

STATE OF SOUTH CAROLINA  
COUNTY OF ANDERSON

IN THE COURT OF COMMON PLEAS  
FOR THE FIFTH JUDICIAL CIRCUIT

Robert Ayers, Paul Barkal, Susan Barkal,  
Gloria Bennett, Kurt Blaettler, Vandy Kim,  
Glenn Kornett, Gudrun Kornett, David  
Larson, Lucye Larson, Florence Lince,  
Mike Lince, Michael McGraw, Diane  
Bernat, and William Schaidle,

Plaintiffs,

Vs.

Chris Dixon, Black Harbor Wealth  
Management, LLC, Samuel J. Dixon, Faw  
Casson & Co., LLP, ShurWest LLC,  
MJSM Financial, LLC, Melanie Schulze-  
Miller, Minnesota Life Insurance  
Company, and Pacific Life Insurance  
Company,

Defendants.

Civil Action No:

**SUMMONS**  
(Jury Trial Demanded)

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is hereby served on you, and to serve a copy of your Answer to the said Complaint upon the subscribers at 1329 Blanding Street, Columbia, South Carolina 29201, within thirty (30) days after service hereof, exclusive of the day of such service, and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in such Complaint.

Respectfully submitted,

s/ Robert G. Rikard

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STATE OF SOUTH CAROLINA

IN THE COURT OF COMMON PLEAS

COUNTY OF ANDERSON

FOR THE TENTH JUDICIAL CIRCUIT

Robert Ayers, Paul Barkal, Susan Barkal, Gloria Bennett, Kurt Blaettler, Vandy Kim, Glenn Kornett, Gudrun Kornett, David Larson, Lucye Larson, Florence Lince, Mike Lince, Michael McGraw, Diane Bernat, and William Schaidle,

Plaintiffs,

Civil Action No:

**COMPLAINT**

(Jury Trial Demanded)

Vs.

Chris Dixon, Black Harbor Wealth Management, LLC, Samuel J. Dixon, Faw Casson & Co., LLP, ShurWest LLC, MJSM Financial, LLC, Melanie Schulze-Miller, Minnesota Life Insurance Company, and Pacific Life Insurance Company,

Defendants.

Plaintiffs bring this Complaint against Defendants Chris Dixon, Black Harbor Wealth Management, LLC, Samuel J. Dixon (Chris Dixon, Samuel J. Dixon, and Black Harbor Wealth collectively referred to as "Dixon") and Faw Casson & Co., LLP (referred to as "Faw Casson"), Shurwest, LLC ("Shurwest"), MJSM Financial, LLC, Melanie Schulze-Miller ("Miller"), and Minnesota Life Insurance Company and Pacific Life Insurance Company.

**NATURE OF THE ACTION**

1. This action seeks redress for the Plaintiffs who were harmed by Dixon's Professional Services related to the sale of life insurance products, and/or health and disability insurance, and/or Dixon's retirement and/or financial planning activities related to the sale of insurance products. Dixon provided retirement planning advice to

Plaintiffs. As an insurance agent and agency, Dixon's retirement planning advice involved the recommendation of insurance products.

2. Dixon, with the advice, recommendation, and education provided by Shurwest and Miller, recommended that Plaintiffs purchase universal life insurance policies that would be funded at a target level. When fully funded, those policies were intended to provide a death benefit and would have an accumulated value that would allow policyholders to supplement their retirement income by borrowing against the policy, or receiving portions of the accumulated cash value.

3. Dixon, with the advice, recommendation, and education provided by Shurwest and Miller, further advised Plaintiffs to fund their life insurance policies using funding mechanisms administered by third parties that were designed to allow them to fund those policies at a higher target level. (The "Life Insurance Retirement Strategy" a/k/a "IRA Reboot Program"). Upon information and belief, this strategy was formed and implemented by Shurwest and its National Sales Director for Life Insurance, Miller.

4. Upon information and belief, at the direction of Shurwest and Miller, Dixon recommended these funding mechanisms to Plaintiffs without adequately investigating or understanding the risks associated with those vehicles and further failed to communicate those risks to Plaintiffs.

5. Upon information and belief, Defendants Shurwest and Miller understood that Dixon was relying on Shurwest and Miller to conduct the due diligence investigation and otherwise evaluate the risks associated with the recommended funding mechanisms and the Life Insurance Retirement Strategy a/k/a IRA Reboot Program.

6. Miller, on behalf of Shurwest, visited Dixon and his staff in South Carolina to demonstrate, explain, and provide in-person illustrations regarding the Life Insurance Retirement Strategy a/k/a IRA Reboot Program. While in South Carolina, Miller, on behalf of Shurwest, trained Dixon and his staff on how to sell and promote the IRA Reboot Program to Dixon customers and potential customers, including the Plaintiffs.

7. Shurwest and/or Miller then invited Dixon and a member of his staff to attend planning, training, and strategy sessions at Shurwest's offices where Dixon was introduced to various members of the Shurwest team.

8. Shurwest and/or Miller paid for Dixon and his staff member's transportation, picked them up in a limo at the airport, and drove them to the Shurwest office.

9. At the Shurwest office, Dixon and a member of his staff were instructed on the entirety of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program, and he met the members of Shurwest staff who would be assisting Dixon and his company with promoting and selling the Life Insurance Retirement Strategy a/k/a IRA Reboot Program.

10. Shurwest employees instructed and provided training to Dixon and his staff on how to sell and promote the IRA Reboot Program to Dixon customers and potential customers in South Carolina, including the Plaintiffs.

