
C) Plaintiffs' income and renewals were reduced every year
D) Plaintiffs' lost substantial district and managerial overrides
E) Plaintiffs' lost future renewal value
F) Plaintiffs lost persistency credit and missed bonuses as a result
G) Plaintiffs experienced reduced long-term book value
H) Colonial unjustly enriched itself by reclaiming commissions to which Plaintiffs were contractually entitled

79. Plaintiffs' February 23, 2026 demand letter alleged that Colonial's cancellation and chargeback practices had improperly reduced Plaintiffs' income over many years and had unjustly enriched Colonial at Plaintiffs' expense, and Plaintiffs repeat and reallege those allegations herein.

80. Further and aside from Colonial's own signed employer-facing Flex Plan Supplemental Form barring changes once elections are made, under widely recognized IRS guidance governing Section 125 cafeteria plans, mid-year election changes are generally permitted only when an employee experiences a qualifying event recognized by applicable IRS regulations, such as a birth, death, marriage, or loss of employment.

81. Employers administering such plans may adopt policies that are more restrictive than those regulations and decline to permit certain otherwise allowable events, but they may not expand the categories of mid-year election changes beyond those recognized by IRS rules.

82. The core issue with regard to the Section 125 complaint was that Leatherstocking's newly installed HR representative challenged these rules and stated that employees should be able to cancel policies throughout the year "for any reason" and even cited her own personal experience at a previous employer who allegedly allowed her to cancel her own coverage mid-year simply because she didn't want it anymore.

E. Colonial's Knowledge of Van der Werff's Business Practices and Prior Approvals

83. Colonial had years of prior knowledge of van der Werff's work style, recruiting practices, and efforts to remain compliant.

84. In October 2017, van der Werff sent recruiting ads to Joel Pack and later to Kathy Pratt for review, inviting any requested changes. Joel Pack responded that the advertisement "*seems fine*," and van der Werff then sent the same ads to Kathy Pratt for her review.

85. In June 2018, van der Werff sent Kathy Pratt mock-up marketing materials for review. Kathy Pratt responded that the first two attachments, specific to his business with no reference to Colonial, were acceptable, and only objected to the third document because Colonial was displayed. Van der Werff did not implement the third attachment based on Kathy Pratt's feedback.

86. In October 2019, van der Werff proactively emailed Kathy Pratt asking for compliance-training resources for his growing team, expressly stating that he wanted to ensure everyone remained compliant at all times. Kathy Pratt responded by attaching the Paul Revere policies and guidelines and suggesting he share them with recruits.

87. Colonial, through Pratt, had previously approved the exact, non-Colonial-referencing materials that Pratt later treated as suspicious or improper.

88. This prior approval history is especially significant because, during the January 21, 2026 call, Kathy Pratt raised the same benefits flyer as purportedly misleading conduct because it did not name Colonial-- even though it was not identified in the termination letter as a stated basis for termination.

89. Pratt's criticism was directly contrary to her own prior written approval of that same material.

90. Pratt approved the flyer in June of 2018 in writing stating the flyer was ok because Colonial's name did not appear on it. Then on the January 21 call she treated the same material as suspicious, improper, and directly accusing van der Werff of misleading clients because it did not name Colonial.

91. Colonial's reliance on conduct it had previously approved is further evidence that the termination rationale was pretextual and that Defendants selectively reframed ordinary and previously accepted conduct as "misconduct" in order to justify termination.

92. This contradiction supports Plaintiffs' allegation that Defendants later recast previously accepted conduct in a false and misleading light in order to justify termination.

93. Colonial also knew that van der Werff routinely sought guidance rather than concealment.

94. In February 2016, van der Werff emailed Joel Pack expressing distress over complaints and assumptions by Kathy Pratt and concern that false allegations and Pratt's mischaracterization of events might eventually cost him his job. Joel Pack responded, among other things, that no one wanted him to lose his job.

95. In March 2019, after a recruit complained she was not told a role was a 1099 position, van der Werff notified Joel Pack, expressed concern about how Kathy Pratt might interpret false complaints, and Joel Pack replied: "*I've seen your presentation. I know you explain the 1099. Don't sweat it.*"

96. These communications show longstanding Colonial awareness that van der Werff was sensitive to false accusations tied to mischaracterizations by Kathy Pratt, conscious of compliance, and repeatedly sought to act in accordance with Company expectations.

F. Colonial's Failure to Provide a Legible Executed Contract Copy for Years

97. Beginning no later than October 19, 2017, van der Werff requested a copy of any signed contract from Colonial.

98. In 2018, Colonial stated that the only copy it had was not very legible and sent a blank copy "*for your reference*."

99. In November and December 2022, van der Werff again requested a legible signed copy. Colonial first sent a blank version, then sent what it claimed was the signed copy, but van der Werff responded that the contract did not appear to be signed at all. Colonial then stated that due to its systems imaging in 2014, the signature did not come through and that the copy sent was the copy it had on file.

100. After the January 2026 termination van der Werff formally requested executed contract documentation once again. Colonial sent image-based copies it represented as his 2014 DGA agreement, still with no visible signature, and separate financing agreements.

101. Colonial's years-long inability or refusal to provide a legible executed contract copy is relevant to the disputes concerning contract terms, offsets, restrictions, and arbitration.

102. Colonial's inability for years to provide a clear, fully executed copy of van der Werff's DGA agreement is also significant because Colonial has simultaneously attempted to rely on selected contract provisions concerning offsets, forfeiture, restrictive provisions, and arbitration, while failing for years to provide a legible and complete executed copy when requested.

103. This course of conduct prejudiced Plaintiffs' ability to understand, verify, and evaluate the specific contract provisions Colonial later invoked after termination.

G. Written Employer Communications Disprove Colonial's "Group Feeling" Narrative

104. Colonial's assertion that Leatherstocking "*felt*" employees could not obtain Colonial coverage without enrolling in [redacted] products is also directly disproven by the

documented email correspondence between van der Werff and the newly installed Leatherstocking HR Generalist Autumn Pedersen.

105. On September 8, 2025, Ms. Pedersen contacted van der Werff to request that he present the Colonial Life benefits for the upcoming open enrollment period—demonstrating that the enrollment process was initiated by the employer, not solicited or conditioned by Plaintiffs.

