

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI  
SOUTHERN DIVISION**

**GLEND A SHOWS; ESTATE of ALFRED )  
PEPPERMAN, Deceased, DAVID )  
PEPPERMAN, Executor; WALTON JONES )  
and PENNY JONES; ELLEN SUMMERS )  
and STEPHEN F. SUMMERS; STEPHEN )  
P. THOMPSON and PATRICIA B. )  
THOMPSON; WAYNE HARBOUR and )  
LISA HARBOUR; SHERROD WILLETTE )  
and MARY WILLETTE; ROBERT C. )  
GIVENS; TED THOMAS and DONNA )  
THOMAS; ALAN LIPSKI; SANDRA )  
SIMPSON; CHARLES J. LINKEY and )  
JOYCE A. LINKEY; DALE M. HILL SR.; )  
PAUL GLOYER and CONSTANCE )  
GLOYER; RONALD E. NUGENT and )  
BARBARA P. NUGENT; CHET CARTER; )  
JEFFREY PICKICH; and CRAIG FARON )  
TROUB and MARION TROUB; )**

**Plaintiffs**

**-vs-**

**STATE FARM MUTUAL AUTOMOBILE )  
INSURANCE COMPANY, an Illinois )  
corporation; STATE FARM FIRE AND )  
CASUALTY COMPANY, an Illinois )  
corporation; STATE FARM BANK, F.S.B., )  
a federal savings association; E. A. RENFROE )  
& COMPANY, INC., a Georgia corporation; )  
GENE RENFROE and JANA RENFROE, )  
individually, as agents of and d/b/a E. A. )  
RENFROE & COMPANY, INC.; JOHN )  
AND JANE DOES 1-25, )**

**Defendants**

**CIVIL ACTION NO. 1:07-cv-709-WHB-LRA  
JURY TRIAL DEMANDED**

**PLAINTIFFS' AMENDED RICO CASE STATEMENT**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI  
SOUTHERN DIVISION**

**GLEENDA SHOWS; ESTATE of ALFRED )  
PEPPERMAN, Deceased, DAVID )  
PEPPERMAN, Executor; WALTON JONES )  
and PENNY JONES; ELLEN SUMMERS )  
and STEPHEN F. SUMMERS; STEPHEN )  
P. THOMPSON and PATRICIA B. )  
THOMPSON; WAYNE HARBOUR and )  
LISA HARBOUR; SHERROD WILLETTE )  
and MARY WILLETTE; ROBERT C. )  
GIVENS; TED THOMAS and DONNA )  
THOMAS; ALAN LIPSKI; SANDRA )  
SIMPSON; CHARLES J. LINKEY and )  
JOYCE A. LINKEY; DALE M. HILL SR.; )  
PAUL GLOYER and CONSTANCE )  
GLOYER; RONALD E. NUGENT and )  
BARBARA P. NUGENT; CHET CARTER; )  
JEFFREY PICKICH; and CRAIG FARON )  
TROUB and MARION TROUB; )**

**Plaintiffs**

**-vs-**

**STATE FARM MUTUAL AUTOMOBILE )  
INSURANCE COMPANY, an Illinois )  
corporation; STATE FARM FIRE AND )  
CASUALTY COMPANY, an Illinois )  
corporation; STATE FARM BANK, F.S.B., )  
a federal savings association; E. A. RENFROE )  
& COMPANY, INC., a Georgia corporation; )  
GENE RENFROE and JANA RENFROE, )  
individually, as agents of and d/b/a E. A. )  
RENFROE & COMPANY, INC.; JOHN )  
AND JANE DOES 1-25, )**

**Defendants**

**CIVIL ACTION NO. 1:07-cv-709-WHB-LRA  
JURY TRIAL DEMANDED**

**PLAINTIFFS' AMENDED RICO CASE STATEMENT**

In all cases in this court in which claims are asserted under the Racketeer Influenced and corrupt Organization Act ("RICO"), 18 U.S.C. 1961, a RICO Statement, conforming to the requirements of a standing order dated July 13, 1998, must accompany the filing of the RICO complaint.

This Statement shall include the facts the Plaintiffs are relying upon to initiate this RICO complaint as a result of the "reasonable inquiry" required by Fed. R. Civ. P.11. This Statement shall be in a form which uses both the numbers and letters as set forth below and shall, in detail and with specificity:

**1. State whether the alleged unlawful conduct is in violation of 18 U.S.C. 1962(a), (b), (c) and/or (d).**

The alleged unlawful conduct is in violation of 18 U.S.C. § 1962 (c) and (d). Plaintiffs reserve the right to add and plead additional violations later in this action.

**2. List each Defendant and state the alleged misconduct and basis of liability of each Defendant.**

The Defendants in this litigation are:

- a. State Farm Mutual Automobile Insurance Company;
- b. State Farm Fire and Casualty Company;
- c. State Farm Bank, F.S.B.;<sup>1</sup>
- d. E.A. Renfroe & Company, Inc.;
- e. Gene Renfroe and Jana Renfroe, individually, as agents of and d/b/a E.A. Renfroe & Company, Inc.;
- f. John and Jane Does 1-25;

The alleged misconduct and basis of liability for each Defendant can be summarized as:

General Statement:

Each of the above Defendants collaborated together to create an Enterprise that associated for the common purpose of defrauding Plaintiffs and other State Farm policyholders out of millions of dollars in insurance benefits. The Enterprise and RICO persons are distinct from the series of predicate acts alleged herein and in the Amended Complaint, and the Enterprise is ongoing and functions as a continuing unit. The Enterprise engaged(s) in a pattern of racketeering activity by: (a) gaining entry to Plaintiffs' property by artifice, allegedly to inspect hurricane losses; (b) procuring contrived, biased, and scientifically dishonest inspection reports in order to attribute losses to policy exclusions for water damage; (c) spoliating and/or altering inspection reports originally containing scientific findings of compensable wind damage; (d) conducting sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; (e) while concealing the Enterprise and the pattern of racketeering activity from Plaintiffs, utilizing contrived inspection reports to divest coverage benefits through deception and coercion. (f) from the fall of 2005 through present, obstructing justice by destroying evidence, engaging in perjury, committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

The pattern of racketeering activity involved(s) dozens of predicate acts (constituting mail fraud, wire fraud, and obstruction of justice) that furthered and continues to further the common plan and one or more of the Phases outlined above and in the Amended Complaint, while directly injuring the named Plaintiffs and countless other insured policyholders. Policyholders' claims continue to be adjusted by the Enterprise and the Enterprise continues to use the false "factual" data, reports, and weather information against new claimants, just as they have used and continue to use it against the named Plaintiffs. In other words, the previous reports,

---

<sup>1</sup> State Farm Bank, which funded the Enterprise with lines of credit to Forensic and/or Kochan, is a named defendant for aiding and abetting a civil conspiracy.

"information," and methods are used as precedent in handling new claims or to or to covertly settle claims directly affected by the Enterprise's activities.

The Enterprise's regular way of doing business involves inspecting claims, adjusting claims, and denying those claims or paying as little as possible on such claims. This systematic method of reducing payouts results in increased profits for the Enterprise and its Members. As described above and below, to accomplish the Enterprise's purposes, many policyholders are victimized by fraud and deception. In other cases, the facts are such that no fraud or deception is required because a denial of coverage is actually warranted without using any contrivances, unlike in the Plaintiffs' situations.

The Enterprise has engaged in its conduct for more than two years and will continue to conduct its business operations in the same or a similar manner indefinitely into the future, in order to defraud new Katrina claimants and claimants with damage that has occurred since that time. Renfroe and State Farm have regularly conducted operations in this manner going back at least as far as the case of *Watkins v. SF et al*, Cause no. CJ-2000-303, District Court of Grady County, Oklahoma, in which a class plaintiffs alleged Lecky King (also a target figure in this case) and other State Farm claims personnel procured corrupt inspections and contrived inspection reports from Haag Engineering, utilizing the Renfroe as adjusters, all for the purpose of profiting at the expense of the policyholders.

- a. State Farm Mutual Automobile Insurance Company; and,
- b. State Farm Fire and Casualty Company;

In addition to the above activities, State Farm's misconduct and basis of liability consisted of: (a) hiring Forensic to create contrived inspection reports of the insured Plaintiffs' properties in the wake of Hurricane Katrina, (b) and when Brian Ford and Emanuel "Manny" Manon, trained engineers who utilized their professional judgment and experience to arrive at sound conclusions regarding the cause of damage to Plaintiffs' properties, created reports that conflicted with State Farm, Forensic, and Renfroe's fraudulent scheme to divest Plaintiffs of their insurance benefits, "firing" Forensic Engineering and, after agreeing to re-hire the company, insisting that Forensic replace Brian Ford and Emanuel "Manny" Manon with engineers who would create reports that attributed Hurricane Katrina damage to water, not wind; (c) confidentially advising Forensic and Kochan regarding weather data it wanted included in the inspection reports, particularly as to water, flooding and storm surge; (d) using State Farm employee Mark Wilcox to prod Forensic into using specific wording in insurance inspection reports that would support the water damage exclusions in State Farm's homeowners' policies; (e) using State Farm employee David Haddock to prod Forensic Engineering into abandoning its practice of apportioning wind and water damage in its reports and, instead, listing the "predominant" cause of damage; (f) through all of the above mentioned activities, while working in concert with the other members of the RICO Enterprise, creating fraudulent inspection reports, which State Farm, in collaboration with Renfroe Adjusting, then used in Insurance Commissioner sponsored mediations, the purpose of which was to induce policyholders to accept fractional settlement of their hurricane claims; (g) using contrived inspection reports and false weather data to deceive, coerce, and pressure Plaintiffs and other policyholders to settle for reduced amounts during telephone calls and through written correspondence with policyholders (interstate correspondence that has occurred through present with one or more low-ball offers being sent by State Farm as recently as October 2007); and (h) obstructing justice by destroying documents, concealing and/or spoliating evidence, *inter alia*.

In short, State Farm participated in all four Phases of the Enterprise's conduct outlined in the Amended Complaint, and directly committed predicate acts over a more than 2-year period from September 2005 through present.

In terms of structure, State Farm was positioned at the top of the Enterprise's decision-making hierarchy. State Farm catalyzed the formation of the Enterprise and routinely issues orders, directives and suggestions to Forensic and Renfroe, both of whom provide feedback and information to State Farm and one another, to allow

further collective decision-making aimed at pursuing the ultimate goal of denying valid insurance claims and making money. State Farm informs Forensic and Renfroe about the coverage and exclusion provisions of their policies and makes sure that each knows to drive the inspections and adjustments toward claims denials. Forensic and Renfroe, in turn, tailor their work so as to minimize insurance payments and maximize pressure upon policyholders to settle at reduced amounts.

Though State Farm exercises substantial control of the Enterprise, all of the Enterprise's members are distinct from the Enterprise and all exercise control over various functions of the Enterprise. For instance, Forensic has primary control over inspections and conducted such inspections and Renfroe has primary control over adjustments and conducted such adjustments. State Farm, in turn, pressures, oversees, and guides Forensic and Renfroe to help coordinate the Enterprise's efforts and achieve its common plan. Renfroe and Forensic were/are separate companies that can and could have refused to conduct the Enterprise's racketeering activity.

While State Farm employees such as Lecky King or David Wilcox conduct and coordinate business as well as predicate acts for the Enterprise, such business and acts are performed with the knowledge, approval, and direction of directors and officials within State Farm. As discussed herein and in the Amended Complaint, State Farm's regular way of doing business involves minimizing payouts, even when illegal or improper. With respect to Katrina claims, the Hinkle Protocol is but one example of the corporate culture and directives that expect employees to conduct operations in the manner and spirit in which Ms. King and Mr. Wilcox conducted them. During the Enterprise's operations, which are ongoing, Ms. King and Mr. Wilcox (and the other employees discussed in the Amended Complaint) informed (and inform) their directors and obtained (and obtain) ongoing instructions from such directors. State Farm is a central figure and active perpetrator of the Enterprise's conduct.

c. State Farm Bank, F.S.B.

State Farm helped finance the Enterprise by extending one or more lines of credit to Forensic and/or its owner Bob Kochan through its wholly-owned subsidiary, State Farm Bank. Among other things, the funds State Farm made available through its banking unit were used to purchase the mobile RV office Forensic positioned on the Mississippi Gulf Coast, for the purpose of conducting the Enterprise's activities.

d. E.A. Renfroe & Company, Inc.

Renfroe participated in the day-to-day adjustment of claims and assisted and counseled with Lecky King and State Farm in furtherance of the scheme. Renfroe adjusted a number of the named Plaintiffs' claims according to the purpose of the scheme and to effectuate a coverage denial based on the policy exclusion for water damage, as well as to create a biased record for later coerced settlements or litigation proceedings. In adjusting claims pursuant to Lecky King and State Farm's directives and the mutually agreed upon Enterprise plan, Renfroe ordered contrived engineering inspections and, as the "client" of Forensic and recipient/addressee of the reports, Renfroe knowingly utilized the false reports in divesting the Plaintiffs of coverage benefits through informal settlement negotiations, or as part of the Insurance Commissioner's mediation program. With the knowledge and complicity of Gene and Jana Renfroe, Renfroe adjusters were trained to attribute losses to water damage and use contrived engineering reports to create a basis for denial of wind claims. Renfroe adjusters were trained to conduct staged mediations wherein knowledge of the contrived engineering reports was concealed from Plaintiffs or other policyholders victimized by the inspection scheme.

In addition to the above activities, E.A. Renfroe & Company, Inc.'s misconduct and basis of liability also consisted of: pressuring Plaintiffs and other State Farm policyholders to settle claims for fractional values, concealing sham inspections and the existence of altered, fabricated and contrived inspection reports.

Some of the Plaintiffs, such as Glenda Shows, and other State Farm policyholders, were personally contacted and/or visited by Renfroe adjusters and employees (such as Philip Davis). During these communications and visits, Renfroe followed the Enterprise's understood "script" and referenced and showed

contrived information, while concealing contrary information (such as eyewitness accounts or inspection reports containing compensable wind findings).

Renfroe, like State Farm, also participated(s) in all four Phases of the Enterprise's racketeering activity. From the fall of 2005 through part of 2006, as the adjusting firm, Renfroe ordered double reports, received double reports, and coordinated – through many interstate mailings, emails and phone calls – with State Farm and Forensic to ensure that a "record" was being created that was favorable to State Farm and the Enterprise and adverse to the policyholders. From the fall of 2005 until present, Renfroe has never disclosed the existence of double reports, the substance of policyholder-favorable reports, and the spoliation of evidence and the destruction of records that occurred. Renfroe's fraudulent concealment and silent allegiance to the Enterprise has now gone on for more than two years, and will likely continue indefinitely into the future. Against a backdrop of deception and concealment, Renfroe and its agents pressured and coerced Plaintiffs and other policyholders to settle for fractional amounts. As the adjusting firm and central participant in the Enterprise, Renfroe participated in and/or had knowledge of State Farm's and Forensic's destruction of evidence. In particular, Renfroe received and is aware of many double reports, but continues to obstruct justice and conceal their existence, along with the communications surrounding such reports and the larger, ongoing scheme to defraud. Renfroe's own employees have admitted that they participated in fraud against State Farm policyholders.

While Renfroe employees such as Philip Davis, the Rigsbys, and others conduct and coordinate business as well as predicate acts for the Enterprise, such business and acts are performed with the knowledge, approval, and direction of directors and officials with Renfroe. As discussed herein and in the Amended Complaint, Renfroe's regular way of doing business involves assisting State Farm and any affiliated enterprises to minimize payouts, even when illegal or improper. During the Enterprise's operations, which are ongoing, Mr. Davis, the Rigsbys, and the other employees discussed in the Amended Complaint informed (and inform) their directors and obtained (and obtain) ongoing instructions from such directors. Renfroe is a central figure and active perpetrator of the Enterprise's conduct.

e. Gene Renfroe and Jana Renfroe, individually, as agents of and d/b/a E.A. Renfroe & Company, Inc.

Gene Renfroe and Jana Renfroe participated in the day-to-day adjustment of claims and assisted and conspired with Lecky King and State Farm, *inter alia*, in furtherance of the scheme. Gene Renfroe and Jana Renfroe adjusted a number of the named Plaintiffs' claims according to the purpose of the scheme and to effectuate a coverage denial based on the policy exclusion for water damage. In adjusting claims pursuant to Lecky King and State Farm's directives, Gene Renfroe and Jana Renfroe ordered engineering inspections pursuant to the inspections scheme and, as the "client" of Forensic and recipient of the reports, Gene Renfroe and Jana Renfroe utilized the reports in divesting the Plaintiffs of coverage benefits through informal settlement negotiations, or as part of the Insurance Commissioner's mediation program. With the knowledge and complicity of Gene and Jana Renfroe, Renfroe adjusters were trained to attribute losses to water damage and use contrived engineering reports to create a basis for denial of wind claims. Gene Renfroe and Jana Renfroe trained Renfroe adjusters to conduct staged mediations wherein knowledge of the contrived engineering reports was concealed from Plaintiffs or other policyholders subjected to the inspection scheme.

In addition to the above activities, Gene Renfroe and Jana Renfroe's (individually and as agents of and d/b/a E.A. Renfroe & Company, Inc.) misconduct and basis of liability consisted of: (a) participating in, and aiding and abetting in the procurement of sham engineering inspections and altered, fabricated and contrived inspection reports for the purpose of aiding and abetting Forensic Engineering, Bob Kochan and State Farm in defeating full value payment of Plaintiffs' insured hurricane damage claims; (b) during formal mediations sponsored by the Mississippi Insurance Commissioner, and while actively attempting to settle Plaintiffs' insured hurricane damage claims for a fractional value, concealing sham inspections and the existence of altered, fabricated and contrived inspection reports.

f. John and Jane Does 1-25

The misconduct engaged in and bases of liability for Defendants John and Jane Does 1-25 is at present unknown. However, if Plaintiffs uncover said misconduct and bases of liability and, based upon this information, choose to include said John and Jane Does as Defendants, this information will be added.