11. Shurwest and Miller provided similar training to other agents in South Carolina.

12. Upon information and belief, Shurwest and Miller did not adequately perform the due diligence and investigation or knew of the risks associated with the

recommended funding mechanisms and the Life Insurance Retirement Strategy a/k/a IRA Reboot Program and stayed silent when they had a duty to act.

13. Shurwest employees continued to provide support to Dixon and his staff in marketing and implementing the IRA Reboot Program by providing guidance in dealing with specific customers, running illustrations of the program, and providing material to share with customers and Plaintiffs. See **Exhibit 1**.

14. However, Miller and Shurwest did provide Dixon with what was alleged to be due diligence on this plan and the “SCF” or structured cash flows. See **Exhibit 1**. Obviously, this “due diligence” was woefully inadequate.

15. Defendant Faw Casson was the conduit of Plaintiffs’ monies going to the funding mechanisms of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program. The subsequent failure of these funding mechanisms to provide the funds needed to fund the life insurance policies purchased by Plaintiffs has caused Plaintiffs to suffer substantial losses of the funds they dedicated to the Life Insurance Retirement Strategy a/k/a IRA Reboot Program and placed their life insurance policies at risk of lapse. Faw Casson served as the escrow agent involving the following Plaintiffs’ transactions: Ayers, Barkal, Bennett, Blaettler, Kornett, Larson, Lince and McGraw.

16. Upon information and belief, Shurwest, Miller, Faw Casson, and Dixon knew or should have known of the pitfalls of the recommended funding mechanisms.

17. Faw Casson was presented as “the escrow agent” for FIP to assist in the deployment of Plaintiffs’ assets in accordance with the Life Insurance Retirement Strategy a/k/a IRA Reboot Program.

18. Shurwest, Miller and Dixon's Life Insurance Retirement Strategy a/k/a IRA Reboot Program of recommending Plaintiffs use particular funding mechanisms to pay premiums on their life insurance policies was negligent in the sale, attempted sale and/or servicing of the life insurance policies.

19. Shurwest, Miller and/or Dixon either knew or should have known that using these vehicles to fund the life insurance policies purchased by Plaintiffs was not an appropriate part of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program. Shurwest, Miller and/or Dixon violated their duties to Plaintiffs by recommending that they employ this method to fund their life insurance policies.

20. Shurwest, Miller and/or Dixon's Life Insurance Retirement Strategy a/k/a IRA Reboot Program was the negligent rendering or failure to render proper financial planning advice in connection with the sale, attempted sale or servicing of life insurance. Furthermore, Shurwest, Miller and Dixon's financial planning activities offered in conjunction with the sale, attempted sale, or servicing of life insurance policies were the negligent rendering or negligent failure to render financial planning advice to the Plaintiffs.

21. One funding mechanism utilized by Defendants was through the use of "structured cash flows" sold by Future Income Payments, LLC, f/k/a Pensions, Annuities and Settlements, LLC and FIP, LLC ("FIP").

22. FIP worked by having individuals such as Plaintiffs execute a process where they would pay a lump sum to FIP to purchase a monthly income stream that represented the total amount paid to FIP plus a pre-determined rate of return, which depended on the term of the structured cash flow. For example, a policyholder might

pay FIP \$100,000 to acquire a monthly income stream for a period of 3 years at a 5% rate of return. FIP paid higher returns for cash flows with longer terms.

23. FIP funded the cash flows it sold to individuals such as Plaintiffs by “purchasing” future income from individual pensioners, including retired teachers, police officers, and military personnel. FIP offered pensioners up-front, lump-sum payments in exchange for receiving a portion of their monthly pension payments over a specific term, FIP would purchase these pension payments at a “discount,” such that the total of the monthly payments made by the individual pensioners to FIP far exceeded the amount of the lump-sum he or she received, amounting to an effective interest rate of nearly 100% in some cases.

24. Even though FIP characterized these transactions with pensioners as “purchases,” numerous state and federal regulators have investigated and determined that the deals were, in fact, loans. Those loans were unlawful transactions, as they were made by an unlicensed lender (FIP) at effective interest rates that violated state usury laws, without legally mandated disclosures. These regulatory actions resulted in numerous orders requiring FIP to cease and desist its pension advance operations in various states and municipalities.

25. As a result of this mounting regulatory pressure, FIP ceased collecting payments from pensioners or making payments to income stream purchasers in or about April 2018.

26. The following is a non-exclusive list of some of the regulatory actions taken against FIP in the past few years:

- The State of Colorado determined that FIP was making loans without proper licensure. In a January 2015 assurance of discontinuance, FIP agreed not to



enter into any transactions in Colorado without first obtaining a supervised lender's license and not to charge interest on their existing agreements in Colorado.

- In March 2015, the State of California issued a desist and refrain order against FIP, alleging that it engaged in the business of financial lending or brokerage without a license. In September 2015, FIP agreed not to engage in transactions in California without obtaining a license.
- In March 2016, FIP entered into an assurance of discontinuance with the Commonwealth of Massachusetts that it would not enter into any future agreements with Massachusetts residents and that it would not charge interest on its existing contracts with Massachusetts residents.
- In June 2016, FIP entered into a settlement with the State of North Carolina whereby it agreed to reform its existing North Carolina transactions and to ensure that any future transactions with North Carolina residents would comply with the state's usury laws.
- In October 2016, FIP entered into a consent order with the State of New York, in which it agreed not to enter into any future transactions with New York residents and not to charge interest on its existing contracts with residents of New York.
- Under a December 2016 consent order with the State of Washington, FIP agreed not to enter into any transactions with Washington residents without obtaining a license and not to charge interest on its existing contracts with Washington residents.
- Under an assurance of compliance reached with the State of Iowa in December 2016, FIP agreed not to enter into any future transactions with Iowa consumers and not to charge interest on its existing contracts in Iowa.
- In February 2017, as noted above, the Los Angeles City Attorney filed suit against FIP for failing to obtain a license to lend, making usurious loans, failing to disclose the terms of the loans, falsely threatening defaulting borrowers with criminal liability if they failed to make their monthly payments, and making illegal and harassing phone calls to collect on defaulted loan payments.
- In May 2017, the Commonwealth of Pennsylvania issued a cease and desist order against FIP for engaging in the business of making loans without a license and charging usurious rates of interest.
- In August 2017, the State of Minnesota filed a court action alleging that FIP's actions violated Minnesota law, and seeking to enjoin FIP from continuing in those violations; to declare all FIP loans to be void and releasing Minnesota residents from any obligations incurred under those agreements; to force FIP to