106. In his same-day response, van der Werff described the standard Colonial enrollment procedure—group presentation followed by individual sessions—and transparently notified Ms. Pedersen that a new, optional [redacted] product would also be available that year, explaining only that it carried its own separate invoice and that a brief five-minute meeting would be needed after enrollment to set up its billing.

107. van der Werff did not condition Colonial enrollment on [redacted] enrollment, nor did he tie the two products in any way.

108. Rather, the email clearly differentiated the [redacted] product as an optional, standalone program unrelated to Colonial eligibility.

109. Ms. Pedersen's September 10, 2025 reply confirms this understanding. She provided a proposed open-enrollment schedule for all Leatherstocking locations and raised no questions, concerns, or confusion regarding the [redacted] offering or its optional nature.

110. Her response demonstrates that the employer fully understood that [redacted] and Colonial were entirely separate and that [redacted] had no bearing on an employee's ability to obtain Colonial coverage.

111. This written exchange entirely undermines Colonial's narrative that Leatherstocking "*felt*" Colonial products could not be obtained without [redacted] enrollment. The employer's own HR representative, who coordinated enrollment logistics, clearly understood the separation of the programs and scheduled open enrollment accordingly.

112. Colonial's reliance on an unspecified "group feeling" is not only contradicted by signed employee election forms—it is disproven by contemporaneous written communication from the employer themselves.

113. Additionally, the complete written communication record that exists between van der Werff and Leatherstocking representatives, including Autumn Pedersen, from August 2025 to December 2025 contradicts any narrative that van der Werff was operating opaquely or coercively.

114. On December 1, 2025, van der Werff sent Autumn the insurance-products flyer.

115. On December 1, 2025, van der Werff separately sent Autumn the new [redacted] program flyer.

116. The insurance products flyer explicitly states in bold letters "No Participation Requirements".

H. Section 125 Dispute and Colonial/Employer-Facing Election-Lock Language

117. On November 20, 2025, after an unsettling exchange with Autumn concerning whether employees could cancel benefits outside the annual enrollment or a qualifying event, van der Werff emailed Leatherstocking CEO Bill Johnson describing the interaction.

118. In that email, van der Werff stated that Autumn challenged the proposition that benefits could not be canceled throughout the year absent a qualifying event, and that van der Werff explained this was contrary to Leatherstocking's signed document with Colonial and also applicable IRS tax code.

119. Van der Werff further explained to Bill Johnson that he had emailed Autumn a summary for compliance under Section 125 as well as Leatherstocking's signed contract with the insurance company that outlined the information specifically that "*Once employee elections are made, they may not be changed during the plan year except under circumstances outlined in the document.*"

120. Colonial's own signed employer-facing language was consistent with the election-lock guidance van der Werff had been trained to follow.

121. Thus, when van der Werff explained the restrictions to Leatherstocking, he was relying on Colonial's signed employer-facing documents and Colonial's training through Christopher Merkle, not inventing his own standards.

I. The December 16, 2025 [redacted] Relationship Termination

122. On December 16, 2025, [redacted] Life Solutions formally terminated its relationship with Leatherstocking, citing serious compliance concerns, repeated challenges by the company's newly installed HR Generalist Autumn Pedersen to alter or cancel employee plans contrary to signed employee agreements and plan terms, as well as other conduct.

123. The email stated that employees with [redacted] plans would be contacted individually with an option to continue their plans outside Leatherstocking.

124. Leatherstocking's CEO responded politely, thanked [redacted] for its service, and said employees had been advised to carefully examine those plans.

125. The communications between the employer and van der Werff demonstrate that by mid-December, the dispute between van der [redacted] and Leatherstocking was not about tying Colonial products to [redacted] products but about improper cancellations and serious compliance and other concerns regarding the company's new HR Generalist.

126. Leatherstocking never once brought any concern to van der Werff over more than 5 months of documented communications leading up to the terminations regarding any one product being conditioned on the participation in another---or anything even remotely similar for that matter.

J. Colonial's January 21 Invite and "Do Not Come Prepared" Communication

127. Out of nowhere on January 21, 2026 at 9:36am, Erika Wasiak at Colonial---just two days prior to termination---sent van der Werff a meeting invite for 11:00am that same morning "*regarding the Leatherstocking Vet account*."

128. Critically, the written invite stated: "*You do not have to come prepared with anything to this call.*" Two separate emails that morning state this exact instruction.

129. Van der Werff had parent teacher conferences that day for his children, and attempted to move the meeting a bit earlier—however Erika and Kathy Pratt wanted to preserve the one-hour duration of the meeting and rescheduled for 1:30PM that day.

130. van der Werff had just walked out of his child's school in time for the meeting and sat in his vehicle in a parking lot for the call.

131. The "*do not have to come prepared with anything*" instruction is significant because Colonial later claimed to have based its termination decision on a review of documents and practices that van der Werff had not been told to gather or present at the call.

132. Colonial's termination letter also stated that it had given van der Werff "*an opportunity to respond to the allegations*" in the complaint it received.

133. Further, Colonial did not mention a specific complaint to van der Werff regarding tying products during their January 21 call prior to termination.

K. Erika Wasiak and Kathy Pratt January 21 2026 Ambush Call Prior to Termination

134. What started as a seemingly friendly conversation between van der Werff, Erika Wasiak, and Kathy Pratt quickly evolved into a hostile ambush led by Kathy Pratt.

135. The call began with the participants casually discussing the weather and engaging in polite and friendly conversation.

136. Erika and Kathy then formally began the meeting with instruction to van der Werff that the call should not be recorded.

137. In fact, by the end of the call it was crystal clear to van der Werff at that time that the intention of the call was never to gather information to get to the truth or to ensure compliance, but to blatantly accuse van der Werff of misconduct by any means possible to arrive at some sort of compliance issue, and ultimately end his relationship with Colonial. The call itself is evidence of this.

138. Kathy Pratt hijacked the phone call and turned it into ambush-style questioning of van der Werff's business practices---much of which had nothing to do with Colonial or Colonial products and included analyzing other lines of products Plaintiffs offer, the unrelated DFS matter which she characterized as "misconduct" even though the core issue involved an unintentional and unrelated license lapse during the COVID-19 pandemic amid serious and documented medical issues experienced by van der Werff, etc.

139. Interestingly, Vaughn was never mentioned by anyone at anytime—neither by anyone at Colonial or Leatherstocking in connection with the so-called complaint. Yet Vaughn was swept up in the calamity, terminated, and stripped of his livelihood and thrown into extreme and immediate hardship.

