

IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT
OF FLORIDA IN AND FOR PALM BEACH COUNTY

CASE NO.:

MARVIN SCHILLER,

Plaintiff,

vs.

LIFE INSURANCE CONCEPTS, a
Florida corporation, ESTATE OF
SIMON BERNSTEIN, individually,
THEODORE BERNSTEIN, individually,
ARBITRAGE INTERNATIONAL
MANAGEMENT LLC, a Florida
corporation, CAMBRIDGE FINANCING
COMPANY, a Florida corporation,
LIC HOLDINGS INC., a Florida
corporation, LIFE INSURANCE
CONNECTION, a Florida corporation,
LIFE INSURANCE INNOVATIONS INC.,
a Florida corporation, ALLIED
ASSOCIATES INC., a Florida corporation,
THE LINCOLN NATIONAL LIFE INS. CO,
an Indiana corporation,

Defendants.

COPY

COMPLAINT

The Plaintiff, MARVIN SCHILLER ("SCHILLER"), individually hereby sues the Defendants, LIFE INSURANCE CONCEPTS ("LIC"), a Florida corporation, ESTATE OF SIMON BERNSTEIN ("BERNSTEIN ESTATE"), individually, THEODORE BERNSTEIN ("T. BERNSTEIN"), individually, ARBITRAGE INTERNATIONAL MANAGEMENT LLC, ("INT. MGT."), a Florida corporation, CAMBRIDGE FINANCING COMPANY ("CAMBRIDGE"), a Florida corporation, LIC HOLDINGS INC. ("HOLDINGS"), a Florida corporation, LIFE INSURANCE CONNECTION ("CONNECTION"), a Florida

corporation, LIFE INSURANCE INNOVATIONS INC. ("INNOVATIONS"), a Florida corporation, ALLIED ASSOCIATES INC. ("ALLIED"), a Florida corporation and THE LINCOLN NATIONAL LIFE INS. CO, an Indiana corporation ("LINCOLN") and all facts being extant and material hereto allege:

1. This is an action for damages in excess of Fifteen Thousand Dollars (\$15,000.00).

2. The Plaintiff, MARVIN SCHILLER, is a resident of Palm Beach County, Florida and is in all respects sui juris.

3. The Defendant, LIFE INSURANCE CONCEPTS (or LIC), is a Florida corporation, authorized to do business and is doing business in Palm Beach County, Florida. LIC is a closely held corporation with its principal place of business located at 950 Peninsula Corporate Circle, 3010, Boca Raton, FL 33487. At all times material hereto, Simon Bernstein (or BERNSTEIN ESTATE) and T. BERNSTEIN were officers and/or directors of LIC, thus, their individual acts are bound to LIC.

4. The Defendant, BERNSTEIN ESTATE (or Simon Bernstein), individually, was a resident of Palm Beach County, whose business address was located in Palm Beach County. BERNSTEIN ESTATE was a licensed and/or appointed agent, officer and/or Director of the Defendants, 1) LIC; 2) INT. MGT.; 3) CAMBRIDGE; 4) HOLDINGS; 5) CONNECTION; 6) INNOVATIONS; 7) ALLIED; and, 8) LINCOLN. At all times material hereto, BERNSTEIN ESTATE acted pursuant to such licenses, directorship and/or officer capacity.

5. The Defendant, T. BERNSTEIN, individually, is a resident of Palm Beach County, whose business address is located in Palm Beach County. T. BERNSTEIN is a

licensed and/or appointed agent, officer and/or Director of the Defendants, 1) LIC; 2) INT. MGT.; 3) CAMBRIDGE; 4) HOLDINGS; 5) CONNECTION; 6) INNOVATIONS; 7) ALLIED; and, 8) LINCOLN. At all times material hereto, T. BERNSTEIN acted pursuant to such licenses, directorship and/or officer capacity.