make restitution to any residents harmed by its practices; and to require FIP to pay civil penalties.

- In January 2018, the State of Oregon launched an investigation of FIP's practices.
- In February 2018, the Illinois Department of Financial and Professional Regulation issued a cease and desist order, providing that FIP cease making loans to Illinois residents and stop collecting on loans previously made to Illinois residents.
- In March 2018, the Commonwealth of Virginia sued FIP, alleging that it targeted elderly veterans and retired civil servants in a scheme that masquerades high-interest predatory loans as "pension sales."
- In April 2018, the State of Illinois asked the court to void FIP's deceptive contracts and sought restitution for Illinois residents who had contracted with FIP. The State also sought to prohibit FIP from marketing or offering loan services without being licensed in the state.
- In April 2018, the State of Maryland ordered FIP to stop making new pension advances and other loans to Maryland consumers, and it also required that FIP stop collecting on any existing advances or other loans.

27. The loss of the monthly income streams that individuals such as Plaintiffs purchased from FIP has been devastating. Those payments represented the only way that purchasers could recoup the funds used to execute the Life Insurance Retirement Strategy, and part of funding their life insurance policies and avoiding lapse, surrender charges, or other penalties.

28. Plaintiffs were not adequately advised or informed of FIP. Plaintiffs were advised that their money would be safe and secure.

29. Shurwest and Miller were the architects of the financial planning strategy a/k/a The IRA Reboot program involving FIP, promoted it to Defendants such as Dixon, and to Plaintiffs. These Defendants also clearly understood that the funds Plaintiffs paid

to fund their life insurance needed to be protected and could not be subject to unreasonable risk of loss.

30. Despite this fact, Miller and Shurwest recommended the FIP funding strategy to Dixon knowing that Dixon was relying on their advice to advise Plaintiffs and knowing that Shurwest and Miller themselves did not conduct adequate due diligence and were negligent in their disregard of the numerous risks associated with the FIP cash flow transactions. As the regulatory actions against FIP make clear, the FIP cash flow product was inherently flawed and subject to serious risks that should have prevented Defendants from recommending that Plaintiffs use it to fund their life insurance policies.

31. Shurwest, Miller, and Dixon either knew or should have known that the FIP product was not safe enough to justify using it as part of the financial planning strategy. In addition to the issues raised in the various regulatory actions, numerous other risks made these FIP transactions wholly inappropriate for use in the strategy. Shurwest, Miller, and Dixon violated their duties to the Plaintiffs by recommending that they use FIP cash flows to fund their life insurance policies.

32. Faw Casson aided and abetted Shurwest, Miller, and Dixon in the execution of this strategy. Faw Casson held themselves out to the public as the Escrow Agent for FIP, thus promoting a level of confidence in the FIP program when none should have been afforded.

**THE PARTIES**

33. Robert Ayers is a citizen and resident of Anderson County, South Carolina.
34. Paul Barkal is a citizen and resident of Greenville County, South Carolina.
35. Susan Barkal is a citizen and resident of Greenville County, South Carolina.
36. Gloria Bennett is a citizen and resident of Anderson County, South Carolina.
37. Kurt Blaettler is a resident of Anderson County, South Carolina.
38. Vandy Kim is a citizen and resident of Greenville County, South Carolina.
39. Glenn Kornett is a citizen and resident of Oconee County, South Carolina.
40. Gudrun Kornett is a citizen and resident of Oconee County, South Carolina.
41. David Larson is a citizen and resident of Pickens County, South Carolina.
42. Lucye Larson is a citizen and resident of Pickens County, South Carolina.
43. Florence Lince is a citizen and resident of the State of Idaho.
44. Mike Lince is a citizen and resident of the State of Idaho.
45. Michael McGraw is a citizen and resident of Anderson County, South Carolina.
46. William Schaidle is a citizen and resident of Greenville County, South Carolina.
47. Diane Bernat is a citizen and resident of Greenville County, South Carolina.

48. Black Harbor Wealth Management, LLC (“Black Harbor”) is a corporation organized and existing in good standing under the laws of the State of South Carolina.

49. Upon information and belief, Chris Dixon (“Dixon”) is a citizen of the State of South Carolina and an insurance producer who identifies himself as a retirement planner consultant. Defendant Dixon offers his advising, insurance, and retirement planning services to the general public and advised Plaintiffs.

50. Samuel J. Dixon is a citizen and resident of the State of South Carolina. Samuel J. Dixon claims to specialize “in Retirement Planning, Estate Planning, and Investments for retirees, executives, and small business owners.” At all times alleged herein, Samuel Dixon held a series 65 securities license.