L. Colonial's Possession of Leatherstocking Documents and the Predetermined Nature of the Termination Process

141. Before this call and before terminating van der Werff, Colonial had already obtained Leatherstocking-related documents---including deduction and/or enrollment documents directly from Leatherstocking and reviewed those materials without disclosing the full scope of what it had obtained or reviewed.

142. Colonial had in its possession the very documents that contradicted its later accusations before the January 21, 2026 call and before the January 23, 2026 termination. These documents were referenced and read from by Kathy Pratt and Erika during the January 21 call.

143. Those forms showed that 5 out of the 14 Leatherstocking employees from the November 2025 enrollment cycle elected Colonial products independently without enrolling into any [redacted] or other offerings.

144. Colonial therefore possessed documentary evidence contradicting the central accusation in its termination letter before the termination decision was made.

145. Despite possessing those materials, Colonial instructed van der Werff in writing on January 21, 2026 twice in the form of two separate emails that he did not need to come prepared with anything for the call.

146. Colonial's instruction that van der Werff need not come prepared, combined with its prior possession of relevant documents and its rapid issuance of the termination letter,

supports the inference that the process was not a fair or open-minded investigation but a predetermined ambush designed to support a termination already being pursued.

147. This inference is further supported by Colonial's failure to disclose to van der Werff, before termination, the full nature of the allegations it was treating as grounds for a purported for-cause discharge.

148. Viewed together, Colonial's possession of exculpatory documents, its instruction that van der Werff need not come prepared, its failure to disclose the full scope of the documents obtained and accusations made before termination, and its issuance of the termination letter despite contradictory records support a strong inference that the process was outcome-driven rather than a fair investigation.

M. Van der Werff's January 23 Follow-Up and Kathy Pratt's Written Clarification

149. On January 23, 2026 at 11:13 a.m., van der Werff voluntarily sent Colonial a detailed follow-up with supporting documentation regarding the only actual complaint disclosed during the call, mid-year cancellation concerns, in an attempt to clear up any misunderstandings or mischaracterizations by Pratt about himself or his business practices.

150. In that email, van der Werff laid out his understanding of Section 125, explained that the irrevocability rule applied at the election level when post-tax and pre-tax benefits were bundled through the cafeteria-plan system—as they are with Colonial, cited Colonial's own document language, attached an independent IRS Section 125 overview, and attached the November 20 email documenting his concerns about Leatherstocking's new HR representative.

151. Van der Werff expressly stated that if any portion of his understanding was incorrect, he welcomed correction and would appreciate supporting documentation for his records.

152. That same afternoon, Kathy Pratt responded in writing.

153. Pratt wrote that Paul Revere policies that are post-tax and sold under a group account "*may be cancelled at any time at the request of the policyholder*."

154. Pratt further wrote that for pre-tax products, Colonial's "standard procedure" was to obtain approval from the employer before processing a cancellation during a plan year if the request did not meet a family status change.

155. Pratt then added that Colonial did not have authority to deny a cancellation request.

156. These statements materially differed from the plain election-lock language in the signed employer-facing form and from the training Plaintiffs had been given.

157. Van der Werff responded promptly and professionally: "*Moving forward, with regard to the Colonial products, we will abide by your interpretation and policy as you've outlined. And actually, your explanation is extremely helpful.*"

158. Thus, even assuming Colonial's internal interpretation differed from prior practice and document language, van der Werff accepted it immediately and in good faith.

159. The speed with which Colonial terminated van der Werff after he accepted Kathy Pratt's clarification is significant because it shows Colonial did not terminate him for refusing correction, ignoring guidance, or persisting in any allegedly incorrect interpretation.

160. To the contrary, van der Werff expressly agreed in writing to follow Colonial's clarified interpretation going forward, yet Colonial terminated him only hours later anyway.

161. This timing supports the inference that Colonial's stated rationale was pretextual, that the decision had already effectively been made, and that the January 23 written clarification was not a genuine corrective process but part of a record-building exercise preceding termination.

N. Colonial's Termination of Van der Werff Hours Later

162. Despite van der Werff's cooperation, document production regarding the only complaint known to him about mid-year cancellations, and immediate written acceptance of Kathy Pratt's clarification, Colonial terminated van der Werff later that same day.

163. Colonial's January 23, 2026 termination letter to van der Werff stated that Leatherstocking complained he represented [redacted] Life Solutions' unrelated programs "*to include with Paul Revere products*" and indicated that participation in those programs was a prerequisite for the group's enrollment with Paul Revere.

164. The letter further stated that Colonial believed van der Werff had caused the client to believe it could not enroll in Paul Revere products independently, and characterized that as a misleading sales practice that financially benefited him.

165. The letter also accused van der Werff of giving incorrect information about which products were protected under Section 125 and terminated him for cause under provisions of the DGA agreement.

166. Those accusations were false and/or materially misleading.

167. Colonial had already reviewed deduction forms showing that numerous Leatherstocking employees elected Colonial coverage independently, disproving the claim that Colonial products were conditioned on [redacted] participation.

168. Colonial knew that van der Werff had just accepted Colonial's clarified cancellation interpretation and had asked to be corrected if anything in his prior understanding was wrong. Yet Colonial still published and relied upon the accusations.

169. The termination was abrupt, damaging, and unnecessary.

170. Colonial's termination of van der Werff was especially wrongful because just one month earlier Colonial's own Territory Sales Manager, Joel Pack, had testified under oath in the unrelated DFS matter that van der Werff was honest, ethical, and compliance-minded.

171. Pack testified that he had never known van der Werff to violate compliance in their approximate 12 year working relationship, and that van der Werff was essentially a pillar of compliance.

172. This is further supported by documented communications between van der Werff and Colonial over many, many years.

173. Colonial had no good-faith basis to suddenly portray him as a deceptive and harmful actor without extraordinarily strong objective support.

174. Defendants did not possess such objective support. Instead, they possessed contradictory enrollment records, their own conflicting forms and guidance, and van der Werff's prompt written acceptance of Kathy Pratt's clarification.

O. Colonial's Termination of Vaughn

175. Also on January 23, 2026, Colonial sent Vaughn a termination letter and separate email notice.

176. Unlike van der Werff's letter, Vaughn's termination was expressly framed under provisions of the ADM agreement as a 30-day written notice termination without cause.