**3. List the alleged wrongdoers, other than the Defendant(s) listed above, and state the alleged misconduct of each wrongdoer.**

The wrongdoers, other than the Defendants listed above, include:

g. Forensic Analysis & Engineering Corporation:

In addition to the activities outlined above and in the Amended Complaint, Forensic Engineering's misconduct and basis of liability consists of: (a) its purchase, with loaned funds from State Farm Bank, of a \$150,000 RV for use in conducting property inspections on behalf of State Farm on the Mississippi Gulf Coast after Hurricane Katrina and accepting from State Farm (after Forensic understood that its inspection activities on behalf of State Farm were fraudulent and/or compromised) a \$6,950.00 monthly stipend for utilization of the aforementioned RV as an office, living quarters, and base of operations from which Forensic created for State Farm fraudulent and/or compromised property inspections; (b) accepting from State Farm, (after Forensic Engineering understood that its inspection activities on behalf of State Farm were fraudulent and/or compromised), a "proportionate share" of funds from State Farm for each fraudulent and/or compromised engineering report it produced; (c) transmitting the aforementioned fraudulent and/or compromised inspection reports by U.S. Mail, DHL (or other private express mail carrier), interstate telephone and telefax lines, cellular phones, and internet transmission to State Farm and/or Renfroe adjusting; (d) firing engineers Brian Ford and Emanuel "Manny" Manon after their inspections were rejected by Defendants State Farm and/or Renfroe adjusting because the reports assigned damage to wind, which conflicted with the desires of Defendants State Farm and/or Renfroe adjusting, who sought to deny Plaintiffs' claims by creating fraudulent inspection reports that attributed Hurricane Katrina damage to flood waters, not wind; (e) in its attempt to create fraudulent and/or compromised inspection reports, using faulty weather data to justify its conclusions that water damage was the cause of Plaintiffs' loss, which did not reflect true weather conditions at the time of Hurricane Katrina; (f) spoliating and/or altering inspection reports originally containing scientific findings of compensable wind damage; (g) conducting sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; (h) knowingly providing contrived inspection reports and allowing such reports to be used by the Enterprise, State Farm, and Renfroe to divest coverage benefits through deception and coercion. (i) from the Fall of 2005 through present, obstructing justice by destroying evidence, engaging in perjury (including perjury by Forensic's Nellie Williams), committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

h. Robert K. Kochan, individually, as agent of, and d/b/a Forensic Analysis & Engineering Corporation

In addition to the above activities, Bob Kochan's misconduct and basis of liability consisted of, individually, as an agent of, and d/b/a Forensic Analysis & Engineering Corporation: (a) purchasing, with loaned from State Farm Bank, a \$150,000 RV for use in conducting property inspections on behalf of State Farm on the Mississippi Gulf Coast after Hurricane Katrina and accepting from State Farm (after Bob Kochan understood that his inspection activities on behalf of State Farm were fraudulent and/or compromised), a \$6,950.00 monthly stipend for utilization of the aforementioned RV as an office, living quarters, and base of operations from which Forensic created for State Farm fraudulent and/or compromised property inspections; (b) accepting from State Farm, after Bob Kochan understood that his inspection activities on behalf of State Farm were fraudulent and/or compromised, a "proportionate share" of funds from State Farm for each fraudulent and/or compromised engineering report Forensic produced; (c) transmitting the aforementioned fraudulent and/or compromised inspection reports by U.S. Mail, DHL (or other private express mail carrier), interstate

telephone and telefax lines, cellular phones, and internet transmission to State Farm and/or Renfroe adjusting; (d) firing engineers Brian Ford and Emanuel "Manny" Manon after their inspections were rejected by Defendants State Farm and/or Renfroe adjusting because the reports assigned damage to wind, which conflicted with the desires of Defendants State Farm and/or Renfroe adjusting, who sought to deny Plaintiffs claims by creating fraudulent inspection reports that attributed Hurricane Katrina damage to flood waters, not wind; (e) in his attempt to create fraudulent and/or compromised inspection reports, using faulty weather data to justify its conclusions that water damage was the cause of Plaintiffs' loss, which did not reflect true weather conditions at the time of Hurricane Katrina; (f) along with Jack Kelly and Nellie Williams, concealing and attempting to destroy and/or segregate and hide many emails, documents, and communications from discovery; (g) from the fall of 2005 through present, by obstructing justice by destroying evidence, engaging in perjury (including perjury by Forensic's Nellie Williams), committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

Forensic conspired with State Farm and Renfroe to form an Enterprise and conduct racketeering activity with the common plan of defrauding Plaintiffs and other policyholders in order to profit. Forensic has committed predicate acts during all phases of the Enterprise's racketeering. In particular, Forensic has played a major role in Phases One and Four of the racketeering, by creating the fraudulent reports that have become the foundation of the other Phases and by destroying evidence or perpetuating the concealment of evidence. Forensic has committed many dozens of predicate acts over more than two years, with each act supporting one or more of the above-described Phases.

- c. Acting for State Farm, Lecky King, Lisa Wachter, Mark Wilcox, David Haddock, Dave Randel, Marsha Slaughter, Rayna Lynch and others;
- d. Acting for the Renfroe Company through Gene and Jana Renfroe, their employee claims adjusters, namely Tammy Hardison, Jeff Davis, Denny Sitze, Larry Boyd and Jamey Woody;
- e. Acting for Forensic Analysis & Engineering Corporation and Robert K. Kochan, Adam Sammis, Nellie Williams, Randy Down, Jack Kelly and William Forbes.

The misconduct and basis of liability for those listed as (c), (d), and (e) above can be summarized as:

The wrongdoers listed above, acting on behalf of Defendants, conducted a pattern of racketeering activity by: (a) gaining entry to Plaintiffs' property by artifice, allegedly to inspect hurricane losses; (b) procuring scientifically dishonest inspection reports in order to attribute losses to policy exclusions for water damage; (c) spoliating and/or altering inspection reports originally containing scientific findings of compensable wind damage; (d) conducting sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; and, (e) while concealing the Enterprise and pattern of racketeering activity from Plaintiffs, utilizing contrived inspection reports to divest coverage benefits and/or knowingly providing contrived inspection reports and allowing such reports to be used by the Enterprise, State Farm, and Renfroe to divest coverage benefits through deception and coercion. (f) from the fall of 2005 through present, obstructing justice by destroying evidence, engaging in perjury (including perjury by Forensic's Nellie Williams), committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

The specific misconduct and liability for each of the wrongdoers is summarized above in the Response to number 2, herein incorporated by reference. In addition, the specific predicate acts committed by the Enterprise and each of the wrongdoers are found in the Response to number 5, herein incorporated by reference, and otherwise discussed generally herein.

**f. List the alleged victims and state how each victim was allegedly injured.**

The victims and the cause of their injuries are as follows:

**Glenda Shows.**

On August 29, 2005, Plaintiff Glenda Shows was a named insured under a State Farm FP-7955 policy, identified as number 24-00-3138-5, covering her residence at 4010 S. Shore Drive, Pascagoula, Mississippi. Plaintiff's FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$216,700; (Coverage A) Dwelling Extension \$21,670; (Coverage B) Personal Property \$162,525; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiff's FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$43,340.00.

On August 29, 2005, Plaintiff's residence was destroyed by Hurricane Katrina. Plaintiff presented a claim to State Farm under her policy number 24-00-3138-5. According to Forensic's records, on September 29, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on October 7, 2005, Plaintiff's property was inspected by Manon, an engineer then employed by Forensic. The inspection report dated October 19, 2005, concluded: "the primary and predominant cause of loss of the residence most likely was due to tornado wind action before the storm surge took place." Upon information and belief, this initial report prepared by Manon was delivered by U.S. mail to State Farm and Renfroe.

Five (5) days later, on or about October 24, 2005, in furtherance of the Inspection Phase of Defendants' Racketeering Scheme, State Farm sent a denial of coverage letter to Plaintiff by U. S. mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. Following Lecky King's "firing" of Forensic on October 17, 2005, and the King – Kochan meeting thereafter, in furtherance of the Spoliation Phase of the Racketeering Scheme, State Farm and Forensic acting through Kelly covertly conducted a second inspection of Plaintiff's property on November 14, 2005, and drafted a substitute report which altered the finding that tornadic wind caused the loss. In pertinent part, Kelly's altered report stated: "It is the opinion of FAEC that the destruction of the house was predominately [sic] caused by those forces associated with the rising storm surge." Forensic's second inspection report, altering the conclusion that tornadic wind caused Plaintiff's loss, was signed by Kelly and Forbes, Forensic employees. In furtherance of the Defendants' Racketeering Scheme, Kelly's report was addressed and transmitted by U.S. Mail on January 4, 2006, to Ron Howell, an employee of Renfroe Company and an adjuster hired by King and State Farm.

On or about June 15, 2006, Plaintiff attended a mediation in Hattiesburg, Mississippi, sponsored by Insurance Commissioner George Dale. Prior to Ms. Shows' mediation, Phillip Davis, a Renfroe employee, in furtherance of the Deceptive/Coercive Offers Phase of Defendants' Racketeering Scheme, contacted her by telephone and requested that he be allowed to view her property. Ms. Shows agreed. Mr. Davis visited Ms. Shows at her destroyed home site upon information or belief on or about May 24, 2006. At this time, Mr. Davis informed Ms. Shows that he was her new adjuster and that he would be at her mediation. Mr. Davis arrived at her destroyed home site with an engineering report dated January 2006. Ms. Shows, noticing the date, remarked to Mr. Davis that her claim was denied in October of 2005 and thus the report he possessed could not have been used as the basis for the denial. Mr. Davis did not offer a response. Mr. Davis did, however, press Ms. Shows as to the dollar amount she was seeking for her damages, and he requested that she allow him to see the privately-commissioned engineering report she had obtained for use at the mediation. Never during this encounter, nor in his phone call prior to coming to her home site, did Mr. Davis inform Ms. Shows that two reports, one finding wind damage and one finding water, were created for her claim. Upon information and belief, Mr. Davis and his supervisors and colleagues were aware that two engineering reports had been created for Ms. Shows property, yet, utilizing the mails and wires and other methods of obstructing justice, they concealed this fact from her.

Upon information and belief, prior to mediation of the Plaintiff's claim, Kelly's inspection report was transmitted by U.S. mail or wire to Ron Howell, an employee of Renfroe Company and to Lecky King at State

Farm. At the mediation, Plaintiff produced a spiral bound volume of self-compiled evidence supporting her wind damage claim. Plaintiff's materials included an aerial photograph depicting the path of a tornado passing over her home. On information and belief, State Farm and Renfroe employees at the mediation, pursuant to the Deceptive/Coercive Offers Phase of Defendants' Racketeering Scheme, followed a pre-arranged script and purposefully ignored Plaintiff's evidence. Specifically, Phillip Davis, a Renfroe employee, was again asked by Ms. Shows at her mediation how the report Renfroe and State Farm used at the mediation, created in January of 2006, could have been utilized to make the determination to deny her claim in October of 2005. Mr. Davis and his colleagues again declined to inform Ms. Shows that two engineering reports had been created for her property. Instead, based upon a fraudulent report and a fraudulent mediation process, Renfroe and State Farm employees entered into a written agreement with Ms. Shows in which she accepted the totally inadequate amount of \$59,000 for her hurricane damages. None of the documents Ms. Shows was required to sign, or that were delivered to her via U.S. mail prior to or after her mediation that pertained to the agreement, informed her that two engineering reports were created for her property.

Had Ms. Shows known of the Inspection, Spoliation and/or Deceptive-Coercive Offers Phases of Defendants' Racketeering Scheme, she would not have accepted this amount, and any purported release executed by Plaintiff at the mediation was procured by fraud and is void. In furtherance of the RICO Schemes outlined herein, the October 19, 2005, inspection report was never disclosed to Plaintiff. Moreover, pursuant to State Farm and George Dale's "reevaluation" program subsequent to Hurricane Katrina, Ms. Shows was sent a letter by State Farm, upon information and belief in April of 2007, notifying her that she was eligible for reevaluation of her claim because her property was reduced to a slab. But nowhere in this letter sent by State Farm, delivered via the U.S. mail, was Ms. Shows informed that two engineering reports were created for her property; nor was Ms. Shows informed that the engineer who initially determined that the cause of loss to her property was "due to tornado wind action before the storm surge took place" was fired by the Enterprise.

Evidence of the October 19, 2005, inspection report and the details surrounding the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. The documents obtained include a draft report showing Kelly's alterations in progress. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$385,235.00 under Plaintiff's policy.

#### **The Estate of Alfred Pepperman deceased, David Pepperman, Executor.**

Plaintiff's decedent Alfred Pepperman (herein "Plaintiff"), was a citizen of the state of Mississippi, who resided at the time of Hurricane Katrina in Hancock County, Mississippi. On August 29, 2005, Plaintiff was a named insured under a State Farm FP-7955 policy, identified as number 24-00-3463-3, covering his residence at 104 Grosvenor Place, Waveland, Mississippi. Plaintiff's FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$86,600; (Coverage A) Dwelling Extension \$8,660; (Coverage B) Personal Property \$47,630; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiff's FP-7955 policy included endorsement FE-5301.1 (2% Hurricane Deductible).

On August 29, 2005, Plaintiff's residence was destroyed by Hurricane Katrina. Plaintiff presented a claim to State Farm under his policy number 24-00-3463-3. According to Forensic's records, on September 26, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on October 1, 2005, Plaintiff's property was inspected by Manon, an engineer then employed by Forensic. The inspection report dated October 6, 2005, concluded: "the primary and predominant cause of loss of the residence was due to hurricane force winds." According to Forensic's records the October 6, 2005, inspection report was delivered by U.S. Mail on October 14, 2005, to Brian Hart, an employee of Renfroe Company, and an adjuster hired by King and State Farm.

Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, in furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, State Farm and Forensic acting through Kelly covertly conducted a second inspection and drafted a substitute report which altered the

finding that the "primary and predominant cause of loss of the residence was due to hurricane force winds." In pertinent part, Kelly's report stated: ". . . it is the opinion of FAEC that the damage to the house was predominately [sic] caused by the storm surge and waves associated with that surge."

Forensic's second inspection report, altering the conclusion that hurricane force winds caused Plaintiff's loss, was signed by Kelly and Forbes, Forensic employees. In furtherance of the Racketeering Scheme, Kelly's report was addressed and transmitted by U.S. Mail on February 10, 2006, to Brian Hart, an employee of the Renfroe Company and an adjuster hired by King and State Farm. In furtherance of the Racketeering Scheme alleged herein, on or about February 18, 2006, State Farm sent a denial of coverage letter to Plaintiff by U.S. Mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy.

On May 11, 2006, pursuant to the Obstruction of Justice Phase of Defendants' Racketeering Scheme, in response to a notice of representation letter sent by Plaintiff's counsel, State Farm, via U.S. mail, purported to provide to Plaintiffs' counsel a copy of its correspondence to Plaintiff, along with an "engineering report." Yet, nowhere in this response did State Farm inform Plaintiff or Plaintiff's counsel that there were in fact two engineering reports created for Plaintiff's property, one of which concluded the cause of loss was wind. Instead, utilizing the U.S. mail, State Farm fraudulently concealed this fact from Plaintiff and Plaintiff's counsel pursuant to its RICO Scheme objectives. In furtherance of the Racketeering Scheme, the October 6, 2005, inspection report was never disclosed to Plaintiff.

Evidence of the October 6, 2005, inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$142,890.00 under Plaintiff's policy.

#### **Walton Jones and Penny Jones.**

On August 29, 2005, Plaintiffs Walton Jones and Penny Jones were named insureds under a State Farm FP-7955 policy, identified as number 24-EO-7733-6, covering their residence at 302 Hoffman Lane, Waveland, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$107,000; (Coverage A) Dwelling Extension \$57,400; (Coverage B) Personal Property \$80,250; and (Coverage C) Loss of Use, Actual Loss Sustained. On August 29, 2005, Plaintiffs' residence was destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-EO-7733-6. Plaintiff's FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$21,400.00. Plaintiff's FP-7955 policy included endorsement FE-5301.1 (2% Hurricane Deductible).

According to Forensic's records, on September 27, 2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, on October 1, 2005, Plaintiffs' property was inspected by Manon, an engineer then employed by Forensic. The inspection report dated October 7, 2005, concluded: "the primary cause of damage to the property has been due to hurricane force wind coming from the southeast. The damage to the southeast corner of the house indicates that a tree had already fallen on a structure already weakened by the wind from the southeast." According to Forensic's records the October 14, 2006, inspection report was delivered by U.S. Mail to Doug Hobby, an adjuster hired by King and State Farm.

Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, in furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, State Farm and Forensic acting through Kelly covertly conducted a second inspection of Plaintiffs' property and drafted a substitute report which altered the finding that hurricane force wind coming from the southeast caused the loss. In pertinent part, Kelly's report stated:

The rising water caused significant damage to the interior of the house. The damage to the building in the northwest side yard was predominately [sic] due to the storm surge. The damage to the structure in the rear yard was predominately [sic] caused by the storm surge.

Forensic's second inspection report, altering the conclusion that hurricane force wind caused Plaintiffs' loss, was signed by Kelly and Forbes, Forensic employees. In furtherance of the Racketeering Scheme, Kelly's report was addressed and transmitted by U.S. Mail on December 6, 2005, to Doug Hobby, an adjuster hired by King and State Farm. In furtherance of the Racketeering Scheme alleged herein, on or about December 23, 2005, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy.

In furtherance of the Racketeering Scheme alleged herein, the October 7, 2005, inspection report was never disclosed to Plaintiffs and Plaintiffs were never notified that an inspection of their hurricane-damaged property had been conducted by Kelly. Evidence of the October 7, 2005, inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. The documents obtained include draft reports showing Kelly's alterations in progress. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$260,050.00 under Plaintiff's policy.

**Stephen P. Thompson and Patricia B. Thompson.**

On August 29, 2005, Plaintiffs Stephen P. Thompson and Patricia B. Thompson were named insureds under a State Farm FP-7955 policy, identified as number 24-EO-3006-1, covering their residence at 404 Edwards Street, Waveland, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$107,100; (Coverage A) Dwelling Extension \$10,710; (Coverage B) Personal Property \$80,325; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiffs' FP-7955 policy included endorsement FE-5301.1 (2% Hurricane Deductible). Plaintiffs' FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$21,420.00.

On August 29, 2005, Plaintiffs' residence was structurally damaged by Hurricane Katrina, which, among other things, racked and twisted the roof rafters of their house. Plaintiffs presented a claim to State Farm under their policy number 24-EO-3006-1. According to Forensic's records, on September 27, 2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, on October 10, 2005, Plaintiffs' property was inspected by Manon, an engineer then employed by Forensic. The inspection report dated October 17, 2005, concluded:

the initiating and predominant cause of damage to the property was the hurricane force winds. This is supported mainly by the fallen trees leading to roof damage and the damage and misalignment to the roof framing. The majority of the water damage that incurred [sic] within the residence was caused by rainwater coming in to the house through the falling [sic] trees related roof openings. FAEC recommends that a detailed structural examination of the house's structure should be performed in order to reliably assess its remaining integrity.

According to Forensic's records the October 17, 2005, inspection report was addressed and transmitted by U.S. Mail to Doug Hobby, an adjuster hired by King and State Farm. Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, on December 5, 2005, STATE FARM and Forensic acting through Kelly, pursuant to the Spoliation Phase of Defendants' Racketeering Scheme, covertly conducted a second inspection of Plaintiffs' property. Kelly altered and spoliated Manon's October 17, 2005, report by changing the finding that the initiating and predominant cause of damage to the property was the hurricane force winds. A document obtained by subpoena shows Kelly's hand written alterations:

The majority of the water damage that insured [sic] to the upper level residence was caused by rainwater coming in to the house through the falling [sic] trees related roof openings. The

predominant cause of damage to the first floor walls and flooring was from rising water from the storm surge.

In furtherance of the Racketeering Scheme, Forensic's report was addressed and transmitted by U.S. Mail on January 4, 2005, [sic] to Doug Hobby, an adjuster hired by King and State Farm. In furtherance of the Racketeering Scheme, on or about January 22, 2006, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy.

Without ever disclosing the dated October 17, 2005, inspection report which concluded that "the initiating and predominant cause of damage to the property was the hurricane force winds," (or the fact that Kelly had spoliated and altered the report), State Farm, pursuant to the Deceptive/Coercive Offer Phase of Defendants' Racketeering Scheme, tendered to Plaintiffs approximately \$53,026.85 for their hurricane damages. Having no knowledge of the Defendants' Racketeering Scheme, Plaintiffs accepted State Farm's tender.

In furtherance of the Racketeering Scheme, the October 17, 2005, inspection report was never disclosed to Plaintiffs. Kelly's second, covert inspection was conducted without Plaintiffs' knowledge and without Plaintiffs being present. Plaintiffs learned after-the-fact from a neighbor that an engineer (Kelly) had entered their property on December 5, 2005. The purpose and effect of Kelly's spoliation and alteration of Manon's report was to, pursuant to the Racketeering Scheme, create a basis for State Farm to deny payment for structural racking of the Plaintiffs' house, and for approximately \$80,000 in personal property losses.

Evidence of the October 25, 2005, inspection report and the details surrounding the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. Pursuant to the Racketeering Scheme discussed herein, State Farm denied and withheld available coverage benefits of up to \$166,528.15 under Plaintiffs' policy.

#### **Wayne Harbour and Lisa Harbour.**

On August 29, 2005, Plaintiffs Wayne Harbour and Lisa Harbour were named insureds under a State Farm FP-7955 policy, identified as number 24-CE-1546-3, and covering his residence at 836 Clarke Avenue, Pass Christian, Mississippi. On information and belief, Plaintiff's FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$93,600; (Coverage A) Dwelling Extension \$9,360; (Coverage B) Personal Property \$70,200; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiff's FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$18,720.00.

On August 29, 2005, Plaintiffs' residence was destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under his policy number 24-CE-1546-3. According to Forensic's records, on September 27, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on October 12, 2005, Plaintiffs' property was inspected by Manon, an engineer then employed by Forensic. The inspection report, partially spoliated, concluded: "FAEC has concluded that the primary and predominant cause of loss of the residence was due to hurricane force winds coming from the east direction."

On information and belief, the inspection report prepared by Manon was addressed and transmitted by U.S. Mail to Andrew Dennis, an adjuster hired by King and State Farm. Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, State Farm and Forensic acting through Kelly, pursuant to the Spoliation Phase of Defendants Racketeering Scheme, covertly conducted a second inspection of Plaintiffs' property and drafted a substitute report which altered the finding that the primary and predominant cause of loss of the residence "was due to hurricane force winds." In pertinent part, Kelly's report stated: "While the hurricane force winds were in the area, it is the opinion of FAEC that the damage to the house was predominantly caused by the storm surge associated with the hurricane." In furtherance of the Racketeering Scheme, Kelly's inspection report was addressed and transmitted on January 25, 2006 by U.S. Mail to Andrew Dennis, an adjuster hired by King and State Farm.