51. Samuel J. Dixon signed off on the FIP Non-Qualified Purchase Agreement for Plaintiff Blaettler.

52. Upon information and belief, Defendant Faw Casson is an entity organized and existing under the laws of Maryland and was the intermediate serving as an escrow agent for the following Plaintiffs’ investments: Ayers, Barkal, Blaettler, Kornett, Larson, Lince, Bernat and McGraw.

53. Upon information and belief, Defendant Shurwest is a corporation organized and existing under the laws of the State of Arizona. Shurwest markets, distributes, and advises insurance agents and investment advisors. Furthermore, Shurwest provides training with product education, operations, and marketing support to insurance agents and investment advisors.

54. In particular, Shurwest provided education, advice, and training to Dixon and created the Life Insurance Retirement Strategy a/k/a IRA Reboot Program that is the center of this lawsuit.

55. At all pertinent times, Schulze-Miller was an employee and/or agent of Shurwest, where she undertook and/or was tasked with marketing the Life Insurance Retirement Strategy a/k/a IRA Reboot Program to Shurwest affiliated agents across the country.

56. Upon information and belief, Defendant Miller is a citizen and resident of the State of Arizona and at all times complained of herein acted within the scope of her employment as National Sales Director for Life Insurance for Shurwest.

57. Defendant MJSM Financial, LLC, is an Arizona limited liability company organized in May of 2016 by Melanie Schulze-Miller. Its principal place of business is 2 East Congress Street, Suite 900, Tucson, Arizona 85701. Defendant Schulze-Miller is the sole member of the company. At all pertinent times, while Schulze-Miller was an employee and/or agent of Shurwest, she was also an officer, shareholder, employee and/or agent of MJSM, LLC, acting within the line of her duty and exercising the functions of her employment or agency. On information and belief, Schulze-Miller shared in the commissions from Plaintiff's FIP purchase through either Shurwest and/or MJSM, LLC, which is fully responsible and accountable for and jointly and severally liable for the acts and omissions of Schulze-Miller.

58. Defendant Minnesota Life Insurance Company ("MLIC") is a wholly owned subsidiary of Securian Financial Group, Inc. and is domiciled in the state of Minnesota.

MLIC sells life insurance and annuity products including the policies and products described here. MLIC operates in 49 states of the United States not including New York.

59. Defendant Pacific Life Insurance Company (“Pac Life”) is domiciled in the state of California. Pac Life and its affiliates, including Pacific Life & Annuity Company, sells life insurance and annuity products including the policies and products described here. Pac Life operates in all states except New York and in New York by Pacific Life & Annuity Company.

### **JURISDICTION AND VENUE**

60. The Court has subject matter jurisdiction over Plaintiffs’ claims for relief as the actions and omissions occurred in this County. These Defendants conducted business here in South Carolina, utilized agents in South Carolina, utilized the U.S. Mail, and Internet to promote the strategy described herein to Plaintiffs in South Carolina. Defendant Shurwest sent its employee, Miller, to South Carolina to advise and educate Dixon and his staff on the Life Insurance Retirement Strategy a/k/a IRA Reboot Program.

61. Venue of this case is proper in Anderson County.

### **FACTUAL BACKGROUND**

#### **Life Insurance Retirement Strategy a/k/a IRA Reboot Program**

62. Dixon provided Plaintiffs retirement planning advice in conjunction with the sale, attempted sale or servicing of insurance policies. Shurwest and Miller marketed this to Dixon and Plaintiffs as the IRA Reboot program.

63. Upon information and belief, at the behest of Shurwest and Miller, Dixon recommended that Plaintiffs implement the Life Insurance Retirement Strategy a/k/a IRA Reboot Program. As noted above, that strategy centered on the recommendation of

an indexed universal life insurance (“IUL”) policy. In a universal life policy, any premium payments above the cost of insurance (the cost of the policy’s death benefit) are directed into an internal investment account by the insurance company. The value of that investment account is referred to the accumulated value or “cash” value of the policy.

64. According to the Life Insurance Retirement Strategy a/k/a IRA Reboot Program recommended by Dixon, Miller and Shurwest, policyholders would make premium payments sufficient to raise the cash value of their policies to a target level, based on their available assets and retirement income needs. When fully funded, the cash value of these policies would be available for policyholders to access by taking out tax-free loans.

65. Policyholders would not have to pay back those loans during their lifetime, as the amount of the loans is limited to the policy’s cash value, and the insurance company uses the death benefit to pay off any accrued interest. Thus, these loans would act as a supplement to the policyholder’s retirement income.

66. Defendants, by and through Dixon, recommended that each Plaintiff commit a substantial amount of their hard-earned and irreplaceable financial assets to purchase these IUL policies which Defendant Dixon represented was appropriate for each of the Plaintiffs’ age, life expectancy, financial, and retirement needs.

67. Prior to recommending the IUL policy, Defendant Dixon either conducted no or an inadequate investigation and thus lacked sufficient information to properly evaluate the suitability of the IUL policy for each of the Plaintiffs.



68. Had Defendant Dixon and Black Harbor fulfilled their promise to conduct a careful analysis and properly investigate IUL policies before recommending them to Plaintiffs, these Defendants would have learned that it was grossly inappropriate for an individual who did not have an insurable need, especially given its substantial, expensive continuing annual premium, including costs and fees, for an individual who was at age of each of the Plaintiffs where such an IUL product was prohibitively costly and unsuitable.

69. As a result of the Dixon and Black Harbor recommending this improper and unsuitable IUL product, Plaintiffs have invested a substantial amount of money in annual premium payments, and have a continuing obligation to make annual premium payments indefinitely or risk cancellation of the policy and further forfeiture of their hard-earned and irreplaceable financial assets.