177. Vaughn nevertheless lost his Colonial relationship, income stream, and associated business opportunities as a direct result of Colonial's actions.

178. Colonial's simultaneous termination of Vaughn, without individualized factual allegations of wrongdoing in the letter itself, further shows the arbitrary and sweeping nature of Defendants' conduct.

179. Separately, the termination letter stated that Colonial had the authority to terminate the relationship for any reason with 30-day notice, but in the same letter and in practice immediately removed Vaughn's access to Colonial systems except the compensation portal. There was no practical 30-day notice. The termination was immediate.

180. Although Vaughn's letter was styled as a 30-day notice termination without cause, Colonial in practice treated the termination as immediate by removing access and effectively ending the business relationship at once, thereby depriving Vaughn of the practical benefit of any supposed notice period.

181. Colonial's disparate handling of van der Werff and Vaughn—asserting purported for-cause misconduct against one while effectively and immediately terminating the other without any individualized factual basis in the letter—further reflects arbitrary, sweeping, and bad-faith conduct.

182. Vaughn's termination was not a minor or administrative consequence. It immediately deprived him of active earning ability, future renewals, future production opportunities, and the benefit of the district growth he had helped build for years with van der Werff.

183. Even though Colonial did not accuse Vaughn in his own termination letter of the same specific misconduct, Colonial nonetheless imposed the same practical economic destruction on him.

P. Van der Werff's Immediate Response and Tim Arnold Email

184. The same evening, van der Werff responded to Colonial stating that the termination letter was incorrect and false, that he had never told clients or led them to believe Colonial enrollment was contingent on anything else, and that Colonial had not told him the actual complaint before asking pointed questions and twisting his statements during the January 21 call.

185. On January 24, 2026, van der Werff emailed Colonial President Tim Arnold and Vice President Ashley Minor, explained the circumstances, explained that Colonial's own signed Flex form said elections could not be changed once elected except under a qualifying event, explained that Kathy Pratt had admitted by email that Colonial would nonetheless cancel policies with the group's permission and for any reason, and described the contradiction that put agents in the middle.

186. Van der Werff also stated that Joel Pack had testified on his behalf just weeks earlier stating that he knew van der Werff to be honest, ethical, and compliance-minded.

187. Joel Pack testified under oath that van der Werff was a pillar of compliance, acted in good faith, and was not known by Pack to violate Colonial compliance standards in the approximate twelve years that he had known van der Werff in his capacity with Colonial.

188. Colonial nevertheless continued to stand by the termination.

189. In that same January 24, 2026 email to Colonial leadership, van der Werff expressly explained the devastating financial and family consequences of the termination

and asked that Colonial allow Plaintiffs to retain the commissions and renewals they had earned.

190. Colonial was therefore on immediate notice, no later than January 24, 2026, that its actions threatened Plaintiffs' livelihood and household stability, yet it did not reverse course.

Q. Post-Termination Compensation, Offsets, and Colonial's February 23 Admissions

191. Colonial President Arnold responded to van der Werff's email directing him to Raul Mota-who later informed that Colonial would allow him to at least keep his renewals, which were initially snatched with the termination letter under the "for cause" termination.

192. However, the week that van der Werff was to receive his first renewal check—which would have allowed van der Werff to afford at least some of his household expenses and daily living—Colonial added more than $16,000 in sudden chargebacks and began withholding and offsetting commissions which brought van der Werff's renewal check to zero.

193. To be clear, a chargeback is added when a policyholder cancels within approximately 4 months of the policy being issued in order for the insurance company to recoup the commissions advanced to the producer.

194. By adding over $16,000 in chargebacks at once—Colonial was essentially implying that a large number of policyholders from almost every account cancelled all at the same time. That—or Colonial added the chargebacks "just in case" and no actual policyholder cancellations had occurred.

195. It is important to note that it is well documented that van der Werff's chargeback balance the week prior to this, after 12 years of writing business, was zero. Van der Werff had no chargeback balance until Colonial added more than $16,000 all at once.

196. Van der Werff contemporaneously disputed the sudden appearance of the grossly substantial chargebacks and requested an explanation, including policy numbers, issue dates, reason codes, dates incurred, and related documentation. Colonial never provided this information.

197. Instead, Erika and Raul scheduled a call with van der Werff on February 3 to discuss the matter the next day, February 4th at 10:00am.

198. However, within 51 minutes of receiving van der Werff's Formal Litigation Hold/Notice of Preservation and Cease and Desist letters van der Werff received an email from Erika Wasiak stating that she had cancelled the meeting at 9:30am on February 4---just 30 minutes before the meeting was scheduled to take place at 10:00am.

199. Van der Werff also emailed Colonial to inquire on the reasoning for the cancelled call, to which Colonial did not provide a response.

200. On February 20th van der Werff received an email from Erika asking to meet virtually with her and Raul—with no stated purpose for the call.

201. On February 23, 2026, van der Werff participated in a recorded call with Raul Mota and Erika Wasiak.

202. During that recorded conference call, Colonial representatives acknowledged Plaintiffs' long relationship with the Company. Specifically, Erika stated *"...regardless of everything that's transpired through the years with Colonial and your relationship with us and our relationship with you, you know, we do appreciate the tenure we've had together."*

203. This acknowledgment of Plaintiffs' long-standing tenure is inconsistent with Colonial's attempt to portray van der Werff as someone who had engaged in serious deceptive misconduct warranting immediate for-cause termination and severe compensation consequences.

204. A reasonable fact-finder could infer from Colonial's own recorded statements that the Company itself did not view van der Werff as the type of dishonest actor described in the termination letter, but instead recognized his long productive relationship with Colonial and was attempting to manage the consequences of a termination decision that had already been made.

205. During that call, Colonial also stated that, "*in good faith*," it was willing to extend lifetime vesting to van der Werff's enroller renewals and reduce the post-termination withholding rate from 100% to 25%.

206. Colonial also discussed potentially reissuing a portion of what had already been withheld from van der Werff for the month of February thus far, which was more than $5,000 as of that call.

207. van der Werff explicitly stated during this call that he wanted to be very clear in stating that while these concessions were greatly appreciated, they would not serve to settle the matter in full given all the harm that had been caused.

208. During the same call, van der Werff asked Raul Mota whether, before signing the January 23 termination letter, he had reviewed the deduction forms from Leatherstocking's November 2025 enrollment.