In furtherance of the Racketeering Schemes, on or about January 31, 2006, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. In furtherance of the Racketeering Scheme, Manon's inspection report and the alteration thereof, was never disclosed to Plaintiffs.

Evidence of the partially spoliated inspection report and the details surrounding the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme detailed herein, State Farm denied and withheld available coverage benefits of up to \$191,880.00 under Plaintiff's policy.

### **Sherrod Willette and Mary Willette.**

On August 29, 2005, Plaintiffs Sherrod Willette and Mary Willette, were named insureds under a State Farm FP-7955 policy, identified as number 24-11-6701-6, and covering their residence at 126 Beach View Drive, Pass Christian, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$111,000; (Coverage A) Dwelling Extension \$11,100; (Coverage B) Personal Property \$83,250; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiffs' FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$22,200.00.

On August 29, 2005, Plaintiffs' residence was destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-11-6701-6. According to Forensic's records, on September 27, 2005, State Farm assigned Plaintiffs' property inspection to Forensic.

On October 17, 2005, Lecky King, pursuant to the Inspection Phase of Defendants' Racketeering Scheme, advised Brian Ford, Senior Principal Engineer with FORENSIC, that he would not be allowed to perform any more inspections for State Farm. Later the same day, Lecky King "fired" Forensic. Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, on October 19, 2005, State Farm and Forensic acting through Kelly, pursuant to the Inspection Phase of Defendants' Racketeering Scheme, conducted an inspection of Plaintiff's property and drafted a report, which concluded: "It is the opinion of FAEC that the damage to the house was caused by both wind and storm surge and waves."

According to Forensic's records the October 25, 2005, inspection report was addressed and transmitted by U.S. Mail to to Jamye Woody, an employee of Renfroe Company, and an adjuster hired by King and STATE FARM. Later, in furtherance of the Spoliation Phase of Defendants' Racketeering scheme, and on information and belief at King's direction, Kelly rewrote his own report to state: "It is the opinion of FAEC that the damage to the house was predominately [sic] caused by storm surge and waves." The altered report deleted language supporting wind as a cause of loss.

Kelly's revised report, prepared two (2) days after the Lecky King "firing" and the King - Kochan meeting, added a new conclusion that the damage to the house "was predominately [sic] caused by storm surge and waves" and deleted the reference to damage "caused by both wind and waves." Kelly's purpose and aim in altering the report was to create a basis for denying coverage benefits, pursuant to the Racketeering Scheme, under the water damage exclusion of Plaintiffs' FP-7955 policy, and to comply with Wilcox's directive that the word "predominant" be utilized in formulating causation wording.

In furtherance of the Racketeering Scheme, Forensic's second report was addressed and transmitted by U.S. Mail to Jamye Woody, an employee of Renfroe Company, and an adjuster hired by King and STATE FARM. In furtherance of the Racketeering Scheme, Kelly's November 15, 2005, inspection report altering the cause of loss from wind to storm surge was never disclosed to Plaintiffs. On information and belief, pursuant to the Racketeering Scheme, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy.

Evidence of the original inspection report assigning the damage to "wind and storm surge and waves" and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$227,550.00 under Plaintiffs' policy.

**Robert C. Givens.**

On August 29, 2005, Plaintiff Robert C. Givens was a named insured under a State Farm FP-7955 policy, identified as number 24-94-1765-0, covering his residence at 226 Boardman Avenue, Bay St. Louis, Mississippi. Plaintiff's FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$69,082; (Coverage A) Dwelling Extension \$6,908; (Coverage B) Personal Property \$37,995; and (Coverage C) Loss of Use, Actual Loss Sustained.

On August 29, 2005, Plaintiff's residence was destroyed by Hurricane Katrina. Plaintiff presented a claim to State Farm under his policy number 24-00-3138-5. According to Forensic's records, on September 28, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on information and belief on October 13, 2005, Plaintiff's property was inspected by Ford, an engineer then employed by Forensic. According to Forensic's records, the inspection report dated October 13, 2005, was addressed and transmitted by U.S. Mail to Tammy Hardison, an employee of Renfroe Company, and an adjuster employed by State Farm. Upon information and belief, in furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, the October 13, 2005, inspection report was spoliated and stamped with a water mark stating: "DRAFT."

Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, in furtherance of the Inspection Phase of Defendants' Racketeering Scheme, State Farm and Forensic acting through Williams, Sammis, Kelly and Kochan cancelled multiple inspection reports originally prepared by Brian Ford, Forensic's former Senior Principal Engineer. Specifically, in furtherance of the Inspection Phase of Defendants' Racketeering Scheme, on October 25, 2005, approximately two (2) weeks after the aforesaid "firing" and meeting, State Farm cancelled twenty-six (26) inspections previously assigned to Forensic. Plaintiff's October 13, 2005, inspection report was among those cancelled.

In furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, on November 15, 2005, Sammis emailed Williams telling Williams to water mark Plaintiff's (and other insureds') inspection reports as "Drafts." In furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, on November 15, 2005, Forensic, acting through Sammis and Williams, and, on information and belief at Lecky King's directive, spoliated Plaintiff's property inspection report by deleting the conclusions to make the report appear as a "Draft."

In furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, on November 15, 2005, Sammis emailed Williams stating: "I have removed the pictures and conclusions from what I have can you please put draft water marks on theses [sic]." In furtherance of the Racketeering Scheme, on or about December 4, 2005, State Farm sent a denial of coverage letter to Plaintiff by U.S. Mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy.

In furtherance of the Racketeering Scheme, Defendants never disclosed to Plaintiff the fact that State Farm and Forensic had spoliated Plaintiff's inspection report by deleting the conclusions to make the report appear as a "Draft." Evidence of the original inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$113,985.00 under Plaintiff's policy.

**Ted Thomas and Donna Thomas.**

On August 29, 2005, Plaintiffs Ted Thomas and Donna Thomas were named insureds under a STATE FARM FP-7955 policy, identified as number 24-E1-0395-3, and covering their residence at 1961 Bayside Drive, Biloxi, Mississippi. Plaintiffs FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$133,200; (Coverage A) Dwelling Extension \$13,320; (Coverage B) Personal Property \$99,900; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiffs' FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$26,640.00.

On August 29, 2005, Plaintiffs residence was substantially damaged by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-E1-0395-3. According to Forensic's records, on September 29, 2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, on October 7, 2005, Plaintiffs' property was inspected by Ford, an engineer then employed by Forensic. The inspection report dated October 11, 2005, concluded: "The soffit, door and window damage was caused by wind and wind driven debris. It is FAEC's opinion that the interior damage of the structure is the result of the failure of the windows and doors due to wind."

In furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, after Ford's inspection report was submitted to State Farm and following Lecky King's "firing," Sammis covertly reclaimed the report from State Farm's files. On November 14, 2005, Sammis emailed Williams: "This is one of Brian's which was submitted but I have the original report and invoice in the file. The conclusion has been modified."

Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, State Farm and Forensic, pursuant to the Spoliation Phase of Defendants' Racketeering Scheme, acting through Kelly covertly conducted a second inspection and drafted a substitute report which altered the findings that "wind and wind driven debris caused the damage." In pertinent part, Kelly's substitute report stated:

The soffit, roof and ceiling damage inside the house was caused by wind, wind driven debris and rain. It is FAEC's opinion that the interior damage of the structure is the predominately [sic] caused by water surge and waves.

In furtherance of the Racketeering Scheme, Forensic's substitute report altered the original conclusions in order to attribute the Plaintiffs' personal property losses to water, rather than wind. By deleting the conclusion that doors and windows were damaged by wind, Kelly's alteration made it appear that surge caused the damage to the Plaintiffs' personal property which was insured for up to \$99,900 under the policy. In furtherance of the Racketeering Scheme, on or about November 14, 2005, Kelly's report was addressed and transmitted by U.S. Mail to Rachel Savoy, an adjuster and employee of Pilot Catastrophe Services, Inc., hired by King and State Farm.

In furtherance of the Racketeering Scheme, on or about November 10, 2005, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy.

In furtherance of the Deceptive-Coercive Offers Phase of Defendants' Racketeering Scheme, without ever disclosing the alteration of the October 11, 2005, inspection report which concluded that the "door and window damage was caused by wind and wind driven debris," State Farm tendered \$38,874.09 in coverage benefits to Plaintiffs for personal property losses. Having no knowledge of the Defendants' Racketeering Scheme, Plaintiffs accepted the tendered sum. Had the Plaintiffs known of said Scheme, they would not have accepted this amount.

In furtherance of the Racketeering Scheme, the October 11, 2005, inspection report and the alteration thereof, was never made known to Plaintiffs. Evidence of the October 11, 2005, inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents

obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$234,185.91 under Plaintiffs' policy.

**Alan Lipski.**

On August 29, 2005, Plaintiff Alan Lipski was a named insured under a State Farm FP-7955 policy, identified as number 24-BU-7078-1, and covering his residence at 215 White Harbor Road, Long Beach, Mississippi. Plaintiff's FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$111,435; (Coverage A) Dwelling Extension \$11,143; (Coverage B) Personal Property \$83,576; and (Coverage C) Loss of Use, Actual Loss Sustained. On August 29, 2005, Plaintiff's residence was destroyed by Hurricane Katrina. Plaintiff presented a claim to State Farm under his policy number 24-BU-7078-1. According to Forensic's records, on September 29, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on October 10, 2005, Plaintiff's property was inspected by Ford, an engineer then employed by Forensic. The inspection report dated October 12, 2005, concluded: "The wall, door and window damage was caused by wind and wind driven debris. It is FAEC's opinion that the interior damage is the result of the failure of the windows, walls, and doors due to wind."

Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, in furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, State Farm and Forensic acting through Kelly covertly conducted a second inspection of Plaintiff's property and drafted a substitute report which altered the original findings that wind and wind driven debris caused the loss. In pertinent part, Kelly's substitute report stated:

It was apparent that significant winds affected this area; however the area was also subjected to a significant tidal surge with waves. It is FAEC's opinion that the structure experienced severe damage due to wind and flying debris, but that the collapse of the walls leading to complete destruction was caused by tidal surge and waves.

Forensic's inspection report, altering the conclusion that wind and wind driven debris caused Plaintiff's loss, was signed by Kelly and Forbes, Forensic employees. In furtherance of the Racketeering Schemes, on or about November 16, 2005, Kelly's report was addressed and transmitted by U.S. Mail to Joe Doktorczyk, an adjuster hired by King and State Farm. In furtherance of the Racketeering Scheme, on or about December 4, 2005, State Farm acting through Mark Drane sent a denial of coverage letter to Plaintiff by U.S. Mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy.

In furtherance of the Deceptive-Coercive Offers Phase of Defendants' Racketeering Scheme, without ever disclosing the October 12, 2005, inspection report which concluded that the wind and wind driven debris caused Plaintiff's loss, Defendants tendered coverage benefits of \$30,598.17 to Plaintiff. In furtherance of the Racketeering Scheme, the October 12, 2005, inspection report was never disclosed to Plaintiff. Evidence of the October 12, 2005, inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. The documents obtained include draft reports showing Kelly's alterations in progress. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$175,555.83 under Plaintiff's policy.

**Charles J. Linkey and Joyce A. Linkey.**

On August 29, 2005, Plaintiffs Charles J. Linkey and Joyce A. Linkey were named insureds under a State Farm FP-7955 policy, identified as number 24-EO-7279-2, covering their residence at 73 Poindexter Drive, Pass Christian, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$56,300; (Coverage A) Dwelling Extension \$5,630; (Coverage B) Personal Property \$42,225; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiffs' FP-7955 policy included endorsement FE-5301.1

(2% Hurricane Deductible). Plaintiffs' FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$11,260.00.

On August 29, 2005, Plaintiffs' residence was destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-EO-7279-2. According to Forensic's records, on October 4, 2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, on October 12, 2005, Plaintiffs' property was inspected by Manon, an engineer then employed by Forensic. The inspection report dated October 19, 2005, concluded: "FAEC concludes that the primary and predominant cause of loss of the residence most likely was due to tornado wind action before the storm surge took place."

Following Lecky King's "firing" of FORENSIC on October 17, 2005, and the King - Kochan meeting thereafter, in furtherance of the Spoliation Phase of Defendants' Racketeering Scheme, State Farm and Forensic acting through Kelly covertly conducted a second inspection and drafted a substitute report which altered the finding that tornadic wind caused the loss. In pertinent part, Kelly's report stated:

It is the opinion of FAEC it is not possible to determine how much damage was caused to the house by wind before the storm surge arrived as there is insufficient evidence available to make that determination from what remains of the structure. However, with that statement made, it is the opinion of FAEC based on the observations of destroyed homes in the immediate area and the lack of anchoring to resist floatation that storm surge would have been the predominant cause of destruction to the structure.

Forensic's spoliation of the October 19, 2005, inspection report, altering the conclusion that tornadic wind caused Plaintiffs' loss, was signed by Kelly and Forbes, Forensic employees. In furtherance of the Racketeering Scheme, on or about January 27, 2006, Kelly's report was addressed and transmitted by U.S. Mail to Brent Green, an adjuster hired by King and State Farm. In furtherance of the Racketeering Scheme, on or about February 6, 2006, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy.

On or about July 17, 2006, Plaintiffs attended a mediation in Hattiesburg, Mississippi sponsored by Insurance Commissioner George Dale. On information and belief, prior to mediation of the Plaintiffs' claim, Forensic's altered inspection report was sent by U.S. mail or wire and/or delivered to Lecky King at State Farm. In furtherance of the Deceptive-Coercive Offer Phase of Defendants' Racketeering Scheme, without ever disclosing the October 19, 2005, inspection report which concluded that the "primary and predominant cause of loss" was tornadic wind, (or the spoliation of same) Defendants offered Plaintiff \$25,000.00 as a lump sum settlement of their insured hurricane damage claim.

Having no knowledge of the Defendants' Racketeering Scheme, Plaintiffs accepted the mediation offer. Had the Plaintiffs known of said Scheme, they would not have accepted this amount, and any purported release executed by Plaintiffs at the mediation was procured by fraud and is void.

In furtherance of the Racketeering Scheme, the October 19, 2005, inspection report was never disclosed to Plaintiffs. Evidence of the October 19, 2005, inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. The documents obtained include draft reports showing Kelly's alterations in progress. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$87,535.97 under Plaintiffs' policy.

**Dale M. Hill, Sr.**

On August 29, 2005, Plaintiff Dale Hill, Sr. was a named insured under a State Farm FP-7955 policy, identified as number 24-75-4150-9, and covering his residence at 6106 Lapoma Street, Biloxi, Mississippi. On information and belief, Plaintiff's FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$57,000;

(Coverage A) Dwelling Extension unknown; (Coverage B) Personal Property \$37,000; and (Coverage C) Loss of Use, Actual Loss Sustained.

On August 29, 2005, Plaintiff's residence was substantially damaged by Hurricane Katrina. Plaintiff presented a claim to State Farm under his policy number 24-75-4150-9. According to Forensic's records, on October 7, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on November 15, 2005, Plaintiff's property was inspected by Kelly. Kelly, pursuant to the Inspection Phase of Defendants' Racketeering Scheme, entered the Plaintiff's property without Plaintiff being present, and without Plaintiff's knowledge. Kelly's inspection report, dated January 6, 2006, concluded:

"The storm surge provided a buoyant force to the house, allowing it to float. The house traveled in a westerly direction to its final position until it rested when the water ebbed."

Two days prior to the inspection, Kelly had been dispatched by Kochan to covertly re-inspect the Mullins property. As was the case with the Mullins re-inspection, Kelly's inspection of the Plaintiff's property was for the purpose of creating a false basis to claim the house floated to a location 150 feet away, thus denying coverage under the policy exclusion for water damage. When Kelly was dispatched to the Mullins property two days earlier, he had written a similar report claiming that the Mullins house floated.

In furtherance of the Racketeering Scheme, on or about January 6, 2006, Kelly's report was addressed and transmitted by U.S. Mail to Jeff Davis, an employee of Renfroe Company and an adjuster hired by King and State Farm. State Farm, pursuant to the Racketeering Scheme, sent a denial of coverage letter to Plaintiff by U.S. Mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. Upon information and belief, the denial of coverage letter sent to Mr. Hill by U.S. mail was signed by Jeff Davis, a Renfroe adjuster.

In furtherance of the Racketeering Scheme, Kelly's inspection report was never disclosed to Plaintiff. Evidence of Kelly's inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Forensic were reproduced, printed and reviewed.

Pursuant to the Deceptive-Coercive Offers Phase of Defendants' Racketeering Scheme, on June 8, 2007, a letter was sent to Plaintiff wherein State Farm offered to "reevaluate" Plaintiff's claim. In the letter, State Farm fraudulently claimed that multiple engineering reports were created for Katrina-damaged properties because "inadvertent duplicate assignments were made on a single property and/or follow up on engineering reports was necessary." In reality, double engineering reports were created for hurricane-damaged properties so that, as evidenced herein, State Farm and its racketeering participants, pursuant to the Scheme outlined herein, could defraud, using the mails and wires, Plaintiffs of insurance monies. Nowhere in the letter sent on June 8, 2007, by State Farm was Plaintiff informed of State Farm's fraudulent Racketeering Scheme, or that if Plaintiff chose to have his claim "reevaluated" it would be performed using fraudulent reports pursuant to a Racketeering Scheme.

As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$99,700.00 under Plaintiff's policy.

### **Paul Gloyer and Constance Gloyer.**

On August 29, 2005, Plaintiffs Paul Gloyer and Constance Gloyer were named insureds under a State Farm FP-7955 policy, identified as number 24-B2-4215-6, covering their residence at 160 Adams Lane, Waveland, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$174,100; (Coverage A) Dwelling Extension N/A; (Coverage B) Personal Property \$130,575; and (Coverage C) Loss of Use, Actual Loss. Plaintiffs' FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$34,820.00.

On August 29, 2005, Plaintiffs' dwelling was destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-B2-4215-6. According to Forensic's records, on October 10, 2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, on October 31, 2005, Plaintiffs' property was inspected by Kochan. Kochan was not a licensed engineer, and at the time, Forensic had no valid certificate of authority to operate in Mississippi.

Following Lecky King's "firing" of Forensic on October 17, 2005, and the King - Kochan meeting thereafter, in furtherance of the Inspection Phase of Defendants' Racketeering Scheme, Kochan conducted an inspection of Plaintiffs' property on October 31, 2005, and drafted a report dated January 12, 2006, which concluded: "The home was relocated by high water, which was the predominant [sic] cause of destruction in the home."

In furtherance of the Racketeering Scheme, on or about July 5, 2006, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. In furtherance of the Deceptive-Coercive Offers Phase of Defendants' Racketeering Scheme, Defendants tendered coverage benefits of \$14,990.88 and \$20,072.26 as lump sum payments to Plaintiffs.

Evidence of Kochan's inspection report and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. The documents obtained include draft reports showing alterations in progress. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$304,431.86 under Plaintiffs' policy.

**Ronald E. Nugent and Barbara P. Nugent.**

On August 29, 2005, Plaintiffs Ronald E. Nugent and Barbara P. Nugent were named insureds under a STATE FARM FP-7955 policy, identified as number 24-BG-2787-7, covering their residence at 145 Pinecrest Drive, Pass Christian, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$115,200; (Coverage A) Dwelling Extension \$11,520; (Coverage B) Personal Property \$86,400; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiffs' FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$23,040.00.

On August 29, 2005, Plaintiffs' residence was substantially destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-BG-2787-7. After the Hurricane, State Farm, on information and belief acting through Lecky King, assigned Renfroe Company adjuster Larry Boyd ("Boyd") to Plaintiffs' claim.

On or about September 28, 2005, pursuant to the Inspection Phase of Defendants' Racketeering Scheme, Boyd met Plaintiffs at their property. Boyd advised Plaintiffs that he could not determine which damage was caused by wind or water. Boyd advised that an engineer would contact Plaintiffs to schedule an appointment for inspection. Plaintiffs specifically advised Boyd they wished to be present at the inspection.