70. Another feature of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program recommended by Dixon, Miller, and Shurwest was the advice that Plaintiffs utilize funding mechanisms administered by third parties to achieve the target value of their life insurance policies.

71. Shurwest and Miller promoted and recommended to Dixon and Plaintiffs the use of FIP described herein.

72. Defendant Faw Casson received Plaintiffs' monies as part of the funding mechanism. This Defendant served as escrow agents for FIP.

73. Faw Casson received monies from Plaintiffs and would disburse that money to the FIP seller, as well as would disburse monies as fees to FIP, and to third party agents and advisors as compensation.

74. As the architects of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program, Miller, Shurwest, and Dixon should have clearly understood all risks associated with these funding mechanisms before recommending them to Plaintiffs as the preferred method for funding their life insurance policies.

75. Similarly, Defendant Faw Casson should have also understood the risks associated with these funding mechanisms before receiving and disbursing Plaintiffs' monies.

76. Defendants failed to conduct adequate due diligence regarding the funding mechanisms and/or disregarded known risks associated with these funding vehicles, in recommending them to Plaintiffs and in agreeing to be Plaintiffs' clearing house for money in the funding mechanisms.

77. Shurwest, Miller, and Dixon's Life Insurance Strategy was inappropriate and irresponsible and fell below the standard of care that Defendants owed to Plaintiffs. It placed Plaintiffs in a position where they could not independently fund the life insurance policy premiums.

78. Plaintiffs had to rely on funds processed through the third-party vehicles to reach target funding levels for their policies, which exposed Plaintiffs to unreasonable risk of loss and ultimately doomed the Life Insurance Retirement Strategy a/k/a IRA Reboot Program to failure.

79. Sadly, the risks that should have prevented Shurwest, Miller, and Dixon from recommending the Life Insurance Retirement Strategy a/k/a IRA Reboot Program and Faw Casson from accepting and disbursing Plaintiffs' monies have now materialized.

80. Plaintiffs are left without the ability to fund their life insurance policies and now face the risk of significant penalties and/or the lapse of their policies.

81. The conduct described herein has been financially devastating to Plaintiffs. The conduct of these Defendants has proximately caused the damages to these Plaintiffs as described herein.

82. Diane Bernat did not purchase an IUL policy even though Dixon recommended that she do so; however, she did invest in FIP at the recommendation of Dixon. At the time, Mrs. Bernat was 68 years old and her husband was 79. They both have health problems and have had to sell possessions and take out credit cards to pay for medical care and household expenses.

**FIRST CAUSE OF ACTION**  
**(Negligence against Dixon Defendants, Miller, and Shurwest)**

83. Plaintiffs re-allege and incorporate by this reference the preceding paragraphs of this Complaint as if fully set forth herein.

84. Shurwest, Miller and Dixon/Black Harbor offered financial and retirement planning advice in conjunction with the sale, attempted sale, or servicing of life insurance to Plaintiffs and thus owed Plaintiffs the clear duty to exercise reasonable care, skill, diligence and prudence.

85. Shurwest, Miller and Dixon breached that duty to Plaintiffs and acted with negligence by failing to conduct adequate due diligence on the Life Insurance Retirement Strategy a/k/a IRA Reboot Program recommended to Plaintiffs and failing to advise the Plaintiffs of the risks of that strategy.

86. Shurwest and Miller represented to Dixon and Plaintiffs that they had conducted due diligence on the Life Insurance Retirement Strategy a/k/a IRA Reboot Program, and it was a safe and proper strategy for these Plaintiffs.

87. As a direct and proximate result of Shurwest, Miller and Dixon's negligence, Plaintiffs suffered substantial financial losses.

88. Shurwest, Miller, and Dixon's acts and omissions constitute negligence and/or gross negligence because they constitute an extreme departure from what a reasonably careful person would do in the same situation to prevent loss of retirement income.

89. Plaintiffs are therefore entitled to compensatory damages and punitive damages.

**SECOND CAUSE OF ACTION**  
**(Breach of Fiduciary Duty as to Dixon Defendants, Miller and Shurwest)**

90. Plaintiffs re-allege and incorporate by this reference the preceding paragraphs of this Complaint as if fully set forth herein.

91. Shurwest, Miller and Dixon presented themselves as experienced financial and retirement planners and, in coordination, provided financial and retirement-planning advice to Plaintiffs. Plaintiffs reposed their trust and confidence in Dixon and Dixon placed his confidence in Shurwest and Miller.

92. Shurwest's and Miller's advice, which Dixon accepted, provided the specific method as to how Plaintiffs should invest their assets for retirement. As such, Shurwest, Miller and Dixon undertook a fiduciary duty to Plaintiffs to act fairly and honestly, in good faith, and in the sole best interest of the Plaintiffs.

93. Dixon and Shurwest breached their fiduciary duty to Plaintiffs by failing to conduct adequate due diligence on the Life Insurance Retirement Strategy a/k/a IRA Reboot Program recommended to Plaintiffs.

94. As a direct and proximate result of the breach of fiduciary duty by Dixon, Miller, and Shurwest, Plaintiffs suffered substantial financial losses, and Plaintiffs are entitled to an award of actual and punitive damages.

**THIRD CAUSE OF ACTION**

**Aiding and Abetting the Breach of a Fiduciary Duty as to Shurwest, Miller, and Faw Casson**

95. Each and every allegation contained in the foregoing paragraphs is hereby re-alleged fully as if set out herein.

96. The people and entities that managed and recommended the IRA Reboot Program and funding mechanisms owed fiduciary duties to the Plaintiffs.