209. Mota answered yes.

210. Van der Werff then read the termination letter verbatim and confronted Mota with the fact that those deduction forms showed that five of fourteen employees from that

enrollment had enrolled independently into Colonial products without enrolling into [redacted] or any other plans.

211. In response, Colonial did not deny that employees had in fact enrolled in Colonial products independently. Instead, after an awkward pause and silence, Erika Wasiak explained that the termination letter reflected the employer's complaint and that the group "*felt*" it could not have Colonial Life without [redacted] products "*alongside it*," thereby acknowledging that the accusation was based on the employer's subjective perception rather than the objective enrollment data.

212. Despite this knowledge, Defendants did not withdraw or correct the accusation that van der Werff had required employees to purchase non-Colonial products in order to obtain Colonial coverage.

213. Defendants' continued reliance on the accusation in the termination letter after admitting that the underlying enrollment documents showed employees had in fact enrolled in Colonial products independently without enrolling in any [redacted] or other offerings was not a mere misunderstanding, oversight, or good-faith difference of interpretation. By that point, Defendants had actual knowledge that the objective documentary record materially undercut the core factual premise of the accusation they had already published and used to justify termination.

214. Nevertheless, Defendants did not withdraw the accusation, correct the record, reverse the for-cause characterization, restore Plaintiffs' positions, or otherwise take meaningful action to prevent the continuing harm caused by publication of those accusations.

215. Instead, Defendants continued to stand on the termination, continued to reserve forfeiture and recoupment rights, and continued to treat Plaintiffs as though the accusations were valid. This constitutes powerful evidence of reckless disregard for the truth, bad faith, and conscious indifference to the severe professional and financial harm Defendants knew their conduct was causing.

216. Later that same day, Erika memorialized Colonial's compensation adjustments in writing, stating that the Company was extending lifetime enroller vesting, reducing the debt-recoupment withholding rate from 100% to 25%, and approving a one-time $3,800 payment which represented approximately 75% of the more than $5,000 Colonial withheld from van der Werff thus far at the time for February alone—to be recouped at 25% as well. The email stated that this one-time payment would be reflected in van der Werff's March 4 compensation.

217. These concessions were inconsistent with Colonial's assertion that van der Werff had engaged in such serious for-cause misconduct that his rights should be curtailed.

218. Taken together, these events demonstrate that Defendants terminated van der Werff for alleged deceptive conduct even though: (a) Colonial possessed enrollment documentation showing employees had enrolled in Colonial products independently without purchasing any [redacted] or other offerings; (b) Colonial acknowledged during the February 23, 2026 recorded call that those documents had been reviewed prior to termination; and (c) Colonial further admitted that the accusation reflected in the termination letter arose from the employer's "feeling" rather than from objective enrollment data.

219. Despite this knowledge, Defendants never withdrew or corrected the accusation and instead continued to rely upon it to justify termination and post-termination compensation treatment.

R. Colonial's Retaliatory Conduct After Plaintiffs Asserted Their Rights

220. After the January 23, 2026 termination, van der Werff continued communicating with Colonial regarding compensation, offsets, and the destruction of Plaintiffs' income streams.

221. Colonial initially agreed to conduct a call with van der Werff to discuss the sudden appearance of the more than $16,000 in chargebacks which ate up his renewal check and brought it to zero.

222. However, after van der Werff sent Colonial a cease-and-desist communication and a formal litigation hold notice requesting preservation of documents relevant to the termination dispute, Colonial cancelled the previously scheduled compensation call as detailed above.

223. Colonial's cancellation of that call occurred immediately after receiving the litigation hold notice and cease and desist (within the hour) and effectively terminated meaningful discussion regarding Plaintiffs' compensation rights.

224. In addition, Colonial later had approved in writing a one-time payment to van der Werff as part of February 23, 2026 discussions to return about 75% of the more than $5,000 Colonial withheld up to that point in February alone---the $3,800 "*one-time payment*".

225. After Plaintiffs issued a formal demand letter asserting legal claims arising from the termination, Colonial withdrew that approved payment and attempted to characterize the compensation adjustments as conditional or revoked.

226. These post-termination actions were not neutral administrative decisions. A reasonable fact-finder could conclude that Colonial escalated its conduct after Plaintiffs asserted their legal rights by cancelling compensation discussions once preservation and

litigation demands were made, and by withdrawing compensation relief that had already been approved in writing after receiving Plaintiffs' demand letter.

227. The timing of these actions supports the inference that Colonial escalated its conduct, retaliated, and withdrew previously approved compensation relief after Plaintiffs asserted their legal rights and began preparing for litigation.

S. Colonial's February 26 Letter and Reservation of Rights

228. On February 26, 2026, Colonial responded through Raul Mota to Plaintiffs' settlement demand.

229. In that letter, Colonial characterized the February 23 adjustments as a "*generous and reasonable offer*," re-offered the same debt-recoupment and vesting adjustments it had previously approved, but also expressly reserved all rights and remedies available to it, including "full recoupment of all debt, forfeiture of commissions for prohibited conduct, and arbitration."

230. Colonial did not rebut the central documentary points raised by Plaintiffs in their demand for settlement letter, including the Colonial-only enrollment evidence, the contradiction between Company-facing forms and Colonial's later internal interpretation, the testimony of Joel Pack just one month prior, the email communications between van der Werff and Leatherstocking's HR Generalist which prove there was no confusion regarding [redacted] or any other products, or any other evidence referenced in the demand.

231. It is also important to note that Plaintiffs' not only attached the actual signed employee election forms from Leatherstocking's November 2025 enrollment cycle to the demand letter to Colonial showing 5 out of 14 employees enrolled into Colonial products independently, but attached a total sample of at least 18 signed employee election forms across 8 different employer accounts dated between August 2025 and December 2025 showing employees routinely enrolled into Colonial products independently, without enrolling into any other product.

232. Significantly, Colonial's February 26, 2026 response did not deny or rebut any of the factual points raised in Plaintiffs' demand.

233. Plaintiffs responded to Colonial's February 26 letter and continued to document the harm and urgency.

234. Plaintiffs' followed up on multiple occasions with no response from Colonial.

235. Colonial failed to resolve the matter or make any effort to discuss a resolution.

T. Systemic Historical Chargeback and Persistency-Related Damages

236. Plaintiffs further allege that the January 2026 termination did not merely cut off future income going forward, but exposed and compounded a broader historical pattern of financial harm caused by Colonial's cancellation, persistency, and chargeback practices over approximately twelve years.