According to Forensic's records, on October 11, 2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, Kelly, pursuant to the Inspection Phase of Defendants' Racketeering Scheme, inspected Plaintiffs' property on November 9, 2005, without Plaintiffs' knowledge or presence. As alleged with particularity in the complaint, prior to Kelly's November 2005 purported inspection, on or about October 13, 2005, State Farm employee David Haddock, pursuant to the Racketeering Scheme, instructed Forensic not to apply a wind or water percentage when determining cause of damage, and to use the word "predominant" when describing the cause of damage.

Despite admitting evidence of obvious wind damage, which he noted in the report, Kelly's inspection report, dated January 6, 2005, [sic] followed Haddock's instructions. In furtherance of the Inspection Phase of

Defendants' Racketeering Scheme, Kelly's report stated in the conclusions section that: "It is the opinion of FAEC that the predominant cause of damage to the structure was rising tidal surge and associated waves."

In furtherance of the Racketeering Scheme, on or about January 6, 2005, Kelly's report was addressed and transmitted by U.S. Mail to Larry Boyd, an employee of Defendant Renfroe Company and an adjuster hired by King and State Farm. In furtherance of the Racketeering Scheme, on January 11, 2006, State Farm sent a denial of coverage letter by U.S. Mail to Plaintiffs citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy.

On or about July 25, 2006, Plaintiffs participated in a mediation in Hattiesburg, Mississippi sponsored by Insurance Commissioner George Dale. On information and belief employees of both Renfroe and State Farm attended Plaintiffs' mediation. At the mediation, on information and belief, State Farm and Renfroe employees attending the mediation followed a pre-arranged script and ignored Plaintiffs' evidence supporting wind damage, pursuant to the Deceptive-Coercive Offers Phase of Defendants' Racketeering Scheme. While concealing the Racketeering Scheme from Plaintiffs, Defendants State Farm and Renfroe offered Plaintiffs \$30,000.00 as a lump sum settlement of their damage claim. Having no knowledge of the Defendants' Racketeering Scheme, Plaintiffs accepted the mediation offer. Had the Plaintiffs known of said Scheme, they would not have accepted this amount, and any purported release executed by Plaintiffs at the mediation was procured by fraud and is void. Evidence of the Racketeering Scheme and the details surrounding the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$206,160.00 under Plaintiffs' policy.

#### **Chet Carter.**

On August 29, 2005, Plaintiff Chet Carter was a named insured under a State Farm FP-7955 policy, identified as number 24-CC-1612-6, and covering their residence at 115 Runnels Avenue, Long Beach, Mississippi. Plaintiff's FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$58,000; (Coverage A) Dwelling Extension \$5,800; (Coverage B) Personal Property \$44,457; and (Coverage C) Loss of Use, Actual Loss Sustained.

On August 29, 2005, Plaintiff's residence was destroyed by Hurricane Katrina. Plaintiff presented a claim to State Farm under his policy number 24-CC-1612-6. According to Forensic's records, on October 13, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on November 10, 2005, Kelly inspected Plaintiff's property. Kelly's inspection report dated January 16, 2006, concluded:

Based on prior observations to the general area along this part of the coast, the subject property could have experienced wind damage, but FAEC has concluded that the predominant cause of damage would have been rising water due to storm surge and waves, as well as water borne and wind driven debris.

The conclusions stated in Kelly's January 16, 2006, inspection report, pursuant to the Inspection Phase of Defendants' Racketeering Scheme, are knowingly false, and virtually identical to the conclusions written in two other inspection reports Kelly prepared around the same time frame. In furtherance of the Racketeering Scheme, on or about January 16, 2006, Kelly's report was addressed and transmitted by U.S. Mail to Ronnie Hazelwood, an adjuster hired by King and State Farm.

As alleged with particularity above, pursuant to the Racketeering Scheme, on January 24, 2006, State Farm sent a denial of coverage letter to Plaintiff by U.S. Mail citing as a basis for denial Kelly's report attributing the loss to storm surge and waves, as well as water borne and wind driven debris.

On or about September 14, 2006, Plaintiff participated via interstate telephone line in a mediation sponsored by Insurance Commissioner George Dale. On or about January 24, 2006, prior to the mediation, Kelly's inspection report was transmitted by U.S. Mail to Plaintiff at 278 Irvin Street, Plymouth, Michigan. On information and belief employees of State Farm attended Plaintiff's mediation. While concealing the Racketeering Scheme from Plaintiff, Defendants offered Plaintiff \$39,000.00 as a lump sum settlement of his hurricane damage claim, pursuant to the Deceptive-Coercive Offers Phase of Defendants' Racketeering Scheme.

Having no knowledge of the Defendants' Racketeering Scheme, Plaintiff accepted the mediation offer. Had the Plaintiff known of said Scheme, he would not have accepted this amount, and any purported release executed by Plaintiff at the mediation was procured by fraud and is void. Evidence of the Racketeering Scheme and the details surrounding the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As alleged with particularity above, pursuant to the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$69,257.00 under Plaintiffs' policy.

### **Ginger Thackery and Debra Joiner.**

On August 29, 2005, Plaintiffs Ginger L. Thackrey and Debra Joiner were named insureds under a State Farm FP-7955 policy, identified as number 24-EO-0199-5, and covering their residence at 105 Hickory Street, Waveland, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$65,200; (Coverage A) Dwelling Extension \$6,520; (Coverage B) Personal Property \$35,860; and (Coverage C) Loss of Rents, Actual Loss. Plaintiffs' FP-7955 policy included endorsement FE-5301.1 (2% Hurricane Deductible).

On August 29, 2005, Plaintiffs' dwelling was destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-EO-0199-5. According to Forensic's records, on September 29, 2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, on November 1, 2005, Plaintiff's property was inspected by Kochan. Kochan had no engineering license, and at the time Forensic had no valid certificate of authority on file with the Ms. Engineering Board.

Following Lecky King's "firing" of Forensic on October 17, 2005, and the King – Kochan meeting thereafter, in furtherance of the Inspection Phase of Defendants' Racketeering Scheme, Kochan conducted an inspection of Plaintiffs' property on November 1, 2005, and drafted a report dated January 27, 2006, which concluded: "The home was floated off and pushed from its support foundation by flood water. The downed tree on the garage pinned that section of the structure so that it was ripped apart from the main section of the home."

In furtherance of the Racketeering Scheme, on or about January 27, 2006, Kochan's report was addressed and transmitted by U.S. Mail to Rachel Savoy, an adjuster employee of Pilot Catastrophe Services, Inc., hired by King and State Farm. In furtherance of the Racketeering Scheme, on or about February 9, 2006, State Farm sent a denial of coverage letter to Plaintiffs by U.S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy.

In furtherance of the Racketeering Scheme, Defendant State Farm advised Plaintiffs that their coverage benefits for wind damage were \$91.44, but because this amount was under their \$1,268.00 deductible, "a payment cannot be made."

Evidence of the Racketeering Scheme and the details surrounding the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$107,580.00 under Plaintiffs' policy.

### **Jeffrey Pickich.**

On August 29, 2005, Plaintiff Jeffrey Pickich was a named insured under a State Farm FP-8103.3 policy, identified as number 99-CE-6589-8, and covering a rental dwelling policy at 5904 St. Martin Road, Biloxi, Mississippi. Plaintiff's FP-8103.3 policy provided coverage limits of (Coverage A) Dwelling \$65,000; (Coverage A) Dwelling Extension \$6,500; (Coverage B) Personal Property \$3,250; and (Coverage C) Loss of Rents, Actual Loss.

On August 29, 2005, Plaintiff's residence was destroyed by Hurricane Katrina. Plaintiff presented a claim to State Farm under his policy number 99-CE-6589-8. According to Forensic's records, on October 13, 2005, State Farm assigned Plaintiff's property inspection to Forensic. According to Forensic's records, on November 15, 2005, Plaintiff's property was inspected by Kelly. Pursuant to the inspection scheme, Kelly's inspection report, dated January 6, 2006, concluded:

Based on the house two properties to the north, the insured's home may have experienced wind damage to its roof and shingles. However, it is the opinion of FAEC that the damage to the dwelling was predominately [sic] caused by tidal surge and waves associated with that surge.

As alleged with particularity above, after Ford and Manon were terminated, in furtherance of the Inspection Phase of Defendants' Racketeering Scheme, Kelly was utilized by Kochan to fabricate reports attributing losses to policy exclusion for water damage.

On January 13, 2006, pursuant to the Racketeering Scheme, State Farm sent a denial of coverage letter to Plaintiff citing as a basis for denial of Plaintiff's claim the ACC provision and water damage exclusion in Plaintiff's FP-8103.3 policy.

On or about August 9, 2006, Plaintiff participated in a mediation in Hattiesburg, Mississippi sponsored by Insurance Commissioner George Dale. On information and belief, prior to mediation of the Plaintiff's claim, pursuant to the Racketeering Scheme, Forensic's inspection report was transmitted by U.S. Mail to Doyse McReynolds, an adjuster hired by King and State Farm.

On information and belief, State Farm and its employees attending the mediation followed a pre-arranged script and ignored Plaintiff's evidence, pursuant to the Deceptive-Coercive Offers Phase of Defendants' Racketeering Scheme. While concealing the Racketeering Scheme from Plaintiff, Defendants offered Plaintiff \$40,000.00 as a lump sum settlement of his insured hurricane damage claim. Having no knowledge of the Defendants' Racketeering Scheme, Plaintiff accepted the mediation offer. Had the Plaintiff known of said Scheme, he would not have accepted this amount, and any purported release executed by Plaintiff at the mediation was procured by fraud and is void.

Evidence of the Racketeering Scheme and the details surrounding the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$34,750.00 under Plaintiff's policy.

#### **Craig Faron Troub and Marian Troub.**

On August 29, 2005, Plaintiffs Faron Craig Troub and Marion Troub were named insureds under a State Farm FP-7955 policy, identified as number 24-92-9290-5, covering their residence at 212 S. Lang Avenue, Long Beach, Mississippi. Plaintiffs' FP-7955 policy provided coverage limits of (Coverage A) Dwelling \$87,300; (Coverage A) Dwelling Extension \$8,730; (Coverage B) Personal Property \$65,475; and (Coverage C) Loss of Use, Actual Loss Sustained. Plaintiffs' FP-7955 policy provided additional coverage under endorsement OPT ID, with coverage limits of \$17,460.00.

On August 29, 2005, Plaintiffs' residence was destroyed by Hurricane Katrina. Plaintiffs presented a claim to State Farm under their policy number 24-92-9290-5. According to Forensic's records, on October 13,

2005, State Farm assigned Plaintiffs' property inspection to Forensic. According to Forensic's records, on November 10, 2005, Kelly inspected Plaintiffs' property. Kelly's inspection report, dated January 9, 2006, concluded:

Based on prior observations to the general area along this part of the coast, the subject property could have experienced wind damage, but FAEC has concluded that the predominant cause of damage would have been rising water due to storm surge and waves, as well as water borne and wind driven debris.

The conclusions stated in Kelly's January 16, 2006, inspection report, pursuant to the Inspection Phase of Defendants' Racketeering Scheme, are knowingly false and virtually identical to the conclusions written in two other inspection reports Kelly prepared around the same time frame.

In furtherance of the Racketeering Scheme, on or about January 9, 2006, Kelly's report was addressed and transmitted by U.S. Mail to Stanley Smith, an adjuster employee of Pilot Catastrophe Services, Inc., hired by King and State Farm. In furtherance of the Racketeering Scheme, State Farm sent a denial of coverage letter by U.S. Mail to Plaintiffs citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. Evidence of the Racketeering Scheme and the details concerning the Racketeering Scheme were first discovered in 2007 when subpoenaed documents obtained from Nellie Williams and Forensic were reproduced, printed and reviewed. As a result of the Racketeering Scheme, State Farm denied and withheld available coverage benefits of up to \$178,115.00 under Plaintiffs' policy.

**g. Describe in detail the pattern of racketeering activity or collection of unlawful debts alleged for each RICO claim. A description of the pattern of racketeering shall include the following information:**

**a. List the alleged predicate acts and the specific statutes which were allegedly violated;**

See list below, containing the predicate acts that were committed, the specific statutes that were violated, the dates of occurrence, and the summarized facts surrounding these acts, in response to 5(a) and 5(b):

**Telephone Call** - September 26, 2005. State Farm's employee Mark Wilcox ("Wilcox"), on information and belief using interstate telephone lines, called Kochan and proposed that State Farm hire Forensic to furnish engineers, inspect properties and prepare inspection reports for State Farm's use in processing Hurricane Katrina damage claims in Mississippi. The above act(s) violate(s) 18 U.S.C. § 1343.

**Mail or Fax** - September 26, 2005. The proposal made in the Wilcox - Kochan telephone conversation was accepted and confirmed in a letter written and transmitted by Kochan, on information and belief, via U.S. Mail or by interstate telefax line, to Wilcox and State Farm. The above act(s) violate(s) 18 U.S.C § 1341 and/or 18 U.S.C. § 1343.

**Mail/Fax/Email** - Prior to the September 26, 2005, confirmation letter, Wilcox and State Farm sent to Forensic's Raleigh, North Carolina office, fourteen (14) inspection assignments involving Katrina damaged properties insured by State Farm. On information and belief, the fourteen (14) separate inspection assignments were transmitted to Forensic and Kochan by U.S. Mail and/or use of interstate telefax lines and/or over the internet. The above act(s) violate(s) 18 U.S.C. § 1341 and/or 18 U.S.C. § 1343.

**Mail/Fax/Email/Private Express Mail Service** - September 2005 through April 2006. On information and belief Lecky King, Mark Wilcox, David Haddock and others at State Farm transmitted and received, and Forensic's field and office personnel, including Adam Sammis,

Nellie Williams, Randy Down, Jack Kelly, William Forbes and Kochan, transmitted and received, writings, photos, emails and data used in the Forensic inspection scheme via U.S. Mail, DHL (or other private express mail services), by interstate telephone and telefax lines, cellular phones, and/or by the internet. The above act(s) violate(s) 18 U.S.C. § 1341 and/or 18 U.S.C. § 1343.

**Mail/Fax/Email/Private Express Mail Service** - From September 2005 through April 2006, (the principal period of the Forensic inspection scheme), Williams transmitted and received, hundreds of writings, photos, emails and data used in the inspection scheme. In doing so, Williams used U.S. Mail, DHL (or other private express mail services), interstate telephone and telefax lines, cellular phones, and the internet. The above act(s) violate(s) 18 U.S.C. § 1341 and/or 18 U.S.C. § 1343.

**Internet** - From September 2005 through April 2006, Sammis, Williams, Forbes, Kelly, Down, Kochan and others involved in the Forensic inspection scheme utilized the FTP feature on a daily basis to upload and download hundreds of inspection reports, photos, writings and/or other data. Access to the FTP feature was made through confidential user ID's and passwords. The above act(s) violate(s) 18 U.S.C. § 1343.

**Mail/Fax/Email/Private Express Mail Service** - From September 2005 through April 2006, Sammis transmitted and received hundreds of writings, photos, emails and other data used in the Forensic inspection scheme. In doing so, Sammis used U.S. Mail, DHL (or other private express mail services), interstate telephone and telefax lines, cellular phones, and internet transmission. The above act(s) violate(s) 18 U.S.C. § 1341 and/or 18 U.S.C. § 1343.

**Email** - October 10, 2005. Forbes advised Sammis in an email that he "will be synthesizing [wind data]" . . . "to get you some ideas of how to estimate winds in particular areas." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 11, 2005. Forbes remarked in an email that he "had no problem limiting the information in the report based on State Farm's requirements." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 10, 2005. Kochan emailed Williams, Sammis and Down regarding Wilcox's conversation with Sammis. Kochan praised Williams for "bringing up a very important point," presumably Williams' insight in seeing that the reports be written with "final payout" in mind. The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone Conference Call/Email** - October 11, 2005 2:54 PM. Sammis, Williams and Kochan held a telephone conference call, on information and belief using interstate lines, to make sure the wording in Forensic's reports would comport with what Wilcox required. During the conference call and later, in a follow-up email, Williams remarked that the decision to refer to water damage as "flooding," rather than wind-induced storm surge, "could mean a world of difference in the final payout." Williams had no engineering training, experience or expertise. The telephone conference call and follow-up email from Williams furthered the inspection scheme by designating in advance wording to tie into policy exclusions for water damage as well as the Hinkle Protocol which authorized denial if "wind acts concurrently with flooding to cause damage to the insured property." The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** - October 11, 2005 - October 13, 2005. Randy Down had one or more telephone conversations with State Farm employee David Haddock regarding apportioned wind and water damage, and the wording of inspection reports. Haddock instructed Down "not to apply a percentage of cause" such as "25% attributable to wind and 75% attributable to water."

Haddock instructed Down that State Farm wanted the word "predominant" to be used when describing the cause of damage in the reports. The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** - October 11, 2005 - October 13, 2005/November 14, 2005. After the telephone conversation with Haddock, State Farm acting through King and Wilcox and Forensic acting through Sammis, Williams and Kochan altered, spoliated and/or replaced inspection reports relating to policyholders Diana Fountain and Elbert Vix, and created new reports making it appear that the "predominant cause" of all damage was due to water, which Defendants argue was not a covered loss under Plaintiffs' homeowners policies. The effect of the alteration was to eliminate 25% coverage for wind damage, divest the insureds of thousands of dollars in coverage benefits, and cause the reports to falsely reflect that the "predominant cause" of all damage was attributable to water damage. Since Lecky King received hand delivery of all inspection reports directly from Sammis, and retained them under lock and key in her office, Diana Fountain and Elbert Vix never saw the original reports or knew their policy benefits had been fraudulently stripped. The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone** – October - December 2005. For weeks, Terri Mullins called Worley adjuster Christy Sims and other direct employees of State Farm to find out the status of the engineering report and whether the claim for the now demolished house would be paid. Repeatedly, she was told the report had not been prepared. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 13, 2005, Williams advised Down in an email: "we know that a fair amount of these claims will be litigated." Williams' email confirms the purpose of the Racketeering Scheme was to divest coverage benefits through the procurement of contrived and false inspection reports, designed in advance to attribute losses to policy exclusions for water damage. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 13, 2005, Down replied to Williams' email by stating he thought that Kochan needed to discuss the issue with State Farm. Down expressed concern that State Farm was "standardizing" the reports by "lumping rising/flood water and surge," but in the same email confessed his fear that Forensic might not get paid if it deviated from State Farm's "terminology." Down remarked that State Farm might start "kicking our reports back to us." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 13, 2005, Williams' emails stating that the report wording "could mean a world of difference in the final payout" and "we know that a fair amount of these claims will be litigated," reveals that the Defendants knew, intended and appreciated that fabricating the wording of the inspection reports had the additional purpose or aim of corruptly influencing, obstructing or impeding the due administration of justice. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 13, 2005, Down sent Sammis, Forbes, Kochan and Williams an email marked "Urgent" and "Importance: High." Down's email confirmed the Haddock - Down conversation noted above, and arranged for two of Forensic's inspection reports previously delivered to State Farm to be spoliated, altered and/or replaced so as to eliminate apportioned wind damage and state instead that water damage was the "predominant cause" of loss. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 13, 2005, after the decision to alter and spoliolate the Fountain and Vix inspection reports so as to eliminate apportioned wind damage, Sammis emailed Down, Forbes, Kochan and Williams informing them that he would "review" an additional "9 reports that went out" and "all reports that go out today." Sammis' email confirmed the scheme to alter and/or spoliolate nine (9) additional inspection reports, and an undetermined number of other reports