97. Upon information and belief, Shurwest, Miller, and Faw Casson had knowledge of the underlying fiduciary duty and the breach of fiduciary duty because these Defendants knew:

- a. Dixon and Black Harbor were the retirement advisors to Plaintiffs;
- b. Shurwest, its employees, and Miller knew that Dixon owed a fiduciary duty to Plaintiffs;
- c. Shurwest, its employees, and Miller trained and provided support to Dixon on how to solicit Plaintiffs to participate in the IRA Reboot Program;
- d. Shurwest, its employees, and Miller assisted Dixon in implementing the IRA Reboot Program to Plaintiffs;
- e. The funding entity was receiving Plaintiffs' monies and owed fiduciary duties to Plaintiffs;
- f. Upon information and belief, FIP contracted with Shurwest, Miller, Faw Casson, and disclosed the investment vehicle;
- g. Upon information and belief, Shurwest, Miller, and Faw Casson, knew the risks associated with FIP yet sat still and profited from it;
- h. Shurwest, Miller, and Faw Casson participated in the breach of fiduciary duties owed, and Plaintiffs suffered damages;

- i. The funding mechanism, upon information and belief, only could work with the assistance of Shurwest, Miller, and Faw Casson; and,
- j. The funding mechanism was an illiquid, unsecure, and risky transaction.

98. Based on the foregoing facts and circumstances, upon information and belief, Shurwest, Miller, and Faw Casson, knew of the underlying breach of fiduciary duty, acted knowingly despite purporting to shut its eyes to avoid knowing what would otherwise be obvious about the underlying breach of fiduciary duty.

99. Regarding Plaintiffs Paul and Susan Barkal, Faw Casson held money in escrow from their transaction described herein.

100. Upon information and belief, Faw Casson transferred the Barkal money to FIP without proper authorization, in the amount of \$332,000.00.

101. Without proper authorization, Faw Casson had no authority to transfer the Barkal money to FIP, and breached its duty as escrow agent.

102. Upon information and belief, the actions of Shurwest, Miller, and Faw Casson aided and abetted and substantially assisted in the breaching fiduciary duties owed to the Plaintiffs by (i) providing a seemingly “legitimate” conduit through which investor funds could be transferred; (ii) processing self-dealing transactions with known fiduciary conflicts of interest; (iii) processing improper transactions; and (iv) processing transactions patently benefiting a fiduciary while clearly adverse to the best interests of the Plaintiffs, to whom fiduciary duties were owed.

103. As a proximate cause, Plaintiffs suffered damages caused by these breaches of fiduciary duties and the aiding and abetting as described herein.

104. Plaintiffs are therefore informed and believe that they are entitled to (1) actual damages, (2) consequential damages, (3) punitive damages, (4) attorney’s fees,

(4) costs, (5) prejudgment interest at the highest legal rate, and (6) such other relief as is just, equitable, and proper.

**FOURTH CAUSE OF ACTION**  
**Negligence Against Dixon and Black Harbor**

112. Each and every allegation contained in the foregoing paragraphs is hereby re-alleged fully as if set out herein.

113. Dixon and Black Harbor provided Plaintiffs retirement planning advice in conjunction with the sale, attempted sale or servicing of insurance policies.

114. Dixon and Black Harbor recommended that Plaintiffs implement the Life Insurance Retirement Strategy a/k/a IRA Reboot Program. As noted above, that strategy centered on the recommendation of an indexed universal life insurance (“IUL”) policy. In a universal life policy, any premium payments above the cost of insurance (the cost of the policy’s death benefit) are directed into an internal investment account by the insurance company. The value of that investment account is referred to the accumulated value or “cash” value of the policy.

115. According to the Life Insurance Retirement Strategy a/k/a IRA Reboot Program recommended by Dixon and Black Harbor, policyholders would make premium payments sufficient to raise the cash value of their policies to a target level, based on their available assets and retirement income needs. When fully funded, the cash value of these policies would be available for policyholders to access by taking out tax-free loans.

116. Policyholders would not have to pay back those loans during their lifetime, as the amount of the loans is limited to the policy’s cash value, and the insurance

company uses the death benefit to pay off any accrued interest. Thus, these loans would act as a supplement to the policyholder's retirement income.

117. Dixon and Black Harbor recommended that each Plaintiff commit a substantial amount of their hard-earned and irreplaceable financial assets to purchase these IUL policies which Defendant Dixon represented was appropriate for each of the Plaintiffs' age, life expectancy, financial, and retirement needs.

118. Prior to recommending the IUL policy, Defendant Dixon either conducted no or an inadequate investigation and thus lacked sufficient information to properly evaluate the suitability of the IUL policy for each of the Plaintiffs.

119. Had Defendant Dixon and Black Harbor fulfilled their promise to conduct a careful analysis and properly investigate IUL policies before recommending them to Plaintiffs, these Defendants would have learned that it was grossly inappropriate for an individual who did not have an insurable need, especially given its substantial, expensive continuing annual premium, including costs and fees, for an individual who was at age of each of the Plaintiffs where such an IUL product was prohibitively costly and unsuitable.

120. As a result of the Dixon and Black Harbor recommending this improper and unsuitable IUL product, Plaintiffs have invested a substantial amount of money in annual premium payments, and have a continuing obligation to make annual premium payments indefinitely or risk cancellation of the policy and further forfeiture of their hard-earned and irreplaceable financial assets.

121. Plaintiffs are left without the ability to fund their life insurance policies and now face the risk of significant penalties and/or the lapse of their policies.



122. The conduct described herein has been financially devastating to Plaintiffs. The conduct of these Defendants has proximately caused the damages to these Plaintiffs as described herein.