237. As alleged in Plaintiffs' February 23, 2026 demand letter, Colonial's own forms and training led Plaintiffs to expect that elections would remain in force through the plan year absent proper qualifying events, yet Colonial in fact processed and allowed cancellations and reversals---as explained by Kathy Pratt—for literally any reason.

238. As a result, these internal practices and policies which contradicted signed employer-facing forms/contracts and training generated improper chargebacks against Plaintiffs regularly over their tenure with Colonial and thereby reduced Plaintiffs' income and future renewal streams.

239. These practices caused substantial cumulative loss in the form of chargebacks, reduced renewals, reduced persistency-based compensation, reduced overrides, reduced bonuses, and reduced long-term book value.

240. Plaintiffs seek recovery not only for the sudden 2026 loss of income and Colonial's offsets and withholdings, but also for the broader historical income loss caused by Colonial's inconsistent and improper handling of cancellations, persistency, and related compensation issues that were contradictory to Colonial's signed employer-facing forms and contracts.

241. Plaintiffs further seek damages for the destruction of the future renewal value that would otherwise have continued to flow from years of previously written business that was improperly cancelled.

242. Plaintiffs are informed and believe that Colonial's internal practices allowed the Company to recapture commissions in circumstances where Plaintiffs had reasonably relied upon Colonial's own enrollment documentation, training, and persistency standards.

243. Plaintiffs therefore seek damages not only for the January 2026 termination but also for the cumulative financial impact of these practices throughout the course of their relationship with Colonial.

U. Damages to Plaintiffs

244. As a direct and proximate result of Defendants' conduct, van der Werff lost income, renewal value, client goodwill, district value, and future earning power. Van der Werff unnecessarily experienced a complete and total collapse of his high-producing district and his livelihood at the hands of the Defendants.

245. Vaughn likewise lost income, renewals, and future earning opportunity.

246. Colonial's actions also grossly restricted Plaintiffs' competitive market position. Colonial had provided exclusive advantages in the New York market, including no-minimum-participation and underwriting flexibility which allowed Plaintiffs' access to the small business market (a highly significant percentage of their business) and higher life-insurance placement capability than its only other true competitor in New York State, and those advantages were lost with the terminations.

247. The loss of these capabilities materially reduced Plaintiffs' competitiveness in the voluntary benefits market and caused additional long-term economic damage.

248. As a result, Plaintiffs did not simply lose one carrier relationship; they lost a critical competitive tool that affected their ability to place small employer groups and serve higher-coverage clients.

249. Colonial's less restrictive and flexible underwriting, which is not available with its competitors, also has impaired Plaintiffs' ability to write business for clients with medical issues where Colonial's guaranteed issue underwriting would have allowed it.

250. Commission percentages and bonus structures are significantly less with Colonial's competitors in New York State, materially affecting Plaintiffs' ability to earn income comparable to what they earned with Colonial.

[redacted]

253. These risks were expressly communicated to Colonial in Plaintiffs' correspondence after termination, placing Colonial on notice of the serious and escalating harm caused by its actions. Nevertheless Colonial continued to retaliate and withhold and offset Plaintiffs' income.

[redacted]

[redacted]

259. These hardships were not remote or speculative; they were immediate, concrete, and foreseeable consequences of Colonial's abrupt termination and compensation withholding.

[redacted]

261. The reputational harm was compounded by the fact that Defendants never withdrew, corrected, or meaningfully retracted the accusations after admitting that the underlying enrollment documents contradicted the factual premise of the termination letter.

[redacted]

264. Plaintiffs' professional reputations were seriously harmed by Colonial's accusations of misleading sales practices and non-compliance.

265. The reputational harm to van der Werff was aggravated by the fact that Colonial's accusations came after years of prior Colonial knowledge that he was a broker offering both insurance and non-insurance products, after prior Colonial approval of his own

business materials, and after years of Colonial awareness that he routinely sought compliance guidance rather than concealment.

266. In the New York voluntary benefits market, accusations of deceptive enrollment practices and compliance misconduct are uniquely damaging because employers, carriers, and brokers depend heavily on trust, regulatory credibility, and reputation when deciding whether to do business with a producer.

267. The harm to Vaughn was aggravated by the fact that Colonial terminated him in connection with the same event even though Colonial's own letter to him did not identify any individualized deceptive conduct by him.

268. The defamatory sting of Defendants' statements was especially severe because they accused van der Werff of dishonesty and deceptive sales conduct in the precise occupation in which trust, compliance, and reputation are essential.

269. Defendants' accusations also foreseeably cast a cloud over Vaughn by linking him to the same supposed misconduct event, despite the absence of specific individualized factual allegations in Vaughn's own letter.

270. The accusations are of a type that directly injure a person in his trade, business, and profession.

271. Plaintiffs have also incurred and continue to incur other related costs in attempting to mitigate the damage caused by Defendants.

272. The significance of Defendants' conduct is not merely that they terminated Plaintiffs, but that they did so after possessing objective enrollment records that contradicted the core accusation, after receiving van der Werff's written good-faith explanation and immediate acceptance of Colonial's stated interpretation, and after later admitting in a recorded call that the accusation reflected the employer's "feeling" rather than the enrollment data itself. Even with that knowledge, Defendants chose not to withdraw the accusation, not to correct the record, and not to restore Plaintiffs' positions or compensation rights. Instead, Defendants preserved the benefit of the termination decision and continued to treat Plaintiffs as though the accusations were true.

273. A reasonable fact-finder could conclude from this sequence that Defendants acted not in good-faith compliance enforcement, but with reckless disregard for the truth and with conscious indifference to the devastating professional and financial harm their actions would cause.

FIRST CAUSE OF ACTION
Defamation Per Se and Defamation
(Against All Defendants)

274. Plaintiffs repeat and reallege paragraphs 1 through 273 as if fully set forth herein.

275. Defendants made and published false statements of fact concerning van der Werff, including statements that he represented [redacted] participation as a prerequisite to Colonial enrollment and that he engaged in misleading sales practices and professional misconduct.

276. Those statements were false.

277. Defendants knew they were false, acted with reckless disregard for their truth or falsity, or negligently failed to verify them despite having direct contradictory records in hand.