which contained language apportioning wind as a cause of damage. The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** – On October 17, 2005, King called Sammis at Forensic's RV office and informed Sammis that "she was pulling all engineering work" away from Forensic. King was angry that several inspection reports had included wind findings and failed to attribute the losses to excluded water damage. One of the reports prompting King's outrage was the inspection of Thomas and Pamela McIntosh's property by Brian Ford. In the telephone conversation, Lecky King angrily told Sammis she would now have to send another firm out "to get it right." Another inspection, that of the Pepperman property, also provoked King. The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** – During the telephone call to Sammis, Lecky King demanded to speak with Ford. According to Ford's memory of the call, (later reconstructed by Ford in an email sent to Kochan), King demanded to know why Ford had included wind findings in the McIntosh report. Explaining the basis for the report Ford remarked that eyewitnesses "reported that the house next to the insured . . . [came] apart from wind and the debris blew into the insured's house taking out the windows and doors." King angrily replied: "you weren't there and didn't see that." King further warned Ford: "you should not be discussing what you [sic] opinions with the insured" and then advised him, "you will not be getting any more [report assignments] from SF." The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** – On October 17, 2005, Lecky King called Williams in Reno, Nevada, and in a voice Williams described as "obnoxious" and "offensive," told Williams Forensic's contract was terminated, to cease all work, and "send all information gathered from these inspections" to "my attention at State Farm Catastrophe Office." The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** – On October 17, 2005, Williams called Kochan and told him that Forensic's contract with State Farm had been terminated by King due to her tirade over Ford's reports that cited wind damage as the cause of Plaintiffs' loss. Kochan emailed Ford requesting that Ford provide a written account of the Ford - King conversation. Kochan stated: "please reconstruct this conversation as soon as possible and [sic] provide it to me." Kochan asked for "as close to a I said, she said dialogue as you can recall." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 17, 2005. Ford later provided Kochan with an email reconstructing the Lecky King conversation. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 17, 2005, Kochan, in an email following the "firing" incident, advised Forensic's staff that a new inspection procedure would now apply: "as a company practice I am suggesting that eye witness statements are no longer to be relied upon in the development of our opinions." Kochan also informed Forensic's staff that Lecky King gave her approval for Forensic to omit any mention of "the specific initial causation of the loss" from the reports. Kochan notified Ford, Kelly, Sammis, Manon, Down and Williams to be available for a telephone conference call. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 17, 2005, Kochan sent another email addressed only to Down and Williams, confidentially informing them of his discussions with King and candidly making suggestions for keeping Lecky King and State Farm happy. Kochan's email begins by saying: "I managed to get us back on the roles [sic] with SF but we need to have a frank conversation with the boys down south to be sure that we don't fall in the same trap." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 18, 2005. Forensic engineer Randy Down began to get concerned about the

potential for legal liability. Down wrote a confidential email questioning whether it was ethical for Lecky King to dictate the conclusions in Forensic's inspection reports. On October 18, 2005 Down emailed Kochan and Williams relating his serious concerns with State Farm's lack of professional ethics and hard ball business tactics. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 18, 2005 Kochan emailed Lecky King, confirming that Forensic would “reexamine” Ford's inspection reports relating to the McIntosh and Pepperman properties. Kochan’s email to King praised King and acknowledged "your time is extremely committed," then asked that King "kindly" provide an email to Williams rescinding her previous directive to return all State Farm assignments and files. The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** - October 19, 2005. Down betrayed his earlier remarks. In an email confirming that he was intending to alter three (3) of Manon's inspection reports to eliminate eye witness and/or insured's accounts, Down stated: "it is my understanding from our telecom and discussions, this is what we don't want to do because it has raised a big concern with SF." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 19, 2005, Kochan wrote an email to Williams and Sammis confirming that Haddock at State Farm had called to cancel the inspection report for policyholder Mark Lyons’ property. According to Kochan, Haddock specified "do not write the report" (even if an inspection had been done). Kochan remarked: "hopefully this is one of Brian's reports that would otherwise have to be revisited" and then cryptically told Williams and Sammis: "You all know what to do." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – By October 19, 2005, report alteration was so much the order of the day at Forensic that Kochan wrote an email displaying the vocabulary that had developed, referring to it as: "wordsmithing [that] needed to be performed" in order to keep Forensic "out of hot water." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 19, 2005, Manon was still employed but, according to Kochan, unable to "comply with the objective" and "having a lot of problems with the wording." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 24, 2005, an email from "Admin Forensic-Analysis" dated October 24, 2005, and addressed to Sammis and Williams confirmed the directive to cancel nine (9) reports: "If the job report has already been done, and the report not yet sent, they say not to send the report just investigation notes, pictures, etc." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - October 24, 2005, from Kochan to Williams and Sammis referring to the Mullins report, Kochan stated: "I suggest that the conclusion be altered to indicate that it was a combination of both and not primarily the wind." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 24, 2005, Kochan wrote an email to Forensic (Williams) stating: "consider submitting the work we have done . . . with a copy of the report marked DRAFT and Manny’s conclusion REMOVED. Just mark that section INCOMPLETED. We don’t need to give them any ammunition that is not necessary and we can still bill for the investigation." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 24, 2005, Forbes wrote: "Anything we say seems to be speculation . . . Maybe we should bump it up to the boss." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 25, 2005, Sammis was instructed, on information and belief from Lecky King, to cancel twenty-six (26) reports. On information and belief, in many instances the

"cancelled" reports were simply spoliated after King's directive to Sammis. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – October 25, 2005. Kochan was privately worried that site clean-up by government authorities could dry up Forensic's stream of income because it would be difficult for Forensic to justify inspecting a void site. As a remedy, Kochan suggested that "Manny and Jack" go to the assigned sites and "photograph them in a hurry and not try to write a report initially." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On October 28, 2005, State Farm acting through Wilcox emailed a document to Forensic called "a suggested format for the written evaluation of a structure." Wilcox's email stated that he was responding to questions "concerning the content" of reports, and advised: "Please consider this format in preparing any future reports." Wilcox attached to his email a sample inspection report form. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On November 10, 2005, Williams emailed a list of property report assignments to Wilcox, copying Kochan, Sammis and Down, and stated: "We had completed most of these reports, but due to the decision to terminate Brian Ford's services, those reports written by Brian were not turned in and are being re-inspected." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - November 14, 2005. Sammis and Williams corresponded in an email, wherein Sammis confirmed that he had located the original inspection reports with invoices. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On November 14, 2005, an email sent by Sammis confirmed the fact that Sammis retrieved the original inspection reports of Brian Ford back from State Farm after they were delivered to Lecky King, altered the conclusions, and kept the originals in his possession at Forensic's mobile RV. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On November 14, 2005, an email sent by Sammis to Williams confirmed that at least six (6) inspection reports had been altered. In pertinent part, Sammis' email stated:

Case 56 has been changed . . .  
Case 74 has been changed . . .  
Case 23 has been changed . . .  
Case 5 has been changed . . .  
Case 27 has been changed significantly . . .  
Case 24 has been changed significantly . . .  
The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - November 15, 2005. Sammis emailed Williams advising her to take fourteen (14) itemized reports and have them water-marked as "drafts." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - November 15, 2005. Sammis confirmed in a separate email that he had already "removed the pictures and conclusions" from the reports. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - November 15, 2005. Williams confirmed in a reply email that, as requested, she water-marked the altered reports. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - November 19, 2005. Wilcox, acting for State Farm, instructed Forensic acting through Sammis, to add the information to the reports. (*See Sammis' email: "met with Mark Wilcox this morning and he gave me some interesting weather data"*). The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - November 17, 2005. After seeing the weather information from Wilcox, Kochan privately remarked in an email sent only to Williams: the visual damage just doesn't correlate to that but the NOAA data will be the insurance industries' hook to call almost all the damage water related. The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** – December 9, 2005. Marsha Slaughter, another State Farm protégé of Lecky King, called Forensic about Ford's reported wind findings in policyholder Sandra Simpson's report. Slaughter wanted to know why wind was "primary" if four feet of water entered the home. Down received the call and appealed to Kochan for advice. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - December 9, 2005. Kochan responded to Down's email noted above by stating: "I suggest that the client be advised that we will amend the report to include ADDITIONAL statements that the high water which most assuredly came from the surge did a significant amount of damage to the home *or some such wording, etc.*" (Italics added). The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - December 18, 2005. Still trying to devise a way to alter the Simpson report without leaving a paper trail, on December 18, 2005, Kelly wrote an email to Williams, cc'ed to Kochan and Down stating: "I think this may be one of those jobs that one must be careful [sic] in handling. If the report has gone out to some kind of distribution within SF, it may be better to write a letter of clarification addressing the question vs. amending the report. If the report has not been distributed and we can retrieve the original as a swap out we could re-do the report." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - January 5, 2006. Kelly emailed Forbes: "It might behoove us to leave the tornadic wind issue alone in this area unless further brought up by SF." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** – On January 10, 2006, Kelly admits in an email that he knew all along Hurricane Katrina's damaging winds arrived before the water. Writing to Forbes about new weather data Forbes found on a government website, Kelly stated: "The thing I found interesting was the lead time of the wind ahead of the water, because this is what we experienced. I can not say what speeds the winds were, but they definitely were ahead of the water by our observation." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - January 12, 2006, Kochan to Kelly: "Does State Farm want us to redo the report and conclusions or just be willing to in the future if needed?" The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - January 18, 2006. Kelly sent an email to Kochan advising that State Farm employee Rayna Lynch had demanded an explanation of how the Manon report documents had leaked out to the Mullins. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - January 18, 2006. Kochan praised Kelly for smoothing it over with State Farm and, as Kochan put it, handling "what could have become a sticky issue" for Forensic. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - January 24, 2006. Kelly wrote to "Admin," Forensic (Williams), Down and Kochan: "This draft report then made its way to the insured somehow and now that person is upset because SF told her there was no report and then she got a copy of the draft . . . They want to have the report finalized so that no draft will exist which they see as being beneficial to both SF and FAEC in this particular case." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - January 27, 2006. Kelly emailed Forensic (Williams), Down and Kochan: "SF has a note on this file to the effect of do not discuss and a question of an addendum from FAEC. This prompted the call to me 2 days ago. They still have the report in hand and it has not been distributed to anyone according to David." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - February 1, 2006. Kelly emailed Kochan: "I spoke to Randy about this job also. Since it appears that there is quite a record in the SF electronic file on this job, it would seem better to revise the report. This can be done by acknowledging new information that has been made available." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - February 6, 2006. Kelly wrote Williams to let her know that he had succeeded in recovering the original Pepperman report from State Farm's office. Haddock had mailed the original to Kelly. In his email Kelly stated: "Saturday I received the original report back from SF. I'll proceed with the one under my name today." The above act(s) violate(s) 18 U.S.C. § 1343.

**Telephone/Email** – February 1, 2006. Kelly telephoned Haddock at State Farm to check, and on February 1, 2006, Kelly wrote Kochan, Down, Forensic (Williams) and Forbes an email regarding Pepperman: "I spoke with David Haddock of SF to tell him that we would like to submit a revised report on this job based on additional information that we now have that we did not have at the time the report was written. This included the Weather Data, Inc [sic] report supplied to us by SF. Since the report he is now holding has not been seen outside of SF, he is mailing that original back to me and the new report will replace it." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - February 6, 2006. Later the same day, Kelly informed Williams by email: "I've placed the replacement report on the ftp site." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - February 1, 2006. Down sent Williams a confidential email on February 1, 2006, stating: "Had a good conversation with Jack this morning regarding one of Manny's reports . . . SF had raised an issue concerning our findings. We are using the "out" of our standard disclaimer at the end of the report, along with the updated weather data that we received later, to justify our changing the report findings." The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - February 10, 2006. Kelly wanted to know if State Farm could be billed again. Since the Pepperman report is not the only occasion when Forensic spoliated and replaced inspection reports at State Farm's request, Kelly inquired whether any precedent existed for the situation. To this end, on February 10, 2006, Kelly emailed Williams. The above act(s) violate(s) 18 U.S.C. § 1343.

**Email** - February 28, 2006. Kochan wrote Kelly an email stating: "I believe we have one or two final cases to clean up . . . As we move forward into March . . . we would like to do whatever we can with your help to continue the income stream from that area.... [sic] Should we attempt to jump to the 'dark side' and contact the plaintiff attorneys regarding helping them with client settlements . . ." The above act(s) violate(s) 18 U.S.C. § 1343.

**Mail** - May 11, 2006. In response to a notice of representation letter sent by Plaintiff's counsel, State Farm, via U.S. mail, purported to provide to Plaintiff's Counsel a copy of its correspondence to Alfred Pepperman, along with an "engineering report." Yet, nowhere in this response did State Farm inform Plaintiff or Plaintiff's Counsel that there were in fact two engineering reports created for Plaintiff's property, one of which concluded the cause of loss was wind. Instead, utilizing the U.S. mail, State Farm fraudulently concealed this fact from Plaintiff and Plaintiff's counsel pursuant to its RICO enterprise objectives. The above act(s) violate(s) 18 U.S.C. § 1341.

**Telephone** - On or about May 24, 2006. Phillip Davis, a Renfroe employee, contacted Glenda Shows using U.S. wire communications and requested permission to visit her destroyed home site. The purpose of these wire communications was to further Defendant's deceptive/coercive offer racketeering phase, which was in fact furthered when Ms. Shows accepted Defendant's fraudulent mediation offer. The above act(s) violate(s) 18 U.S.C. § 1343.

**Mail** - Before and after May 24, 2006. Upon information and belief, Plaintiff Glenda Shows was sent communications via U.S. mail informing her of the date and time of the mediation with Defendants, held on May 24, 2006, conducted pursuant to the Defendants deceptive/coercive offer phase of the racketeering scheme. Ms. Shows was also sent communications subsequent to her mediation documenting her acceptance of the mediation offer. Nowhere in these communications did Defendants inform Ms. Shows that her mediation offer would be or was extended based upon a fraudulently prepared engineering report; nor was Ms. Shows informed that an initial report prepared for her property concluded that her home was damaged by hurricane wind. The above act(s) violate(s) 18 U.S.C. § 1341.

**Mail** - Before and after July 17, 2006. Upon information and belief, Plaintiffs Charles J. and Joyce A. Linkey were sent communications via U.S. mail informing them of the date and time of the mediation with Defendants, held on July 17, 2006, conducted pursuant to the Defendants deceptive/coercive offer phase of the racketeering scheme. Plaintiffs were also sent communications subsequent to their mediation documenting their acceptance of the mediation offer. Nowhere in these communications did Defendants inform Mr. and Mrs. Linkey that their mediation offer would be or was extended based upon a fraudulently prepared engineering report; nor were the Plaintiffs informed that an initial report prepared for their property concluded that their home was damaged by hurricane wind. The above act(s) violate(s) 18 U.S.C. § 1341.

**Mail** - Before and after July 25, 2006. Upon information and belief, Plaintiff Ronald E. and Barbara P. Nugent were sent communications via U.S. mail informing them of the date and time of the mediation with Defendants, held on July 25, 2006, conducted pursuant to the Defendants' deceptive/coercive offer phase of the racketeering scheme. Plaintiffs were also sent communications subsequent to their mediation documenting their acceptance of the mediation offer. Nowhere in these communications did Defendants inform Mr. and Mrs. Nugent that their mediation offer would be or was extended based upon a fraudulently prepared engineering report. The above act(s) violate(s) 18 U.S.C. § 1341.

**Mail** - Before and after August 9, 2006. Upon information and belief, Plaintiff Jeffrey Pickich was sent communications via U.S. mail informing him of the date and time of the mediation with Defendants, held on August 9, 2006, conducted pursuant to the Defendants' deceptive/coercive offer phase of the racketeering scheme. Plaintiff was also sent communications subsequent to his mediation documenting his acceptance of the mediation offer. Nowhere in these communications did Defendants inform Mr. Pickich that his mediation offer would be or was extended based upon a fraudulently prepared engineering report. The above act(s) violate(s) 18 U.S.C. § 1341.

**Mail** - Before and after September 14, 2006. Upon information and belief, Plaintiff Chet Carter was sent communications via U.S. mail informing him of the date and time of the mediation with Defendants, held on September 14, 2006, conducted pursuant to the deceptive/coercive offer phase of Defendants' racketeering scheme. Plaintiff was also sent communications subsequent to his mediation documenting his acceptance of the mediation offer. Nowhere in these communications did Defendants inform Mr. Carter that their mediation offer would be or was extended based upon a fraudulently prepared engineering report. The above act(s) violate(s) 18 U.S.C. § 1341.

**Mail/Telephone/Fax/Email** - Before and on December 14, 2006 - Nellie Williams, during a deposition in *Mullins v. State Farm Fire & Casualty Company, et al*, United States District Court, Southern District of Mississippi, Southern Division, Civil Action No. 1:06-cv-00457 LTS RHW, fraudulently asserts, pursuant to Defendants' obstruction of justice phase of the racketeering scheme, that she never saved information pertaining to Forensic's Hurricane Katrina activities on her home computer. Ms. Williams also asserted that, consequently, she never deleted information pertaining to Forensic's Hurricane Katrina work from her home computer. Ms. Williams was prepared for her deposition by Enterprise members and counsel using interstate mailings and/or and wire communications. Ms. Williams fraudulent statements under oath, made pursuant to Defendants' obstruction of justice phase of the racketeering scheme, violate 18 U.S.C. § 1503. In November 2006 concealed evidence on her home computer after being served with a federal grand jury subpoena, and during an interview by the FBI and Homeland Security. Additionally, based upon information and belief, interstate mail and wire communications were conducted prior to Ms. Williams' deposition through which Ms. Williams, her counsel, and her employer(s) agreed that she would make such statements and thereby obstruct justice, these statements constituted violations of 18 U.S.C. § 1341 and § 1343.

**Mail** - April 2007 - Ms. Shows was sent a letter by State Farm, upon information and belief in April of 2007, notifying her that she was eligible for reevaluation of her claim because her property was reduced to a slab. But nowhere in this letter sent by State Farm, delivered via the U.S. mail, was Ms. Shows informed that two engineering reports were created for her property. In addition, Ms. Shows was not informed that the engineer who initially determined that the cause of loss to her property was "due to tornado wind action before the storm surge took place" was ordered fired by a State Farm employee because, although said employee was not a trained engineer, that employee sought to label all hurricane-damaged properties as damaged by flood, an excluded cause under State Farm's homeowner's policy. The above act(s) violate(s) 18 U.S.C. § 1341.

**Mail** - June 8, 2007 – Defendant State Farm sends a written communication by U.S. mail offering to "reevaluate" Plaintiff Hill's claim. In the letter, State Farm fraudulently claimed that multiple engineering reports were created for Katrina-damaged properties because "inadvertent duplicate assignments were made on a single property and/or follow up on engineering reports was necessary." In reality, double engineering reports were created for hurricane-damaged properties so that State Farm and its racketeering cohorts, pursuant to the racketeering schemes outlined herein, could defraud, using U.S. interstate mail and wire communications, Plaintiffs of insurance proceeds. Nowhere in the letter did State Farm inform Plaintiff of its fraudulent racketeering scheme, or that if Plaintiff chose to have its claim "reevaluated" this "reevaluation" would be performed pursuant to a racketeering scheme. The above act(s) violate(s) 18 U.S.C. § 1341.

**Mail** - October, 2007 – State Farm sent letters to policyholders, pursuant to the Deceptive-Coercive Offers Phase of its Racketeering Scheme, offering to "reevaluate" claims it had previously denied. The purpose of this letter was to continue to retain ill-gotten gains from its racketeering enterprise, while avoiding potential criminal liability for fraudulent claims denial,

by offering low-ball settlements and resolving claims without full disclosure and/or litigation that would further uncover the Enterprise's racketeering and other legal violations. The above act(s) violate(s) 18 U.S.C. § 1341.

**October 8, 2007** – Kathryn Platt, acting as Williams' and Forensic's Counsel signed and filed a pleading and memorandum seeking sanctions and an order prohibiting the disclosure of electronic evidence obtained from Nellie Williams' home computer in *McIntosh v. State Farm Fire & Casualty Company et al*, United States District Court, Southern District of Mississippi, Southern Division, Civil Action No. 1:06-cv-1080 LTS RHW, which asserted that she and her client had no knowledge that a July 2007 *subpoena duces tecum* had been issued by Plaintiffs for Nellie Williams' home computer. In the filed pleadings, Ms. Platt asserted that she learned for the first time that Ms. Williams' hard drive had been subpoenaed when Plaintiffs' counsel, Derek Wyatt, sent her a letter on October 3, 2007. This assertion was false and was made pursuant to the obstruction of justice phase of Defendants' RICO scheme. That Ms. Platt's assertion was false is proved, in part, by the fact that on September 27, 2007, approximately a week before Ms. Platt asserted she first learned that Ms. Williams' hard drive had been subpoenaed, Ms. Platt served the McIntosh Plaintiffs' counsel with a request for production stating: "Please produce any and all documents or images from Nellie Williams' computer..." These fraudulent statements, made pursuant to Defendants' obstruction of justice phase of the racketeering scheme, violate 18 U.S.C. § 1503.

#### **Plaintiff Glenda Shows**

**October 24, 2005** – State Farm sent a denial of coverage letter to Plaintiff by U. S. mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that her house had been damaged by wind, yet it consciously chose to deny her claim and defraud her pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme, violate(s) 18 U.S.C. § 1341.