6. The Defendant, INT. MGT is a Florida corporation, authorized to do business and is doing business in Palm Beach County, Florida. INT. MGT is a closely held corporation with its principal place of business located at 950 Peninsula Corporate Circle, 3010, Boca Raton, FL 33487. At all times material hereto, Simon Bernstein (or BERNSTEIN ESTATE) and T. BERNSTEIN were officers and/or directors of INT. MGT, thus, their individual acts are bound to INT. MGT. Further, INT. MGT. is in all respects sui juris, and INT. MGT has licensed and/or appointed BERNSTEIN ESTATE and T. BERNSTEIN as agents to do business in the State of Florida, and at all times material hereto Defendants BERNSTEIN ESTATE and T. BERNSTEIN acted pursuant to such license.

7. The Defendant, CAMBRIDGE is a Florida corporation, authorized to do business and is doing business in Palm Beach County, Florida. CAMBRIDGE is a closely held corporation with its principal place of business located at 950 Peninsula Corporate Circle, 3010, Boca Raton, FL 33487. At all times material hereto, Simon Bernstein (or BERNSTEIN ESTATE) and T. BERNSTEIN were officers and/or directors of CAMBRIDGE, thus, their individual acts are bound to CAMBRIDGE. CAMBRIDGE is in all respects sui juris. Further, CAMBRIDGE has licensed and/or appointed BERNSTEIN ESTATE and T. BERNSTEIN as agents to do business in the State of Florida, and at all times material hereto Defendants BERNSTEIN ESTATE and T.

BERNSTEIN acted pursuant to such license.

8. The Defendant, HOLDINGS is a Florida corporation, authorized to do business and is doing business in Palm Beach County, Florida. HOLDINGS is a closely held corporation with its principal place of business located at 950 Peninsula Corporate Circle, 3010, Boca Raton, FL 33487. At all times material hereto, Simon Bernstein (or BERNSTEIN ESTATE) and T. BERNSTEIN were officers and/or directors of HOLDINGS, thus, their individual acts are bound to HOLDINGS. HOLDINGS is in all respects sui juris. Further, HOLDINGS has licensed and/or appointed BERNSTEIN ESTATE and T. BERNSTEIN as agents to do business in the State of Florida, and at all times material hereto Defendants BERNSTEIN ESTATE and T. BERNSTEIN acted pursuant to such license.

9. The Defendant, CONNECTION is a Florida corporation, authorized to do business and is doing business in Palm Beach County, Florida. CONNECTION is a closely held corporation with its principal place of business located at 950 Peninsula Corporate Circle, 3010, Boca Raton, FL 33487. At all times material hereto, Simon Bernstein (or BERNSTEIN ESTATE) and T. BERNSTEIN were officers and/or directors of CONNECTION, thus, their individual acts are bound to CONNECTION. CONNECTION is in all respects sui juris. Further, CONNECTION has licensed and/or appointed BERNSTEIN ESTATE and T. BERNSTEIN as agents to do business in the State of Florida, and at all times material hereto Defendants BERNSTEIN ESTATE and T. BERNSTEIN acted pursuant to such license.

10. The Defendant, INNOVATIONS is a Florida corporation, authorized to do business and is doing business in Palm Beach County, Florida. INNOVATIONS is a

closely held corporation with its principal place of business located at 950 Peninsula Corporate Circle, 3010, Boca Raton, FL 33487. At all times material hereto, Simon Bernstein (or BERNSTEIN ESTATE) and T. BERNSTEIN were officers and/or directors of INNOVATIONS, thus, their individual acts are bound to INNOVATIONS. INNOVATION is in all respects sui juris. Further, INNOVATIONS has licensed and/or appointed BERNSTEIN ESTATE and T. BERNSTEIN as agents to do business in the State of Florida, and at all times material hereto Defendants BERNSTEIN ESTATE and T. BERNSTEIN acted pursuant to such license.