123. The acts and/or omissions of Dixon and Black Harbor constitute negligence and/or gross negligence because they constitute an extreme departure from what a reasonably careful person would do in the same situation to prevent loss of retirement income.

124. The injuries to Plaintiffs were the direct and proximate result of the negligent and grossly negligent acts and omissions of the Defendants Dixon and Black Harbor, which entitle the Plaintiffs to recover compensatory and punitive damages in an amount to be determined by the trier of fact.

**FIFTH CAUSE OF ACTION**  
**Negligence as to Minnesota Life Insurance Company and Pacific Life Insurance Company**

125. Each and every allegation contained in the foregoing paragraphs is hereby re-alleged fully as if set out herein.

126. Dixon was authorized to produce for MLIC and Pac Life (collectively referred to as “the Life Insurance Companies”).

127. The Life Insurance Companies operate through their duly chosen agents and brokers (collectively “Agents”). The Life Insurance Companies exercise control over their respective Agents in the sale, funding and approval of the Life Insurance Companies’ respective insurance products by, including but not limited to, requiring its Agents to:

- a. follow specific guidelines in the sale of policies;

- b. fill out a Representative's Report;
- c. advise the purchaser of the insurance products that the Agent is acting on behalf of the respective Life Insurance Companies;
- d. solicit and procure applications for insurance for the Life Insurance Companies;
- e. remit all applications and premiums to the Life Insurance Companies;
- f. service the Life Insurance Companies' policy holders; and
- g. conduct themselves with the highest principles of honesty, integrity, and pride.

128. As the principal for its Agents, the Life Insurance Companies are directly responsible and answerable for its Agents' actions.

129. The Life Insurance Companies' Agent, Defendant Dixon, provided insurance and/or retirement planning advice to Plaintiffs. As Agents of the Life Insurance Companies, its Agents' retirement and/or insurance planning advice involved the sale of the Life Insurance Companies' life insurance products.

130. With respect to the Plaintiffs, Dixon, as an Agent of the Life Insurance Companies, recommended that Plaintiffs purchase indexed universal life insurance policies that would be funded at a target level (e.g., \$1,640,000.00 death benefit on Plaintiff Vandy Kim's policy). When fully funded, Dixon indicated that those policies would provide a death benefit and would have an accumulated value that would allow policyholders to supplement their retirement income by borrowing against the policy.

131. On information and belief, the information provided by Dixon as an Agent for the Life Insurance Companies on the applications for the Life Insurance Companies' respective policies submitted on behalf of the Plaintiffs incorrectly characterized the source of funds for these policies and failed to disclose that payment of the policy premiums involved the FIP cash flow product.

132. As described herein, FIP ceased collecting payments from pensioners or making payments to income stream purchasers in or about April 2018.

133. The loss of the monthly income streams that Plaintiffs purchased from FIP has been devastating. Those payments represented the only way that purchasers could recoup the funds used to execute the Life Insurance Retirement Strategy a/k/a IRA Reboot Program, and were essential to funding their life insurance policies and avoiding lapse, surrender charges, or other penalties.

134. As such, Plaintiffs, relying upon Dixon, Shurwest, and Millers' due diligence and advice, expected that the FIP income streams they purchased would be safe and secure. The Life Insurance Companies and its Agents, as the architects of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program, also clearly understood that the funds its customers dedicated to fund their life insurance needed to be protected and could not be subject to unreasonable risk of loss.

135. The Life Insurance Companies market their products to consumers through their respective Agents. The Life Insurance Companies know that their Agents provide financial advice, insurance, and retirement planning services.

136. The Plaintiffs all sought financial advice or retirement-planning services from the Life Insurance Companies through their Agent, Dixon.

137. The Life Insurance Companies' agent, Dixon, recommended that Plaintiffs implement the Life Insurance Retirement Strategy a/k/a IRA Reboot Program. As noted above, that strategy centered on the purchase of either a MLIC universal life insurance policy or a Pac Life universal life insurance policy.

138. As it relates to MLIC, MLIC's Agent, Dixon, universally indicated to Plaintiffs that the Agent "represents Minnesota Life with respect to the sale and service of this product," including in disclosing the source of funding to Minnesota and explaining to Plaintiffs all pertinent details of the strategy, suitability and other facets of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program.

139. As it relates to Pac Life, Pac Life's Agent, Dixon, universally indicated to Plaintiffs that he represented Pacific Life with respect to the sale and service of this product, including in disclosing the source of funding to Pac Life and explaining to Plaintiffs all pertinent details of the strategy, suitability and other facets of the Life Insurance Retirement Strategy a/k/a IRA Reboot Program.

140. The Life Insurance Companies' agent, Dixon, recommended Plaintiffs use "structured cash flows" sold by FIP income streams to help fund their life insurance premiums as described herein.

141. On information and belief, the Life Insurance Companies and their Agent knew that the Plaintiffs' policies would not have been issued had the Agent properly disclosed that FIP cash flows were being utilized as the source of funding the policy premiums.

142. Dixon had not been an agent of MLIC until he was explained the IRA Reboot Program by Shurwest and Miller.

143. Once he learned of the program in 2016, Shurwest aided him in the application to become an authorized agent of MLIC.

144. Once he became an agent, Dixon began selling customers on the IRA Reboot Program, including Plaintiffs.

145. Upon information and belief, Dixon sold the IRA Reboot program to approximately 60 customers.

146. As a new agent for Minnesota he did the following:

- a. Began selling IUL products in 2016;
- b. Sold approximately 60 new IUL products for Minnesota in less than 24 months;
- c. The face amounts of the policies were unusual, atypical, and odd, i.e. they were not round numbers.