**January 4, 2006** – Second Forensic inspection report, dated January 4, 2006, signed "John B. Kelly, P.E." and "William C. Forbes, P.E." peer reviewer, delivered by U.S. Mail to Ron Howell, an employee of Renfro Company. This report was prepared pursuant to the Spoliation Phase of Defendants' Racketeering Scheme and was utilized to defraud Ms. Shows out of monies she was entitled to. The above act(s) violate(s) 18 U.S.C. § 1341.

**Before and after May 24, 2006** – Upon information and belief, Plaintiff Glenda Shows is sent communications via U.S. mail informing her of the date and time of the mediation with Defendants, held on May 24, 2006, conducted pursuant to the Defendants Deceptive-Coercive Offer Phase. Ms. Shows is also sent communications subsequent to her mediation documenting her acceptance of the mediation offer. Nowhere in these communications do Defendants inform Ms. Shows that her mediation offer would be or was extended based upon a fraudulently prepared engineering report; nor was Ms. Shows informed that an initial report prepared for her property concluded that her home was damaged by hurricane wind. The above act(s) violate(s) 18 U.S.C. § 1341.

**April 2007** - Ms. Shows was sent a letter by State Farm, upon information and belief in April of 2007, notifying her that she was eligible for reevaluation of her claim because her property was reduced to a slab. But nowhere in this letter sent by State Farm, delivered via the U.S. mail, was Ms. Shows informed that two engineering reports were created for her property; nor was Ms. Shows informed that the engineer who initially determined that the cause of loss to her property was "due to tornado wind action before the storm surge took place," was ordered fired by a State Farm employee because, although said employee was not a trained engineer, that

employee sought to label all hurricane-damaged properties as damaged by flood, an excluded cause under State Farm's homeowner's policy. The above act(s) violate(s) 18 U.S.C. § 1341

**Plaintiff Estate of Alfred Pepperman, Deceased, David Pepperman, Executor**

**February 10, 2006** – a fraudulent second Forensic inspection report, signed "John B. Kelly, P.E."; and "William C. Forbes, P.E.," peer reviewer, concluding that Plaintiffs' property was destroyed by water, is sent by U.S. mail to Brian Hart, an employee of Renfroe company. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**February 18, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**May 11, 2006** - In response to a notice of representation letter sent by Plaintiff's counsel, State Farm, via U.S. mail, purported to provide to Plaintiffs' counsel a copy of its correspondence to Alfred Pepperman, along with an "engineering report." Yet, nowhere in this response did State Farm inform Plaintiff or Plaintiff's counsel that there were in fact two engineering reports created for Plaintiff's property, one of which concluded the cause of loss was wind. Instead, utilizing the U.S. mail, State Farm fraudulently concealed this fact from Plaintiff and Plaintiff's counsel pursuant to its RICO enterprise objectives. The above act(s) violate(s) 18 U.S.C. §§ 1503 & 1341.

**Plaintiffs Walton Jones and Penny Jones**

**December 6, 2005** – Forensic's second inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E."; and "William C. Forbes, P.E.," peer reviewer, concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Doug Hobby, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**December 23, 2005** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**Plaintiffs Stephen P. Thompson and Patricia B. Thompson**

**January 4, 2005** – Forensic's second inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Doug Hobby, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**January 22, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

#### **Plaintiff Wayne Harbour**

**January 25, 2006** – Forensic's second inspection report for Plaintiff's property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiff's property was damaged by water, is delivered by U.S. mail to Andrew Dennis, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**January 31, 2006** – State Farm sent a denial of coverage letter to Plaintiff by U. S. mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiff's house had been damaged by wind, yet it consciously chose to deny Plaintiff's claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

#### **Plaintiffs Sherrod Willette and Mary Willette**

**November 15, 2005** – Forensic's second inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E., concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Jayme Woody, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**Date of denial** - State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

#### **Plaintiff Robert C. Givens**

**November 15, 2005** – Forensic employee Adam Sammis emailed Williams telling Williams to water-mark Plaintiff's (and others') inspection reports that concluded damage was caused by wind as "Drafts," pursuant to Defendants' fraudulent racketeering scheme to deny valid insurance claims. The above act(s) violate(s) 18 U.S.C. § 1343.

**November 15, 2005** – Williams emailed Sammis stating: "I have removed the pictures and conclusions from what I have can you please put draft water marks on theses [sic]," pursuant to Defendants' fraudulent spoliation phase of the racketeering scheme. The above act(s) violate(s) 18 U.S.C. § 1343.

**December 4, 2005** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing

as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiff's house had been damaged by wind, yet it consciously chose to deny Plaintiff's claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

### **Plaintiffs Ted Thomas and Donna Thomas**

November 10, 2005 – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**November 14, 2005** – Sammis emailed Williams: "This is one of Brian's which was submitted but I have the original report and invoice in the file. The conclusion has been modified." Mr. Sammis and Ms. Williams were fraudulently changing the conclusion of a qualified engineer who had determined that wind was the cause of damage to Plaintiffs' home, pursuant to the spoliation phase of Defendants' racketeering scheme. The above act(s), carried out pursuant to Defendants' racketeering scheme, violate(s) 18 U.S.C. § 1343.

**November 14, 2005** – Forensic's second inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Rachel Savoy, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

### **Plaintiff Alan Lipski**

**November 16, 2005** – Forensic's second inspection report for Plaintiff's property, replacing a previous report finding covered wind damage, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiff's property was damaged by water, is delivered by U.S. mail to Joe Doktorczyk, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

December 4, 2005 – State Farm sent a denial of coverage letter to Plaintiffs by U. S. mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiff's house had been damaged by wind, yet it consciously chose to deny Plaintiff's claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

### **Plaintiffs Charles Linkey and Joyce A. Linkey**

**January 27, 2006** – Forensic's second inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Brent Green, an adjuster hired by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and

retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**February 6, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**Before and after July 17, 2006** – Upon information and belief, Plaintiffs Charles J. and Joyce A. Linkley were sent communications via U.S. mail informing them of the date and time of the mediation with Defendants, held on July 17, 2006, conducted pursuant to the Defendants' deceptive/coercive offer phase of the racketeering scheme. Plaintiffs were also sent communications subsequent to their mediation documenting their acceptance of the mediation offer. Nowhere in these communications did Defendants inform Mr. and Mrs. Linkley that their mediation offer would be or was extended based upon a fraudulently prepared engineering report; nor were the Plaintiffs informed that an initial report prepared for their property concluded that her home was damaged by hurricane wind. The above act(s) violate(s) 18 U.S.C. § 1341.

#### **Plaintiff Dale Hill, Sr.**

**January 6, 2006** – Forensic's second inspection report for Plaintiff's property, intended to replace a previous inspection finding covered wind damage and fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiff's property was damaged by water, is delivered by U.S. mail to Jeff Davis, an adjuster employed by Renfroe. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**Date of Denial Letter** - State Farm sent a denial of coverage letter to Plaintiffs by U. S. mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiff's house had been damaged by wind, yet it consciously chose to deny Plaintiff's claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**June 8, 2007** – Defendant State Farm sends a written communication by U.S. mail offering to "reevaluate" Plaintiff Hill's claim. In the letter, State Farm fraudulently claimed that multiple engineering reports were created for Katrina-damaged properties because "inadvertent duplicate assignments were made on a single property and/or follow up on engineering reports was necessary." In reality, double engineering reports were created for hurricane-damaged properties so that State Farm and its racketeering participants, pursuant to the racketeering scheme outlined herein, could defraud, using U.S. interstate mail and wire communications, Plaintiffs of insurance monies. Nowhere in the letter did State Farm inform Plaintiff of its fraudulent racketeering scheme, or that if Plaintiff chose to have its claim "reevaluated" this "reevaluation" would be performed pursuant to a racketeering scheme. The above act(s) violate(s) 18 U.S.C. § 1341.

#### **Plaintiffs Paul Gloyer and Constance Gloyer**

**July 5, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a

basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

#### **Plaintiffs Ronald E. Nugent and Barbara P. Nugent**

**January 6, 2005** – Forensic's inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Larry Boyd, an adjuster employed by Renfroe. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**January 11, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

#### **Plaintiff Chet Carter**

**January 16, 2006** – Forensic's inspection report for Plaintiff's property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiff's property was damaged by water, is delivered by U.S. mail to Ronnie Hazelwood, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**January 24, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiff's house had been damaged by wind, yet it consciously chose to deny Plaintiff's claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**Before and after September 14, 2006** – Upon information and belief, Plaintiff Chet Carter was sent communications via U.S. mail informing him of the date and time of the mediation with Defendants, held on September 14, 2006, conducted pursuant to the deceptive/coercive offer phase of Defendants' racketeering scheme. Plaintiff was also sent communications subsequent to his mediation documenting his acceptance of the mediation offer. Nowhere in these communications did Defendants inform Mr. Carter that their mediation offer would be or was extended based upon a fraudulently prepared engineering report. The above act(s) violate(s) 18 U.S.C. § 1341.

#### **Plaintiffs Ginger L. Thackrey and Debra Joiner**

**January 27, 2006** – Forensic's inspection report for Plaintiffs' property, fraudulently prepared by Robert Kochan, concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Rachel Savoy, an adjuster employed by State Farm. The above act(s), carried out

pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**February 9, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

### **Plaintiff Jeffrey Pickich**

**January 6, 2006 - August 9, 2006** – Forensic's inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Doyse McReynolds, an employee of DOE. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**January 13, 2006** – State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiff's claim, the ACC provision and water damage exclusion in Plaintiff's FP-7955 policy. State Farm at the time it sent Plaintiff this letter knew that Plaintiff's house had been damaged by wind, yet it consciously chose to deny Plaintiff's claim and defraud Plaintiff pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**Before and after August 9, 2006** – Upon information and belief, Plaintiff Jeffrey Pickich was sent communications via U.S. mail informing him of the date and time of the mediation with Defendants, held on August 9, 2006, conducted pursuant to the deceptive/coercive offer phase of Defendants' racketeering scheme. Plaintiff was also sent communications subsequent to his mediation documenting his acceptance of the mediation offer. Nowhere in these communications did Defendants inform Mr. Pickich that his mediation offer would be or was extended based upon a fraudulently prepared engineering report. The above act(s) violate(s) 18 U.S.C. § 1341.

### **Plaintiffs Faron Craig Troub and Marion Troub**

**January 9, 2006** – Forensic's inspection report for Plaintiffs' property, fraudulently prepared by "John B. Kelly, P.E.", concluding that Plaintiffs' property was damaged by water, is delivered by U.S. mail to Stanley Smith, an adjuster employed by State Farm. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**Date of denial of coverage letter** - State Farm sent a denial of coverage letter to Plaintiffs by U. S. Mail citing as a basis for denial of Plaintiffs' claim, the ACC provision and water damage exclusion in Plaintiffs' FP-7955 policy. State Farm at the time it sent Plaintiffs this letter knew that Plaintiffs' house had been damaged by wind, yet it consciously chose to deny Plaintiffs' claim and defraud Plaintiffs pursuant to its racketeering scheme. The above act(s), carried out pursuant to Defendants' fraudulent racketeering scheme to deny valid claims and retain ill-gotten monies, violate(s) 18 U.S.C. § 1341.

**b. Provide the dates of the predicate acts, the participants in the predicate acts, and a description of the facts surrounding the predicate acts;**

See list above (under Response to 5(a) and (b)), containing the predicate acts committed, the specific statutes that were violated, the dates of occurrence and the facts surrounding these acts.

**c. If the RICO claim is based on the predicate offenses of wire fraud, mail fraud, or fraud in the sale of securities, the "circumstances constituting fraud or mistake shall be stated with particularity." Fed. R. Civ. P. 9(b). Identify the time, place, and contents of the alleged misrepresentations, and the identity of persons to whom and by whom the alleged misrepresentations were made:**

State Farm Mutual Automobile Insurance Company, State Farm Fire and Casualty Company, State Farm Bank, F.S.B.,<sup>2</sup> A. E. Renfroe & Company, Inc., and Gene Renfroe and Jana Renfroe (individually, as agents of and d/b/a E. A. Renfroe & Company, Inc.), the "Defendants," violated 18 U.S.C. 1341 and 18 U.S.C. 1343 by devising and intending to devise their scheme and artifice to defraud Plaintiffs and other policyholders. Specifically, Defendants formed and participated in the Enterprise described herein (*See* Response to 6 below, hereby incorporated in its entirety for brevity), for the purpose of obtaining money and retaining benefits and insurance proceeds that belonged to Plaintiffs and other policyholders. The Defendants and the Enterprise, by means of false or fraudulent pretenses, representations, or promises, engaged in the above-listed predicate acts (*See* Response to 5(a), hereby incorporated in its entirety for brevity) using mail and wire communications and services, thereby violating 18 U.S.C. 1341 and 18 U.S.C. 1343, respectfully.

The specific dates and times for each such improper and illegal fraudulent occurrence or transaction, or transmission relating to such occurrences or transactions, are provided in the Response to 5(a) above and are not repeated here to avoid unnecessary redundancy. Each and every communication between Defendants, their agents, and/or any member of the Enterprise AND Plaintiffs was reasonably relied upon by Plaintiffs and others to their detriment. Plaintiffs reasonably believed that State Farm and the other members of the Enterprise were dealing with them in good faith, in accordance with their legal and ethical duties, and otherwise in accordance with the professional standards used by members of their professions. Even those communications and transmissions that did not directly involve Plaintiffs resulted in fraudulent information and reports that were provided to and relied upon by Plaintiffs to their detriment, furthered the Enterprise's common purpose, and resulted in all of the damages alleged in the Complaint and outlined in the Response to number 16, incorporated by reference in its entirety to avoid redundancy.

For example, the fraud committed upon Glenda Shows was typical. Forensic and State Farm asked for access to her property in the Fall of 2005, supposedly to fairly inspect the damage. This was false. But, Mrs. Shows was unaware of their racketeering plan and acts, and therefore agreed. An inspector came to her home and properly determined that wind was the cause of damage, which should have been covered under the policy. Renfroe order that report and was sent that report via interstate mail. However, the Enterprise members conspired against Ms. Shows, coordinating via interstate emails, calls, and mailings. Despite the inspection finding wind to be the cause, the Enterprise sent her a claims denial in October 2005 via interstate mail.

In early 2006, Ms. Shows was called by a Renfroe employee, Philip Davis, who stated that he wanted to come out and look at her property. This was false. He wanted to come out and see if she had knowledge of the double-reporting that had occurred, and otherwise feel her out to see what she knew

---

<sup>2</sup> State Farm Bank, which funded the Enterprise with lines of credit to Forensic and/or Kochan, is a named defendant for aiding and abetting a civil conspiracy. *See* Amended Complaint pps. 48 *et seq.*

prior to the upcoming mediation scheduled for April of 2006. Among other things, he wanted to see if she had received one of the few reports that had "slipped" out of the Enterprise's possession. Unaware, Ms. Shows allowed Mr. Davis to come to her property based on his misrepresentation. Once there, he further fraudulently concealed the existence of the original "Shows residence" report and instead tried to convince her that the basis of her claims denial was a second report dated January 2006. This seemed strange, but Ms. Shows had no ability to pay her own claim. She was forced to deal with Renfroe and State Farm, and was forced to accept the fact that Forensic's report said what it said, regardless of the date printed on it.

Prior to the Shows mediation in April of 2006, there were numerous interstate emails, letters, and/or phone calls by and between the Enterprise members preparing the "script" for continuing to apply pressure on Ms. Shows. These communications propagated the fraud and laid the groundwork for making Ms. Shows accept a reduced settlement at her mediation, based upon the inspection report determining "water" to be the cause of damage. The script was as follows: 1) tell Ms. Shows that her home was inspected in an unbiased way; 2) tell her that the inspection report from a trained engineer concluded that the damage was due to "water" not wind; 3) tell her that the policy technically excludes "water" damage; 4) tell her that, nonetheless, they would kindly offer her some money on her policy claim and that she should take it because technically under the policy she is not entitled even to that; 5) conceal the existence of double reporting from her; 6) refuse to explain the strange January 2006 date of the inspection report that somehow resulted in a denial in October of 2005; and 7) overwhelm her with the supposed "accuracy" of the process, the expertise of those involved, and the "fairness" of the offer she was being presented with. This process was devised and rehearsed by the Defendants and the Enterprise participants and the script was carried out exactly as planned. All of these representations and omissions occurred and Ms. Shows reasonably relied upon them.

In particular, at mediation, the misrepresentations and omissions continued as State Farm, Renfroe, Philip Davis, and another Renfroe employee were all present and all pressured Ms. Shows to accept the fact that her claim had been denied, that her home had been destroyed by water (not wind) and that she would be lucky to get anything. Ms. Shows diligently ordered, paid for, and submitted her own inspection report which concluded wind caused damage to her home, but the Defendants and the Enterprise rejected that report and refused to accept her information or change their conclusions. Ms. Shows was forced to rely upon them and reluctantly settled her claim at a very reduced amount. If she had been informed of the original report, or the process that had created the second report, or the skewed use of weather data, or any of the other information mentioned in the predicate act list above, she would have refused their offer.

The other Plaintiffs and the other State Farm policyholders were all injured in similar ways. The same script was applied to them and any mediations or informal settlement discussions in which they participated. None of the Plaintiffs were fully or fairly informed. Given State Farm's and Renfroe's roles as insurer and adjuster, respectively, the Plaintiffs had no choice but to rely upon their representations and Forensic' supposedly scientific reports. Plaintiffs could not receive more than Defendants offered. Plaintiffs have not been paid proper amounts under their policies. The Plaintiffs were reasonable and justified in relying upon Defendants fraudulent representations and omissions.

**d. State whether there has been a criminal conviction for violation of the predicate acts;**

Plaintiffs are not currently aware of criminal convictions for the aforementioned predicate acts.

**e. State whether civil litigation has resulted in a judgment in regard to the predicate acts;**

To Plaintiffs' knowledge, civil litigation has not yet resulted in a judgment(s) for the predicate acts.

**f. Describe how the predicate acts form a "pattern of racketeering activity";**

The Enterprise (See Response to number 6, herein incorporated by reference) members racketeering included: (a) gaining entry to Plaintiffs' property by artifice, allegedly to inspect hurricane losses; (b) procuring contrived, biased, and scientifically dishonest inspection reports in order to attribute losses to policy exclusions for water damage; (c) spoliating and/or altering inspection reports originally containing scientific findings of compensable wind damage; (d) conducting sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; (e) while concealing the Enterprise and the pattern of racketeering activity from Plaintiffs, utilizing contrived inspection reports to divest coverage benefits through deception and coercion. (f) from the Fall of 2005 through present, obstructing justice by destroying evidence, engaging in perjury, committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

These acts were committed again and again, as Plaintiff after Plaintiff was defrauded and injured. The racketeering began occurring in 2005 and continues to this day. (See Response to item 5, incorporated herein by reference). The predicate acts are not only related to one another to accomplish a common purpose (See Response to subsection (g) immediately below) to defraud Plaintiffs, but have been used in a much broader way to defraud many other State Farm policyholders.

In short, the predicate acts repeatedly involved the same participants (State Farm, Forensic, and Renfro), the same or similar victims (State Farm policyholders such as Plaintiffs, but not limited to Plaintiffs), the same methods (outlined directly above and in this case many instance of mail and wire fraud, as well as obstruction of justice), and with the same result (minimal or no payouts despite the validity of the underlying insurance claims).

**g. State whether the alleged predicate acts relate to each other as part of a common plan. If so, describe in detail.**

The alleged predicate acts relate to each other as part of common plan. Defendants and others formed an ongoing Enterprise, consisting of State Farm, the Renfro Company, the Renfroes, Kochan and Forensic, *inter alia*, which associated together for the common purpose of defrauding Plaintiffs and other State Farm policyholders out of millions of dollars in insurance benefits. To accomplish this common purpose, the Enterprise members conducted an ongoing series of predicate acts, involving dozens acts directly affecting the named Plaintiffs countless other policyholders, as this Enterprise continues to operate. Specifically, the Enterprise and the Defendants used the United States Mail, DHL (or other private express mail services), interstate telephone and telefax lines, cellular phones and internet transmission, for the purpose of committing fraud or deceit, or for conspiring to commit fraud or deceit, and to divest Plaintiffs and other insureds of millions of dollars in coverage benefits. (See Response to number 5, incorporated by reference).