11. The Defendant, ALLIED is a Florida corporation, authorized to do business and is doing business in Palm Beach County, Florida. ALLIED is a closely held corporation with its principal place of business located at 950 Peninsula Corporate Circle, 3010, Boca Raton, FL 33487. At all times material hereto, Simon Bernstein (or BERNSTEIN ESTATE) and T. BERNSTEIN were officers and/or directors of ALLIED, thus, their individual acts are bound to ALLIED. ALLIED is in all respects sui juris. Further, ALLIED has licensed and/or appointed BERNSTEIN ESTATE and T. BERNSTEIN as agents to do business in the State of Florida, and at all times material hereto Defendants BERNSTEIN ESTATE and T. BERNSTEIN acted pursuant to such license.

12. The Defendant, LINCOLN is an Indiana corporation, authorized to do business and is doing business in the State of Florida and Palm Beach County, Florida. LINCOLN has licensed and/or appointed agents to represent it in Florida and has informed the Florida Office of Insurance regulation that it is bound by their acts. Among others, BERNSTEIN ESTATE and T. BERNSTEIN were licensed and/or appointed

agents of Defendant, LINCOLN, and at all times material hereto acted pursuant to such licenses. Likewise, all named Defendants herein were associated with and/or were appointed agencies of LINCOLN and acted pursuant to such associations/appointments.

13. In or about 2008, the Defendant BERNSTEIN ESTATE, individually, and in his capacity as a licensed and/or appointed agent of the Defendant, LIC, and/or the other Defendants named herein, approached MARVIN SCHILLER to urge him to buy a life insurance policy (the "Policy") even though SCHILLER had no interest or need to buy additional life insurance. The Policy is attached hereto as Exhibit "A".

14. As part of BERNSTEIN ESTATE'S urging, SCHILLER was advised that, as an exit strategy, the Policy could always be sold in the life settlement market should SCHILLER desire.

15. On or about March 26, 2008, Defendant, T. BERNSTEIN, prepared and delivered to SCHILLER "A LIFE INSURANCE ILLUSTRATION" in an effort to assist BERNSTEIN ESTATE'S push to sell SCHILLER the Policy and to further convince SCHILLER to purchase the subject Policy. (Exhibit "B")

16. At this time, T. BERNSTEIN was acting in his capacity as an agent, officer and/or director of either or all of Defendants: 1) LIC; 2) INT. MGT.; 3) CAMBRIDGE; 4) HOLDINGS; 5) CONNECTION; 6) INNOVATIONS; 7) ALLIED; and/or, 8) LINCOLN.

17. As part of the sale of the Policy, BERNSTEIN ESTATE and/or T. BERNSTEIN, acting within their capacity as agent, officer, and/or director of any/all Defendants named herein, convinced SCHILLER to use premium financing, despite knowing that SCHILLER did not need that option.

18. Additionally, BERNSTEIN ESTATE and T. BERNSTEIN failed to disclose and properly advise SCHILLER about the terms and costs of the Policy.

19. Moreover, the Policy was so poorly designed that it was not going to perform well under any circumstance, and the Policy clearly benefited BERNSTEIN ESTATE, T. BERNSTEIN, LIC as well as all other named Defendants herein.

20. Further, the application for the Policy shows that BERNSTEIN ESTATE and/or T. BERNSTEIN materially misrepresented their discussions with SCHILLER regarding the possibility of selling the Policy in the life settlement market; to wit, the application is marked "No" regarding the question of whether the policyholder had been involved in any talks about the "possible sale or assignment" of the Policy. (Exhibit "B")

21. In or about May, 2011, SCHILLER sought to surrender the Policy due to his belief that the Policy was not performing and could not be sold in the life settlement market.

22. Upon learning of SCHILLER'S desire to surrender the Policy, BERNSTEIN ESTATE and/or T. BERNSTEIN, acting as agents for the other named Defendants herein, advised and convinced SCHILLER to reduce the policy from TEN MILLION and 0/100 DOLLARS (\$10,000,000.00) to FIVE MILLION and 0/100 DOLLARS (\$5,000,000.00). (Exhibit "C")

23. This reduction of the Policy triggered substantial partial surrender charges and mortality charges and also forfeited SCHILLER'S guaranteed death benefit (the most valuable feature of the Policy), which was associated with the \$10,000,000.00 Policy.