278. The statements charged van der Werff with misconduct in his trade, business, and profession and therefore constitute defamation per se.

279. Upon information and belief, Defendants published and republished the foregoing accusations to multiple persons and entities, including but not limited to: internal Colonial personnel outside of those strictly necessary to make the termination decision; personnel involved in compliance, contracting, compensation, and appointment reporting; and third parties involved in the administration of Plaintiffs' accounts, including employer representatives and/or entities responsible for producer appointment, licensing, or compensation administration.

280. Upon further information and belief, the accusations were incorporated into, reflected in, or formed the basis of communications, records, or reporting associated with Plaintiffs' termination, compensation treatment, and/or appointment status.

281. Discovery is expected to show the full extent to which these accusations were circulated, repeated, relied upon, or incorporated into internal and external communications.

282. To the extent defamatory implications were also communicated concerning Vaughn through joint termination handling or derivative accusation, such statements likewise damaged Vaughn's professional standing.

283. To the extent Defendants contend that any such statements were subject to a qualified privilege, that privilege is defeated because Defendants acted with malice, including by knowingly relying on accusations that were contradicted by their own records, failing to review or fairly consider exculpatory documentation in their possession, and continuing to publish and rely upon such accusations after learning that the underlying factual premise was materially unsupported.

284. Plaintiffs have been damaged in an amount to be determined at trial.

SECOND CAUSE OF ACTION
Injurious Falsehood / Business Disparagement
(Against All Defendants)

285. Plaintiffs repeat and reallege paragraphs 1 through 284 as if fully set forth herein.

286. Defendants published false and disparaging statements concerning Plaintiffs' business practices and professional integrity.

287. Defendants intended or should have expected such statements to cause pecuniary harm.

288. Defendants' statements interfered with Plaintiffs' relationships with employer groups, insureds, prospects, carriers, and the marketplace generally.

289. Plaintiffs suffered special damages, including lost commissions, lost future opportunities, and impairment of renewal value.

290. As a direct result of Defendants' disparaging statements, Plaintiffs suffered specific pecuniary losses, including but not limited to:
(a) loss of renewal income streams tied to existing employer accounts;
(b) loss of the ability to continue servicing and expanding existing group relationships;
(c) loss of prospective employer-group opportunities that Plaintiffs were actively pursuing; and
(d) impairment of Plaintiffs' ability to place comparable business with alternative carriers due to the loss of Colonial-specific advantages.

291. These losses are capable of calculation and will be proven at trial through compensation records, renewal histories, account records, and testimony concerning lost opportunities and diminished business capacity.

THIRD CAUSE OF ACTION
Tortious Interference With Existing and Prospective Business Relations
(Against All Defendants)

292. Plaintiffs repeat and reallege paragraphs 1 through 291 as if fully set forth herein.

293. Plaintiffs had existing and prospective business relationships with employer accounts, insureds, recruits, referrals, and related production relationships.

294. Defendants knew of those relationships.

295. Defendants intentionally interfered with those relationships by falsely accusing Plaintiffs of deceptive and improper conduct, terminating Plaintiffs, and impairing their ability to continue servicing and developing business.

296. Defendants' conduct was wrongful by independent tort and improper means, including defamation, injurious falsehood, and the knowing publication and reliance upon materially false accusations in order to justify termination and disrupt Plaintiffs' business relationships.

297. As a direct result, Plaintiffs lost business, expected business, and associated income.

FOURTH CAUSE OF ACTION
Breach of Contract
(Against Colonial Life & Accident Insurance Company and The Paul Revere Life Insurance Company)

298. Plaintiffs repeat and reallege paragraphs 1 through 297 as if fully set forth herein.

299. Plaintiffs entered into contractual relationships with Colonial and/or Paul Revere.

300. Plaintiffs performed their obligations or were excused from further performance.

301. Colonial breached those agreements by, among other things, wrongfully invoking for-cause provisions against van der Werff on false grounds, mishandling compensation and offsets, impairing vested and/or earned compensation rights, and failing to properly honor contractual obligations concerning notice, renewals, vesting, and compensation administration.

302. As to Vaughn, Colonial purported to terminate him on a notice basis while effectively depriving him of the practical benefit of any notice period and the benefits of the relationship immediately.

303. Colonial also breached its obligations by misapplying, accelerating, and/or failing to properly account for advances, offsets, chargebacks, renewal treatment, and vesting rights, and by failing to provide a full and intelligible explanation of those calculations despite repeated requests.

304. To the extent Defendants contend that any arbitration provision or restrictive contractual term applies, Plaintiffs allege that Defendants are estopped from relying on such provisions where Defendants failed for years to provide a clear, legible, and fully executed agreement despite repeated requests, and where Defendants' own conduct created uncertainty as to the governing contractual terms.

305. Plaintiffs have suffered damages as a result.

FIFTH CAUSE OF ACTION
Breach of the Implied Covenant of Good Faith and Fair Dealing
(Against Colonial Life & Accident Insurance Company and The Paul Revere Life Insurance Company)

306. Plaintiffs repeat and reallege paragraphs 1 through 305 as if fully set forth herein.

307. Every contract includes an implied covenant of good faith and fair dealing.

308. Colonial violated that covenant by conducting a one-sided and unfair process, instructing van der Werff not to come prepared while already possessing contrary records, failing to disclose the factual basis and scope of the accusations before questioning him, ignoring exculpatory records, reversing or obscuring the effect of its own forms and training, publishing false accusations, and then invoking contractual rights in bad faith.

309. Colonial further violated the implied covenant by terminating van der Werff only hours after he accepted Colonial's clarified interpretation in writing, demonstrating that the process was not a genuine effort to secure compliance going forward.

310. Colonial also acted in bad faith by cancelling compensation discussions after Plaintiffs asserted preservation and legal demands and by withdrawing or attempting to condition compensation-related relief previously approved in writing.

311. Plaintiffs were damaged as a result.

SIXTH CAUSE OF ACTION
Declaratory Judgment
(Against Colonial Life & Accident Insurance Company and The Paul Revere Life Insurance Company)

312. Plaintiffs repeat and reallege paragraphs 1 through 311 as if fully set forth herein.

313. An actual justiciable controversy exists between the parties concerning, among other things:
a. the validity and effect of Colonial's for-cause allegations;
b. Plaintiffs' rights to commissions, renewals, vesting, and offsets;
c. the legitimacy and accounting of alleged debts, advances, chargebacks, and withholding; and
d. whether Colonial may continue to characterize van der Werff's conduct as deceptive or noncompliant in light of the contrary documentary record.