In particular, these predicate acts played out with respect to each Plaintiff and policyholder in a similar, patterned way and all further(ed) one or more of the four phases of the Enterprise's racketeering outlined below. These phases, in turn, were/are all designed to pursue the common plan of profits at the expense of policyholders.

The Enterprise (See Response to number 6, herein incorporated by reference) members racketeering involved the fraudulent use of mail and wire services to: (a) gain entry to Plaintiffs' property by artifice, allegedly to inspect hurricane losses; (b) procure contrived, biased, and scientifically dishonest inspection reports in order to attribute losses to policy exclusions for water damage; (c) spoliating and/or alter inspection reports originally containing scientific findings of compensable wind damage; (d) conduct and transmit sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; (e) while concealing the Enterprise and the

pattern of racketeering activity from Plaintiffs, utilize contrived inspection reports to divest coverage benefits through deception and coercion; and (f) from the Fall of 2005 through present, the racketeering also involved obstructing justice by destroying evidence, engaging in perjury, committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

Each and every Defendant associated with the Enterprise, and conducted the Enterprise's affairs through a pattern of racketeering activity in violation of 18 § U.S.C. 1962(c). Each and every Defendant conspired to work together with the other Defendants and members of the Enterprise, and in concert to create and carry on an Enterprise engaged in racketeering activities in violation of 18 § U.S.C. 1962(d).

Plaintiffs were directly, substantially and foreseeably injured by the egregious actions of Defendants and the Enterprise. But for the Defendants' formation of the above-described Enterprise and its pattern of racketeering activity, Plaintiffs would not have been divested of millions of dollars in insurance proceeds.

Following the association of the Enterprise (*See* Response to 6, herein incorporated by reference), the scheme to defraud Plaintiffs was covertly planned and carried out through Defendants' continuous and concerted actions taken so as to accomplish their common plan. These continuous and concerted actions include, but are not limited to all of the predicate acts listed above in Response to item 5 (incorporated herein by reference) as well as all of the acts and activities reflected by those predicate acts and communications.

**6. Describe in detail the alleged enterprise for each RICO claim. A description of each enterprise shall include the following information:**

**a. State the names of the individuals, partnerships, corporations, associations, or other legal entities which allegedly constitute the enterprise;**

- i. The individuals, partnerships, corporations, associations, or other legal entities that allegedly comprise the Enterprise include:
  1. State Farm Mutual Automobile Insurance Company
  2. State Farm Fire and Casualty Company
  3. Forensic Analysis & Engineering Corporation
  4. Robert K. Kochan, individually, as agent of, and d/b/a Forensic Analysis & Engineering Corporation
  5. E.A. Renfroe & Company, Inc.
  6. Gene Renfroe and Jana Renfroe, individually, as agents of and d/b/a E.A. Renfroe & Company, Inc.
  7. Acting for State Farm, Lecky King, Mark Wilcox, David Haddock, Dave Randel, Marsha Slaughter, Rayna Lynch, Richard "Rick" Moore, John Dagenhart, Lisa Wachter, Ryan Murphy, Mark Drain and others;
  8. Acting for the Renfroe Company through Gene and Jana Renfroe, their employee claims adjusters, namely Tammy Hardison, Jeff Davis, Denny Sitze, Larry Boyd and Jamye Woody;
  9. Acting for Forensic Analysis & Engineering Corporation and Robert K. Kochan, Adam Sammis, Nellie Williams, Randy Down, Jack Kelly and William Forbes.
  10. Rimkus Consulting Group, Inc.
  11. Haag Engineering Co.
  12. Exponent, Inc.
  13. Worley Safety and Risk Management
  14. Pilot Catastrophe Services

**b. Describe the structure, purpose, function, and course of conduct the enterprise;**

Structure of Enterprise: The Enterprise is comprised of State Farm, along with the Renfroe Company, the Renfroes, Bob Kochan and Forensic, *inter alia*, along with logistical and technological tools (including but not limited to mobile offices, lap top computers, specialized data/computer servers, physical files and email accounts) arranged and acquired by the Enterprise.

In terms of decision-making structure, State Farm is positioned at the top of the Enterprise's hierarchy. State Farm catalyzed the formation of the Enterprise and routinely issues orders, directives and suggestions to Forensic and Renfroe, both of whom provide feedback and information to State Farm and one another, to allow further collective decision-making aimed at pursuing the ultimate goal of denying valid insurance claims and making money. State Farm informed(s) Forensic and Renfroe about the coverage and exclusion provisions of their policies to ensure that each knows to drive the inspections and adjustments toward claims denials. Forensic and Renfroe, in turn, tailor their work so as to minimize insurance payments and maximize pressure upon policyholders to settle at reduced amounts.

Though State Farm exercised maximal control of the Enterprise, all of the Enterprise's members are distinct from the Enterprise and its activity, and each exercises control over various functions of the Enterprise. For instance, Forensic has primary control over inspections and conducted such inspections; Renfroe has primary control over adjustments and conducted such adjustments. State Farm, in turn, pressures, oversees, and guides Forensic and Renfroe to help coordinate the Enterprise's efforts and achieve its common plan.

The Enterprise's regular way of doing business involves inspecting claims, adjusting claims, and denying those claims or paying as little as possible on such claims. This systematic method of reducing payouts results in increased profits for the Enterprise and its Members. As described above and below, to accomplish the Enterprise's purposes, many policyholders are victimized by fraud and deception. In other cases, the facts are such that no fraud or deception is required because a denial of coverage is actually warranted without using any contrivances, unlike in the Plaintiffs' situations.

Purpose/Function of Enterprise: The Defendants comprising the Enterprise have associated together for the common purpose of defrauding Plaintiffs and other policyholders out of millions of dollars in insurance benefits.

Course of Conduct of the Enterprise:

The Enterprise's regular way of doing business involves inspecting claims, adjusting claims, and denying those claims or paying as little as possible on such claims. This systematic method of reducing payouts results in increased profits for the Enterprise and its Members. As described above and below, to accomplish the Enterprise's purposes, many policyholders are victimized by fraud and deception. In other cases, the facts are such that no fraud or deception are required because a denial of coverage is actually warranted without using any contrivances, unlike in the Plaintiffs' situations.

The Enterprise has engaged in its conduct for more than two years and will continue to conduct its business operations in the same or a similar manner indefinitely into the future in order to defraud new Katrina claimants and claimants with damage that has occurred since that time. Renfroe and State Farm have regularly conducted operations in this manner going back at least as far as the case of *Watkins v. SF et al*, Cause no. CJ-2000-303, District Court of Grady County, Oklahoma, in which a class plaintiffs alleged Lecky King (also a target figure in this case) and other State Farm claims personnel procured corrupt inspections and contrived inspection reports

from Haag Engineering, utilizing the Renfroe as adjusters, all for the purpose of profiting at the expense of the policyholders.

There is nothing inherent in the Enterprise's conduct that REQUIRES it to commit mail or wire fraud to exist or to accomplish its purpose. While the Enterprise has chosen to engage in such predicate acts, probably out of convenience, the Enterprise could pursue its goals without committing wire or mail fraud. For instance, contrived reports with false conclusions could have been hand-delivered to Plaintiffs and other policyholders. Similarly, fraud and misrepresentations could occur and result in improperly low payouts after in-person meetings or mediations *without any coordination or communication via mail or wire*. In other words, the predicate acts in this case are simply methods, not endpoints in and of themselves. Neither the Enterprise nor its common purpose is defined by the predicate acts.

However, the Enterprise has engaged and continues to engage in a pattern of racketeering activity by: (a) gaining entry to Plaintiffs' property by artifice, allegedly to inspect hurricane losses; (b) procuring contrived, biased, and scientifically dishonest inspection reports in order to attribute losses to policy exclusions for water damage; (c) spoliating and/or altering inspection reports originally containing scientific findings of compensable wind damage; (d) conducting sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; (e) while concealing the Enterprise and the pattern of racketeering activity from Plaintiffs, utilizing contrived inspection reports to divest coverage benefits through deception and coercion. (f) from the Fall of 2005 through present, obstructing justice by destroying evidence, engaging in perjury, committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to investigations and legal discovery in pending state and federal case.

The pattern of racketeering activity involves dozens of predicate acts, and counting, (constituting mail fraud, wire fraud, and obstruction of justice) that further the common plan and one or more of the Phases outlined above and in the Amended Complaint, while directly injuring the named Plaintiffs and countless other insured policyholders. Policyholders' claims continue to be adjusted by the Enterprise and the Enterprise continues to use the false "factual" data, reports, and weather information against new claimants, just as they have used and continue to use it against the named Plaintiffs and other policyholders. In other words, the previous reports, "information," and methods are used as precedent in handling new claims.

In terms of the time frame, the initial predicate acts were committed in the late summer and early fall of 2005. As alleged in the Amended Complaint, the Enterprise and each member of the Enterprise has conducted racketeering activity and committed predicate acts from 2005 until present. In particular, just in the last few months, evidence demonstrates that the Enterprise and its members have continued to try and settle claims for fractional amounts based upon fraud and have committed perjury and obstructed justice all in order to further the Enterprise's common plan. Each Enterprise member has conducted racketeering during each of the four Phases outlined in the Amended Complaint over a more than 2-year period from September 2005 through present.

Further, the conduct is not only ongoing, but also presents a threat of repetition in the future. Hundreds of policyholders have already been impacted by State Farm and the Enterprise's illegal and aggressive tactics. To this day, State Farm and the other Enterprise participants defend their conduct as "business as usual" and refuse to admit any wrongdoing. Until held liable by a court, Defendants' conduct will continue unabated.

**c. State whether any Defendants are employees, officers, or directors of the alleged enterprise;**

Defendants Gene and Jana Renfroe purportedly own and operate Renfroe Company.

**d. State whether any Defendants are associated with the alleged enterprises;**

All Defendants are associated with the alleged Enterprise.

**e. State whether the Plaintiff is alleging that the Defendants are individuals or entities separate from the alleged enterprise, or that the Defendants are the enterprise itself, or are members of the enterprise; and,**

Plaintiffs allege that the Defendants are individuals or entities separate from the Enterprise.

**f. If any Defendants are alleged to be either the enterprise itself or members of the enterprise, explain whether such Defendants are perpetrators, passive instruments, or victims of the alleged racketeering activity.**

See above, question not applicable.

**7. State whether the Plaintiff is alleging that the pattern of racketeering activity and the enterprise are separate or have merged into one entity. In either event, describe in detail.**

**Enterprise Structure**

This Enterprise's structure includes, but is not limited to, various individuals and corporate entities that have different roles with respect to homeowner's insurance policies and with respect to the inspection, adjustment, and payment or denial of claims made under such policies.

The individuals, partnerships, corporations, associations, or other legal entities that constitute part of the Enterprise include:

- a. State Farm Mutual Automobile Insurance Company;
- b. State Farm Fire and Casualty Company;
- c. Forensic Analysis & Engineering Corporation;
- d. Robert K. Kochan, individually, as agent of, and d/b/a Forensic Analysis & Engineering Corporation;
- e. E.A. Renfroe & Company, Inc.;
- f. Gene Renfroe and Jana Renfroe, individually, as agents of and d/b/a E.A. Renfroe & Company, Inc.;
- g. Acting for State Farm, Lecky King, Mark Wilcox, David Haddock, Dave Randel, Marsha Slaughter, Rayna Lynch, Richard "Rick" Moore, John Dagenhart, Lisa Wachter, Ryan Murphy, Mark Drane and others;
- h. Acting for the Renfroe Company through Gene and Jana Renfroe, their employee claims adjusters, namely Tammy Hardison, Jeff Davis, Denny Sitze, Larry Boyd and Jamye Woody;
- i. Acting for Forensic Analysis & Engineering Corporation and Robert K. Kochan, Adam Sammis, Nellie Williams, Randy Down, Jack Kelly and William Forbes;
- j. Rimkus Consulting Group, Inc.;
- k. Haag Engineering Co.;
- l. Exponent, Inc.;
- m. Worley Safety and Risk Management; and
- n. Pilot Catastrophe Services

In addition to the above-listed members, the Enterprise's structure consists of substantial infrastructural and technological acquisitions that included mobile offices, lap top computers, specialized computer/data servers, and distinct/designated physical files.

These members, their structure, organization (including decision-making structure) and their infrastructural and technological acquisitions are separate and distinct from pattern of racketeering then taken by the Enterprise.

In the following paragraphs, the Enterprise (with an overview of the role of constituent members and its constituent physical and technological acquisitions) is distinguished from the Enterprise's pattern of racketeering activity, which have not merged.

State Farm Mutual is the sole owner and parent company of Defendant State Farm Fire. Collectively, Defendant State Farm Mutual and Defendant State Farm Fire are referred to in the Complaint and herein as "State Farm." State Farm markets, underwrites, sells, issues, delivers, and otherwise maintains and administers personal lines insurance policies in the state of Mississippi, under the branded name "State Farm Mutual Automobile Insurance Company" or simply "State Farm."

Forensic Analysis & Engineering Corporation holds itself out as a "product defect analysis & accident reconstruction" company. Forensic issues or procures engineering inspection reports relating to claimed home losses. Essentially, Forensic brokers consulting engineers when prospective clients such as State Farm hire Forensic.

Robert K. Kochan, individually, as agent of, and d/b/a Forensic Analysis & Engineering Corporation owns, operates and does business as Forensic Analysis & Engineering Corporation, which (as part of its scope of activities) issues and procures inspection reports when hired or in agreement to do so.

The Renfroe Company, through Gene and Jana Renfroe, and acting through their employees (namely, Tammy Hardison, Jeff Davis, Denny Sitze, Larry Boyd, Jamye Woody and others) engages in so-called "catastrophe support services" for insurance companies, including for State Farm Fire. Renfroe Company through its actors and agents adjusts insurance claims for homeowners' policies.

The structure of the Enterprise detailed in the Amended Complaint, in Response to number 6b above, incorporated by reference herein) and elsewhere in this Case Statement, thus, consists of (but is not limited to) complementary service companies that provide services relating to homeowners insurance and the handling of various aspects of homeowners insurance claims. These members associated together for the common purpose handling insurance claims and of defrauding Plaintiffs and others of their insurance benefits.

In addition to the association of these Enterprise members, the Enterprise further developed its structure by forming a decision-making structure with State Farm at the top, and by obtaining additional physical and technological materials, products, and components.

For instance, anticipating a lucrative relationship with State Farm after State Farm proposed that Forensic join the Enterprise, Kochan purchased with a line of credit from State Farm Bank a \$150,000.00 RV which was intended and came to be Forensic's "mobile RV office." This mobile office, itself essential to the conduct of the inspection scheme, was expected to be recovered through State Farm's payment of a \$6,950.00 monthly fee for use of the RV.

With Forensic enlisted and with the RV then placed in Mississippi, the Enterprise had a physical infrastructure staffed with personnel for conducting its activities, including its pattern of racketeering. In addition to the RV, the Enterprise modified Forensic's website ([www.Forensic-ANALYSIS.com](http://www.Forensic-ANALYSIS.com)), which was operated and maintained by Propeller Head Software, Inc., located in Matthews, North Carolina. Williams helped Propeller Head create a feature on the website known as File Transfer Protocol ("FTP"), which functioned(s) as a "virtual storage box" capable of holding large text and picture digital files up to three (3) megabytes allowing Sammis, Williams, Forbes, Kelly, Down, Kochan and others involved in the Enterprise to utilize the FTP feature on a daily basis to upload and download hundreds of inspection reports, photos, writings and/or other data. Access to the FTP feature is made through confidential user ID's and passwords.

### **The pattern of racketeering:**

In contrast to the Enterprise itself, the pattern of racketeering described in Response to Number 5 above, hereby incorporated in its entirety by reference, is distinct from the Enterprise. As stated in the Complaint and above, the Enterprise, with State Farm acting through Lecky King, Mark Wilcox, David Haddock, Dave Randel, Marsha Slaughter, Rayna Lynch and others; and the Renfroe Company acting through Gene and Jana Renfroe and their employee claims adjusters, namely Tammy Hardison, Jeff Davis, Denny Sitze, Larry Boyd, Jamye Woody; and Forensic and Kochan, acting through Kochan, Adam Sammis, Nellie Williams, Randy Down, Jack Kelly and William Forbes at the hub, engaged in a pattern of racketeering activity by: (a) gaining entry to Plaintiffs' property by artifice, allegedly to inspect hurricane losses; (b) procuring contrived, biased, and scientifically dishonest inspection reports in order to attribute losses to policy exclusions for water damage; (c) spoliating and/or altering inspection reports originally containing scientific findings of compensable wind damage; (d) conducting sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; (e) while concealing the Enterprise and the pattern of racketeering activity from Plaintiffs, utilizing contrived inspection reports to divest coverage benefits through deception and coercion. (f) from the fall of 2005 through present, obstructing justice by destroying evidence, engaging in perjury, committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

The Enterprise, and pattern of racketeering activity thereunder used the United States Mail, DHL (or other private express mail services), interstate telephone and telefax lines, cellular phones and internet transmission, all of which constitutes engaging in interstate commerce for the purpose of committing fraud or deceit, or conspiring to commit fraud or deceit, and to divest Plaintiffs and other insureds of millions of dollars in coverage benefits. As outlined above, the Enterprise and its members also engaged in illegal acts to obstruct justice in order to further pursue the common plan.

### **Summary of Distinction Between the Enterprise and the Racketeering:**

Thus, the actors, their organization, and acquired "tools" constituted the Enterprise. In turn, that Enterprise engaged in a pattern of related illegal predicate acts (the racketeering activity). Though there is a connection between the Enterprise and its pattern of racketeering activity, the two are separate and distinct in fact and at law, as described herein and in the Amended Complaint.

Further, there is nothing inherent in the Enterprise's conduct that REQUIRES it to commit mail or wire fraud to exist or to accomplish its purpose. While the Enterprise has chosen to engage in such predicate acts, probably out of convenience, the Enterprise could pursue its goals without committing wire or mail fraud. For instance, contrived reports with false conclusions could be hand-delivered to Plaintiffs and other policyholders. Similarly, fraud and misrepresentations could occur and result in improperly low payouts after in-person meetings or mediations *without*

*coordination or fraudulent communication via mail or wire.* In other words, the predicate acts in this case are simply methods, not endpoints in and of themselves. Neither the Enterprise nor its common purpose is defined by the predicate acts.

**8. Describe the alleged relationship between the activities of the enterprise and the pattern of racketeering activity. Discuss how the racketeering activity differs from the usual and daily activities of the enterprise, if at all.**

The Enterprise's activities are substantially related to the pattern of racketeering, although the Enterprise and/or its members does/do, upon information and belief, carry out some legal business – including the issuance of insurance, the inspection of losses, generation of reports, adjusting of claims, and ultimate claims determinations – distinct from the racketeering activity outlined in the Complaint and herein. This legal business, along with the racketeering activity, constitutes the usual and daily activities of the Enterprise and/or its members.

The legal business of insurance claims investigation and adjustment also involves inspecting property, writing engineering reports, adjusting claims, and paying (or denying) such claims. However, during legal operations, those processes are performed in accordance with professional standards and are not contrived or controlled to achieve a pre-decided result, as was the case for Plaintiffs and other State Farm policyholders.

Further, legal operations of insurance companies, adjustment firms, and engineering companies do not involve covering-up racketeering activity by destroying evidence, obstructing justice, and otherwise continuing to improperly process and deny insurance claims for covered losses through the commission of additional illegal/predicate acts, including but not limited to wire fraud and mail fraud.

**9. Describe what benefits, if any, the alleged enterprise receives from the alleged pattern of racketeering.**

The members of the Enterprise have received and continue to receive substantial monetary benefits from the pattern of racketeering activity. The denial of otherwise valid home claims has resulted in millions of dollars of illegal profits by the Enterprise and continues to yield benefits to the Enterprise as it continues to retain and use these illegal profits, as well as settle additional claims for fractional amounts based upon fraud and racketeering.

By denying or minimizing payments on valid insurance claims, State Farm saved(s) millions of dollars in payouts. In turn, State Farm paid contractual and proportional amounts to Forensic and Renfroe, such that as State Farm benefited, the other members of the Enterprise were paid from State Farm's and the Enterprise's proceeds. The paragraphs below briefly outline additional benefits obtained by Renfroe, Forensic, State Farm, and the Enterprise.