147. This was a phenomenon that was happening around the country for Life Insurance Companies' agents in record numbers during 2016, 2017, and 2018.

148. Either agents like Dixon, who were new, or existing agents were all selling a large volume of IUL policies for Life Insurance Companies' beginning in 2016. And, the policies all had odd face amounts, and all had the fingerprints of Shurwest and their employee and agent Miller on them.

149. In fact, upon information and belief, Miller had previously worked at Minnesota prior to joining Shurwest.

150. MLIC was so impressed with Dixon's sales numbers, that it sent a V.P. of Minnesota to personally meet him in South Carolina, and inquire as to what marketing help and assistance that he needed from MLIC to increase his numbers.

151. The Life Insurance Companies undertook a duty to provide life insurance policies and exercise due care in the undertaking to provide said life insurance, for Plaintiffs. This duty must be performed with due care for the protection of Plaintiffs' interests.

152. The Life Insurance Companies also failed to exercise due care in the supervision of their agents and authorized promoters, such as Shurwest and Miller which harmed the Plaintiffs.

153. As described, Plaintiffs were caused to participate in the Life Insurance Retirement Strategy a/k/a IRA Reboot Program by Defendants Dixon, Shurwest, and Miller, which has caused financial and emotional harm to Plaintiffs.

154. MLIC failed to recognize unusual activity occurring regarding its IUL policies in the years 2016, 2017, and 2018, and in failing to recognize such an unusual pattern of activity, they were negligent in their duties owed to Plaintiffs.

155. This unusual activity consisted of, among other things, the following:

- a. A sudden increase in the volume of IUL polices being sold where Shurwest was the marketing organization;
- b. The face amounts of the policies were atypical, i.e. they were odd and not round numbers;
- c. The polices were being sold in large numbers by agents, like Dixon, who had no previous relationship with Life Insurance Companies; and,
- d. The policies were being sold in an unusually large and quick sequence.

156. That as a proximate result of the above-described actions, Plaintiffs have suffered severe economic and emotional losses related to the loss of their retirement income as described herein.

157. Plaintiffs Bennett, Blaettler, Vandy Kim, Glenn Kornett, and Schaidle are MLIC policyholders.

158. Plaintiffs David Larson, and Lucye Larson are MLIC and Pac Life policyholders.

159. Plaintiffs Ayers, Barkal, Lince, Glenn Kornett, and McGraw are Pac Life policyholders.

160. Plaintiff Diane Bernat, did not purchase an indexed universal life policy from MLIC or Pac Life; however, the plan recommended by Dixon with the purchase of FIP included an IUL component that Dixon never consummated.

161. The injuries to Plaintiffs were the direct and proximate result of the negligent and grossly negligent acts and omissions of the Defendant the Life Insurance Companies, which entitle the Plaintiffs to recover compensatory and punitive damages in an amount to be determined by the trier of fact.

**SIXTH CAUSE OF ACTION**  
**Negligent Misrepresentation as to Minnesota Life Insurance Company and Pacific Life Insurance Company**

162. Each and every allegation contained in the foregoing paragraphs is hereby re-alleged fully as if set out herein.

163. Agents of Defendant Life Insurance Companies offered insurance and/or investment advice to the Plaintiffs and thus owed the Plaintiffs the clear duty to exercise reasonable care, skill, diligence and prudence.

164. Agents of Defendant Life Insurance Companies breached that duty to the Plaintiffs and acted with negligence by failing to conduct adequate due diligence on the Life Insurance Retirement Strategy a/k/a IRA Reboot Program, and FIP cash flow product, and recommending that product to the Plaintiffs.

165. Agents of Defendant Life Insurance Companies breached that duty to the Plaintiffs and acted with negligence by failing to conduct adequate due diligence on the Life Insurance Retirement Strategy a/k/a IRA Reboot Program, and FIP cash flow product, and by allowing that product to serve as a funding mechanism for the premium

payments of the respective MLIC and Pac Life policies to the Plaintiffs as described herein.

166. Defendant Life Insurance Companies and their Agents further breached that duty by failing to characterize and disclose the source of funds and the use of FIP cash flows to fund Plaintiffs' policies accurately.

167. Defendant Life Insurance Companies and their Agents' acts and omissions constitute negligence and/or gross negligence because they constitute an extreme departure from what a reasonably careful person or company would do in the same situation to prevent loss of retirement income.

168. As a direct and proximate result of Defendant Life Insurance Companies and their Agents' negligence, Plaintiffs suffered substantial financial losses which are now Defendant MLIC and Pac Life's responsibility respectively. Plaintiffs are entitled to actual and punitive damages.

169. The injuries to Plaintiffs were the direct and proximate result of the negligent and grossly negligent acts and omissions of the Defendant Life Insurance Companies and their agent Dixon, which entitles the Plaintiffs to recover compensatory and punitive damages in an amount to be determined by the trier of fact.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs request that the Court enter an Order or judgment against Defendants as follows:

- A. Awarding Plaintiffs actual, consequential, and punitive damages and all other relief available under the claims alleged;



- B. Awarding Plaintiffs pre-judgment and post judgment interest as a result of the wrongs complained of herein at the highest rate allowed by law;
- C. Awarding Plaintiffs their costs and expenses in this litigation, including reasonable attorneys' fees and other costs of litigation;
- D. Awarding such other relief as the Court deems just and proper.

**JURY DEMAND**

Plaintiffs demand a trial by jury on all issues.

Respectfully submitted,

s/ Robert G. Rikard \_\_\_\_\_

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