314. Plaintiffs seek a declaration that Colonial's stated basis for van der Werff's for-cause termination was false and unsupported, that Plaintiffs are entitled to an accurate accounting of all commissions, offsets, and recoupments, and that Colonial may not rely on false accusations to impair Plaintiffs' compensation rights.

SEVENTH CAUSE OF ACTION
Accounting
(Against Colonial Life & Accident Insurance Company and The Paul Revere Life Insurance Company)

315. Plaintiffs repeat and reallege paragraphs 1 through 314 as if fully set forth herein.

316. Colonial possesses superior and exclusive knowledge of the compensation records, vesting calculations, advances, offsets, chargebacks, recoupments, and renewal streams affecting Plaintiffs.

317. Plaintiffs have repeatedly requested explanations and supporting documentation regarding these matters.

318. Colonial has not provided a full, transparent, and intelligible accounting sufficient to allow Plaintiffs to verify the legitimacy of the amounts withheld and/or claimed.

319. Without a judicially compelled accounting, Plaintiffs cannot fully determine the extent to which Colonial's historical cancellation handling, chargeback practices, advance treatment, renewal treatment, and post-termination offsets reduced Plaintiffs' compensation over time.

320. Plaintiffs are therefore entitled to an accounting.

PUNITIVE DAMAGES ALLEGATIONS

321. Defendants' conduct was gross, willful, and demonstrated a high degree of moral culpability.

322. Defendants accused a long-tenured producer of deceptive and misleading conduct despite possessing records that materially undercut the core factual premise of that accusation and despite having the ability to verify the truth through their own documentation

323. Defendants did so after instructing him not to come prepared, after he invited correction and accepted Colonial's interpretation immediately, and after later acknowledging that the objective enrollment record did not support the literal accusation that Colonial enrollment depended upon [redacted] participation.

324. Defendants' conduct was further aggravated by their post-termination handling of compensation and by their failure to correct the accusation after its factual premise had been materially undermined.

325. Such conduct demonstrates reckless disregard for Plaintiffs' rights and livelihoods and warrants punitive damages to the extent permitted by law.

DAMAGES

326. Plaintiffs seek all legally recoverable damages, including but not limited to:

a. past lost commissions;
b. future lost commissions;

c. past lost renewals;

d. future lost renewals;

e. destruction and impairment of long-term renewal value;

f. historical income loss caused by Colonial's chargeback, cancellation, and persistency-related practices over approximately twelve years;

g. loss of business goodwill and client relationships;

h. special damages arising from injurious falsehood and tortious interference;

i. reputational damages;

j. emotional distress and related non-economic harm to the extent recoverable;

[redacted]

l. damages for the destruction of a long-established book of business built over more than a decade of production;

m. damages for the loss of future district growth, recruiting potential, and long-term business expansion that would otherwise have occurred but for Defendants' conduct;

n. damages arising from the impairment of Plaintiffs' ability to secure comparable carrier relationships, replace lost production capacity, and restore equivalent renewal income in the New York market;

o. damages arising from the loss of Plaintiffs' standing, credibility, and marketability in the New York insurance and voluntary-benefits marketplace; and

p. costs, disbursements, interest, and such further relief as the Court deems just.

327. Plaintiffs also seek equitable and declaratory relief, including an accounting and declarations concerning compensation, renewals, vesting, chargebacks, offsets, recoupments, the validity of Colonial's asserted for-cause rationale, and the falsity of the accusations published against van der Werff.

WHEREFORE, Plaintiffs respectfully demand judgment against Defendants, jointly and severally where applicable, as follows:

A. **On the First Cause of Action**, for compensatory damages in an amount to be determined at trial;
B. **On the Second Cause of Action**, for special and general damages in an amount to be determined at trial;
C. **On the Third Cause of Action**, for damages for lost business, lost opportunities, and lost income in an amount to be determined at trial;
D. **On the Fourth and Fifth Causes of Action**, for contract damages and related compensation damages in an amount to be determined at trial;
E. **On the Sixth Cause of Action**, for declaratory relief as set forth above;
F. **On the Seventh Cause of Action**, for a full accounting of all commissions, renewals, vesting, advances, offsets, chargebacks, recoupments, and related compensation matters affecting

Plaintiffs;

G. **For a declaration** that Defendants' stated for-cause accusations against van der Werff were false, misleading, unsupported, and improperly relied upon;

H. **For damages** arising from the destruction and impairment of Plaintiffs' future renewal value and long-term earning capacity, in an amount to be determined at trial;

I. **For damages** arising from the loss of Plaintiffs' business reputation, standing, and marketability in the New York insurance and voluntary-benefits marketplace, in an amount to be determined at trial;

J. **For punitive damages** as allowed by law;

K. **For costs**, disbursements, pre-judgment interest, post-judgment interest, and attorneys' fees where permitted; and

L. **For such other** and further relief as this Court deems just and proper.

JURY DEMAND

Plaintiffs hereby demand a trial by jury on all issues so triable.

CONTACT INFORMATION + SIGNATURE REDACTED

CONTACT INFORMATION + SIGNATURE REDACTED

VERIFICATION

STATE OF NEW YORK)
COUNTY OF ONEIDA) ss.:

I, Bert J. van der Werff, being duly sworn, depose and say:

I am one of the Plaintiffs in the within action. I have read the foregoing Verified Complaint and know the contents thereof. The same is true to my own knowledge, except as to the matters therein stated to be alleged on information and belief, and as to those matters I believe them to be true.

SIGNATURE REDACTED

NOTARY SIGNATURE + CREDENTIALS REDACTED

VERIFICATION

STATE OF NEW YORK)
COUNTY OF ONEIDA) ss.:

I, Timothy L. Vaughn, Jr., being duly sworn, depose and say:

I am one of the Plaintiffs in the within action. I have read the foregoing Verified Complaint and know the contents thereof. The same is true to my own knowledge, except as to the matters therein stated to be alleged on information and belief, and as to those matters I believe them to be true.

SIGNATURE REDACTED

NOTARY SIGNATURE + CREDENTIALS
REDACTED