Forensic Engineering benefited from the Enterprise's pattern of racketeering activity through its practice of knowingly submitting spoliated, altered, and/or incorrect engineering reports to State Farm and Renfroe Adjusting in order to acquire funds from the Enterprise and State Farm. Forensic Engineering's receipt of these funds allowed the company to continue to pay the \$150,000 promissory note on an RV the company purchased after Bob Kochan was contacted by Mark Wilcox, a State Farm employee, and asked to perform engineering inspections for State Farm on the Mississippi Coast. The payments for the aforementioned RV were made from the \$6,950.00 monthly stipend given to Forensic by State Farm for Forensic's utilization of the RV on the Mississippi Coast as it performed its engineering duties under contract with State Farm. Forensic also benefited from the Enterprise's pattern of racketeering activity when it submitted spoliated, altered, and/or incorrect engineering reports to State Farm and Renfroe Adjusting and in turn

recovered its previously agreed upon “proportionate share” of fees from inspections it was required to conduct on behalf of State Farm. Forensic’s “proportionate share,” per its contract with State Farm, approximated \$2,500.00 per inspection. The Enterprise benefited by having an inspection process that provided a supposedly “scientific basis” for claims denials.

Renfroe Adjusting benefited from the Enterprise’s pattern of racketeering activity through its contractual agreement with State Farm to perform adjusting services on the Mississippi Gulf Coast in the wake of Hurricane Katrina. Renfroe accepted the benefits of the Enterprise’s pattern of racketeering activity, while ordering, receiving and utilizing contrived engineering reports. Renfroe benefited the Enterprise by giving the process an “imprimatur” of independence by a supposedly “outside” adjusting firm. During formal mediations sponsored by the Mississippi Insurance Commissioner, Renfroe actively aided and abetted State Farm in settling Plaintiffs’ hurricane damage claims for a fraction of their true value, while concealing sham inspections and altered, fabricated and/or contrived inspection reports created by Forensic Engineering.

State Farm benefited from the Enterprise’s pattern of racketeering activity through its coordinated use of both Renfroe Adjusting and Forensic Engineering, its associates in the Enterprise, to deny coverage benefits to Plaintiffs and other policyholders worth millions of dollars. The Enterprise benefited by obtaining/saving these illegal funds. State Farm and the Enterprise used these funds to further the Enterprise’s racketeering activities by paying a portion of these funds back to Renfroe Adjusting and Forensic Engineering, in return for each of the Enterprise’s members ongoing racketeering and concealment.

**10. Describe the effect of the activities of the enterprise on interstate or foreign commerce.**

The Enterprise has been and is conducting business and operations across state lines. The Enterprise developed its structure and association by compiling associated members, equipment, and technology from various U.S. states. The Enterprise developed its common purpose and decision-making structure (with State Farm at the top), in whole or in part, through interstate mail and wire communications. The Enterprise commits predicate acts and engages in a pattern of racketeering activity via interstate mail and wire communications. Substantial sums of money (millions of dollars) flowed and continue to flow, directly or indirectly, from the Plaintiffs and other policyholders (who paid premiums but were/are denied proper insurance benefits and/or proper adjustments of their claims) to State Farm, Forensic, Renfroe and the other Enterprise participants in the form of salaries, hourly fees, contracts of employment, and/or other means of payment. In the aggregate, the Enterprise’s racketeering conduct led to the denial of claims, delayed rebuilding of homes along and near Mississippi’s Gulf Coast, the movement or displacement of Plaintiffs and others across state lines (either temporarily or permanently), and to consequential economic effects upon the local and national economy. At present, the Enterprise’s past and ongoing conduct (*See* Responses to numbers 5 and 8) has resulted in national litigation that has tied up federal and state courts, been covered by the national press and media, and has affected the finances of shareholders and other parties with a financial interest in these companies and/or in the Mississippi Gulf Coast’s economy (including those who have financial interests in Mississippi’s business infrastructure and real estate market), which has been harmed by the Enterprise’s conduct and the sequelae of such wrongdoing. The economic impact has adversely affected the federal government and all U.S. taxpayers, as the Enterprise’s fraud has shifted the cost of covered insurance losses from State Farm to the federal government and the federal flood program (which is now the subject of recently unsealed *qui tam* litigation).

**11. If the complaint alleges a violation of 18 U.S.C. § 1962(a), provide the following information:**

Not applicable at present based upon the current Complaint.

- a. State who received the income derived from the pattern of racketeering activity or through the collection of an unlawful debt; and
- b. Describe the use, investment, or locus of such income.

**12. If the Complaint alleges a violation of 18 U.S.C. § 1962(b), describe in detail the acquisition or maintenance of any interest in or control of the alleged enterprise.**

Not applicable at present based upon the current Complaint.

**13. If the Complaint alleges a violation of 18 U.S.C. § 1962 (c), provide the following information:**

- a. State who is employed by or associated with the enterprise;

Parties who are employed by or associated with the Enterprise include, but are not necessarily limited to:

1. State Farm Mutual Automobile Insurance Company;
2. State Farm Fire and Casualty Company;
3. Forensic Analysis & Engineering Corporation;
4. Robert K. Kochan, individually, as agent of, and d/b/a Forensic Analysis & Engineering Corporation;
5. E.A. Renfroe & Company, Inc.;
6. Gene Renfroe and Jana Renfroe, individually, as agents of and d/b/a E.A. Renfroe & Company, Inc.;
7. Acting for State Farm, Lecky King, Mark Wilcox, David Haddock, Dave Randel, Marsha Slaughter, Rayna Lynch and others;
8. Acting for the Renfroe Company through Gene and Jana Renfroe, their employee claims adjusters, namely Tammy Hardison, Jeff Davis, Denny Sitze, Larry Boyd and Jamye Woody;
9. Acting for Forensic Analysis & Engineering Corporation and Robert K. Kochan, Adam Sammis, Nellie Williams, Randy Down, Jack Kelly and William Forbes;
10. Rimkus Consulting Group, Inc;
11. Haag Engineering Co.;
12. Exponent, Inc.;
13. Worley Safety and Risk Management; and
14. Pilot Catastrophe Services
- 15.

- b. State whether the same entity is both the liable “person” and the “enterprise” under § 1962 (c).

Under § 1962(c), the liable “person” and the “enterprise” are not the same entity. The people involved in the Enterprise are distinct from the Enterprise that conducts its affairs through a pattern of racketeering activity. Any employees of the corporations that comprise the Enterprise, even if or

when those employees are the corporation's sole shareholder, are legally distinct persons who are only associated with, not the manifestations of, the corporations that comprise the Enterprise.

**14. If the Complaint alleges a violation of 18 U.S.C. § 1962(d), describe in detail the alleged conspiracy.**

Defendants and each of them conspired to work together and in concert to create and carry on an Enterprise engaged in racketeering activities. Defendants and each of them conspired to unlawfully, willingly and knowingly perform acts or omissions and conduct or participate, directly or indirectly, in the conduct of Defendants' affairs through the means of a pattern of racketeering activities. As the direct and proximate result of the racketeering activities, the Plaintiffs were defrauded out of substantial coverage benefits in an amount presently unascertained but not less than five million dollars.

Defendant State Farm, in furtherance of the conspiracy, acting through its agent Lecky King and others, covertly returned inspection reports to Forensic Engineering, after engineers who created the reports concluded that the cause of loss to Plaintiffs' properties was due to hurricane winds, for fabrication, alteration or spoliation of the engineers' previous conclusions. Defendant State Farm, acting through its agent Mark Wilcox, directed Forensic engineers as to how to word inspection reports to coincide with the water damage exclusion in State Farm insurance contracts. Additionally, Defendant State Farm, acting through its agent Randy Down, directed Forensic engineers not to apply a percentage to wind and water damage when creating property inspection reports, but to instead specify the predominant cause of loss. Defendant State Farm, acting through its agent Lecky King, "fired" Forensic when forensic engineers failed to conclude, in keeping with State Farm's goal of denying Plaintiffs' insurance claims under the pretense that damage stemmed from water, not wind, that Plaintiffs' properties had been damaged by water, a loss which was not covered under Plaintiffs' homeowners policies. Forensic took heed of State Farm's, Lecky King's, and the Enterprise's fraudulent scheme and common plan to divest Plaintiffs and other policyholders on claims filed, processed, and/or handled between August 2005 through present for Hurricane Katrina-related losses. Forensic understood the Enterprise's plan, joined the Enterprise, and participated in the Enterprise's racketeering activities that injured Plaintiffs. The emails, correspondence, telephone calls, and other communications and documents detailed in Response to item 5 above (incorporated by reference) and referenced within the Complaint reflect the conspiracy to engage in ongoing prohibited racketeering violations, as well as reflect Forensic's integral role in this conspiracy.

In the way of non-exhaustive illustrative examples of their role, Defendant Forensic Engineering, in furtherance of the conspiracy, acting through its agent Adam Sammis, a clerical employee who lacked any engineering credentials, inserted into Plaintiffs' property inspection reports boilerplate weather information that did not reflect actual weather conditions at the time of Hurricane Katrina, which was then used to render faulty conclusions as to the cause of loss to Plaintiffs' properties and ultimately divest Plaintiffs of millions of dollars in insurance funds. Defendant Forensic Engineering, acting through its agents Adam Sammis, Nellie Williams and Randy Down, conspired with State Farm to use wording to describe damage to Plaintiffs' properties that would coincide with and justify Defendant State Farm's rejection of Plaintiffs' valid insurance claims. Defendant Forensic Engineering, acting through its agent Randy Down, complied with State Farm's demand that Forensic not apply percentages to wind and water damage when creating property inspection reports and instead describe the predominant cause of the loss. Defendant Forensic Engineering, acting through its agent Robert Kochan, fired, at the behest of State Farm, two engineers that refused to cooperate with the Enterprise's scheme to use fraudulent inspection reports and ultimately deny Plaintiffs' valid insurance claims.

Robert Kochan, in furtherance of the conspiracy, met with Lecky King, a State Farm agent, after she "fired" Forensic Engineering, and agreed to resume Forensic Engineering's role in the Enterprise,

which consisted of procuring false and/or spoliated inspection reports on behalf of State Farm. Robert Kochan, in furtherance of the conspiracy, directed the employees of Forensic Engineering to comply with the orders of State Farm as to how to write engineering reports for the purposes of denying warranted insurance benefits to Plaintiffs. Robert Kochan, at the behest of State Farm, and acting in furtherance of the conspiracy, fired two Forensic engineers that refused to cooperate with the Enterprise's scheme to use fraudulent inspection reports and ultimately deny Plaintiffs' valid insurance claims. The emails, correspondence, telephone calls, and other communications and documents detailed in the Response to item 5 above (incorporated by reference) and referenced within the Complaint reflect the conspiracy to engage in ongoing prohibited racketeering violations, as well as reflect Kochan's integral role in this conspiracy.

Renfroe Adjusting, acting in furtherance of the conspiracy, aided and abetted Forensic Engineering and State Farm in procuring falsified and/or spoliated engineering inspection reports. Additionally, Renfroe Adjusting, acting in furtherance of the conspiracy, attended Mississippi Insurance Commissioner George Dale's mediation conferences and, with knowledge that the inspection reports presented to Plaintiffs were falsified and/or spoliated, aided and abetted State Farm in denying Plaintiffs insurance benefits.

Gene Renfroe and Jana Renfroe, acting in furtherance of the conspiracy, aided and abetted Forensic Engineering and State Farm in procuring falsified and/or spoliated engineering inspection reports. Additionally, Gene Renfroe and Jana Renfroe, acting in furtherance of the conspiracy, attended Mississippi Insurance Commissioner George Dale's mediation conferences and, with knowledge that the inspection reports presented to Plaintiffs were falsified and/or spoliated, aided and abetted State Farm in denying Plaintiffs insurance benefits. The emails, correspondence, telephone calls, and other communications and documents detailed in the Response to item 5 above and referenced within the Complaint (incorporated by reference) reflect the conspiracy to engage in ongoing prohibited racketeering violations, as well as reflect Forensic's integral role in this conspiracy.

**15. Describe the direct causal relationship between the alleged injury and the violation of the RICO statute.**

Plaintiffs purchased from Defendant State Farm homeowners policies (in this case, form FP-7955 policies) naming them as insured policyholders. The FP-7955 policies purchased by Plaintiffs were in effect and paid in full as of August 29, 2005, the date Hurricane Katrina made landfall in Mississippi. The FP-7955 policy provides coverage for any and all risks of "accidental direct physical loss" to the insured dwelling and dwelling extension, unless the loss is elsewhere specifically excluded in the policy. A hurricane, such as Hurricane Katrina, is an "accidental direct physical loss" under Section I – Losses Insured of the Plaintiffs' policies. Plaintiffs' "all risks" policies do not exclude damage or loss to the Dwelling or Dwelling Extension (Coverage A) caused by wind-borne or water-borne objects, materials or debris.

On August 29, 2005, Plaintiffs' insured properties were significantly damaged or totally destroyed by Hurricane Katrina, a hurricane with wind gusts in excess of 140 miles per hour. Plaintiffs' insured properties were subjected to tornadoes, microbursts, mesocyclones, and other convective activity typically associated with a hurricane. Within the time period(s) required under the policies, and in accordance with the requirements for making a claim under the subject policies, Plaintiffs notified Defendant State Farm of the covered losses proximately and efficiently caused by Hurricane Katrina's landfall.

Defendants and others formed an ongoing Enterprise, consisting of State Farm, the Renfroe Company, the Renfroes, Kochan and Forensic, *inter alia*, which associated together for the common purpose of defrauding Plaintiffs and other State Farm policyholders out of millions of dollars in insurance benefits. To accomplish this common purpose, the Enterprise members conducted an

ongoing series of predicate acts, involving dozens of acts directly affecting the named Plaintiffs and potentially over one hundred (100) other insured policyholders. Specifically, the Enterprise and the Defendants used the United States Mail, DHL (or other private express mail services), interstate telephone and telefax lines, cellular phones and internet transmission, for the purpose of committing fraud or deceit, or for conspiring to commit fraud or deceit, and to divest Plaintiffs and other insureds of millions of dollars in coverage benefits. (See Response to number 5, incorporated by reference). In particular, these predicate acts played out with respect to each Plaintiff and policyholder in a similar, patterned way and all further(ed) one or more of the four phases of the Enterprise's racketeering outlined below.

The Enterprise (See Response to number 6, herein incorporated by reference) members racketeering resulted in: (a) gaining entry to Plaintiffs' property by artifice, allegedly to inspect hurricane losses; (b) procuring contrived, biased, and scientifically dishonest inspection reports in order to attribute losses to policy exclusions for water damage; (c) spoliating and/or altering inspection reports originally containing scientific findings of compensable wind damage; (d) conducting sham re-inspections for the purpose of procuring inspection reports falsely attributing losses to policy exclusions for water damage; (e) while concealing the Enterprise and the pattern of racketeering activity from Plaintiffs, utilizing contrived inspection reports to divest coverage benefits through deception and coercion. (f) from the Fall of 2005 through present, by obstructing justice by destroying evidence, engaging in perjury, committing fraud and fraudulent concealment, and providing misleading and dishonest responses and document productions in response to grand jury investigations and legal discovery in pending state and federal cases.

Each and every Defendant associated with the Enterprise, and conducted the Enterprise's affairs through a pattern of racketeering activity in violation of 18 § U.S.C. 1962(c). Each and every Defendant conspired to work together with the other Defendants and members of the Enterprise, and in concert to create and carry on an Enterprise engaged in racketeering activities in violation of 18 § U.S.C. 1962(d).

Plaintiffs were directly, substantially and foreseeably injured by the egregious actions of Defendants and the Enterprise. But for the Defendants' formation of the above-described Enterprise and its pattern of racketeering activity, Plaintiffs would not have been divested of millions of dollars in insurance proceeds.

Specifically, Plaintiffs reasonably and justifiably relied to their detriment upon scientifically dishonest inspection reports created by the Enterprise in order to attribute losses to policy exclusions for water damage and spoliating and/or altered inspection reports created by the Enterprise that originally contained findings of compensable wind damage. Plaintiffs who settled for fractional amounts would have rejected any such offers had they been fully informed of the facts and of the Enterprise's wrongdoing. Thus, part of the Plaintiffs' injuries consist of either "no payments" or "reduced payments," instead of the proper amounts they were/are entitled to receive under their policies. Further, because of the Enterprise's orchestrated fraudulent letters, reports, calls and communications (as well as its "behind the scenes" predicate acts of coordination, spoliation of evidence, and obstruction of justice), Plaintiffs were denied their proper insurance proceeds and have sustained consequential damages and have been forced to expend significant time, efforts, and resources in order to investigate and litigate their claims.

Further, the Plaintiffs have suffered the anxiety and emotional stress of a "double-hit" – first losing their homes, and then being denied the opportunity to start over again with their rightful insurance proceeds. This second hit was proximately caused by the Enterprise's illegal conduct consisting of fraud coordinated by and accomplished through interstate phone calls, emails, and mailings.

**16. List the actual damages for which Defendant is allegedly liable.**

As a result of the Defendants' breaches of duties, violations of law, as well all other actionable acts and omissions claimed in the Amended Complaint, Plaintiffs are entitled to a judgment against the Defendants jointly and severally, for actual, compensatory, consequential, and treble damages in excess of the jurisdictional limit of this Court, plus court costs, litigation expenses, and pre and post-judgment interest at the legally allowable limit.

Plaintiffs' damages include those anxiety and emotional distress damages that would ordinarily follow and would be expected to ensue when a home and personal belongings have been substantially or totally destroyed and insurance policy benefits have been improperly and illegally denied, and/or proper adjustments have been denied. Additional inconvenience and expense, attorneys' fees and the like should be expected, and are foreseeable damages and remedies justified and sought.

Further, as a result of the Defendants' breach of duty and acts and omissions, as alleged with particularity in the Amended Complaint, Plaintiffs are entitled to a judgment against the Defendants jointly and severally, for extra-contractual, exemplary and punitive damages, under common law and *Miss. Code Ann. § 11-1-65 et seq.*, plus court costs, and pre and post-judgment interest at the legally allowable limit. Plaintiffs demand judgment for extra-contractual, exemplary and punitive damages against the Defendants in an amount sufficient to deter and punish the Defendants from future conduct.

**17. List all other federal causes of action, if any, and provide citations to the relevant statute(s).**

Plaintiffs reserve the right to amend this Amended Complaint for the purpose of pleading additional claims and seeking additional relief, including, without limitation, claims and remedies for:

- a. spoliation of writings, documents and records germane to and probative of issues raised in the Plaintiffs' Complaint;
- b. preliminary and/or permanent injunctions;
- c. revocation and/or suspension of licenses; and,
- d. any other such remedies concerning, relating or affecting the issues raised in the Plaintiffs' Amended Complaint, and/or as determined from additional information obtained during discovery.

**18. List all pendent State Claims, if any.**

The Amended Complaint includes the following pendent State Claims:

- a) Fraud, Misrepresentation and Deceit (Count Three)
- b) Fraudulent Concealment (Count Four)
- c) Civil Conspiracy (Count Five)
- d) Aiding and Abetting (Count Six)
- e) Breach of Contract (Count Seven)
- f) Breach of Contract (Single Loss Adjusting) (Count Eight)
- g) Negligence and Gross Negligence (Count Nine)
- h) Plaintiffs as Third Party Beneficiaries; Renfroe's Negligent and Grossly Negligent Breach of Contract (Count Ten)

**19. Provide any additional information that you feel would be helpful to the Court in considering your RICO claim.**

THIS, the 2nd day of July, 2008.

Respectfully submitted,  
PROVOST ★ UMPHREY LAW FIRM, L.L.P.

A handwritten signature in black ink, appearing to read "Guy G. Fisher". The signature is fluid and cursive, with a prominent initial "G" and "F".

---

GUY G. FISHER  
490 Park Street  
Beaumont, Texas 77701  
(409) 835-6000 (409) 813-8625 fax  
Mississippi Bar No. 101291

**CERTIFICATE OF SERVICE**

I hereby certify that I have on this date electronically filed the foregoing document with the Clerk of Court using the ECF system which sent notification of such filing to all counsel of record.

DATED: July 2, 2008



---

Guy G. Fisher

PROVOST ★ UMPHREY LAW FIRM, L.L.P.  
490 Park Street  
Beaumont, Texas 77701  
(409) 838-8825  
(409) 813-8625 fax