24. Importantly, neither BERNSTEIN ESTATE nor T. BERNSTEIN advised

SCHILLER that the reduction would void the guaranteed death benefit associated to his \$10,000,000.00 Policy or would irreparably harm the Policy by causing an immediate loss and permanent loss.

25. As a result of SCHILLER'S initial purchase of the \$10,000,000.00 Policy and then reduction to the \$5,000,000.00 Policy, BERNSTEIN ESTATE and/or T. BERNSTEIN made substantial commissions by way of their relationship/capacity/licenses with Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and/or, LINCOLN.

26. The Plaintiff, MARVIN SCHILLER, individually, has been forced to retain the services of the undersigned counsel in order to prosecute this action and is obligated to pay reasonable attorneys' fees on a contingency fee basis.

COUNT I

NEGLIGENT MISREPRESENTATION AGAINST 1) BERNSTEIN ESTATE; 2) T. BERNSTEIN; 3) LIC; 4) INT. MGT.; 5) CAMBRIDGE; 6) HOLDINGS; 7) CONNECTION; 8) INNOVATIONS; 9) ALLIED; and, 10) LINCOLN

The Plaintiff, MARVIN SCHILLER, hereby adopts, realleges and reaffirms each and every allegation contained in paragraphs one (1) through twenty-six (26) above as though fully set forth herein and further alleges:

27. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, had a duty to disclose and investigate whether the \$10,000,000.00 life insurance policy would benefit SCHILLER. Moreover, Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their

capacity as licensed and/or appointed agents of the Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN had a duty to disclose to Plaintiff that the \$10,000,000.00 Policy would never yield a positive Internal Rate of Return ("IRR").

28. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, knew or should have known that their misrepresentations were not true and would be relied upon by the Plaintiff, MARVIN SCHILLER.

29. The Plaintiff, MARVIN SCHILLER, justifiably relied upon the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, representations because they held themselves out as competent and qualified insurance agents.

30. As a direct and proximate result of such negligence of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, the Plaintiff, MARVIN SCHILLER suffered actual damages and reasonably foreseeable consequential and incident damages including, but not limited to:

- a. Loss of penalties and interest paid to the Internal Revenue Service;
- b. Loss of \$495,400.00 in premium payments;
- c. Loss of \$37,323.00 for Administration Charges; and
- d. Loss of use of such monies.

WHEREFORE, the Plaintiff, MARVIN SCHILLER, demands judgment for damages in excess of Fifteen Thousand (\$15,000.00) Dollars against the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, plus interest on all liquidated sums, taxable costs, and attorneys fees pursuant to Fla. Stat. §627.428 against LINCOLN only, and demands a trial by jury.

COUNT II

**NEGLIGENT MISREPRESENTATION AGAINST 1) BERNSTEIN ESTATE;
2) T. BERNSTEIN; 3) LIC; 4) INT. MGT.; 5) CAMBRIDGE; 6) HOLDINGS;
7) CONNECTION; 8) INNOVATIONS; 9) ALLIED; and, 10) LINCOLN**

The Plaintiff, MARVIN SCHILLER, hereby adopts, realleges and reaffirms each and every allegation contained in paragraphs one (1) through twenty-six (26) above as though fully set forth herein and further alleges:

31. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, had a duty to disclose and investigate whether the \$5,000,000.00 life insurance policy would benefit SCHILLER. Moreover, Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their capacity as licensed and/or appointed agents of the Defendants, LIC; INT. MGT.;

CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN had a duty to disclose to Plaintiff that the \$5,000,000.00 Policy would never yield a positive IRR, would void the guaranteed death benefit associated to his \$10,000,000.00 Policy and would irreparably harm the Policy by causing an immediate loss and permanent loss.

32. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, knew or should have known that their misrepresentations were not true and would be relied upon by the Plaintiff, MARVIN SCHILLER.

33. The Plaintiff, MARVIN SCHILLER, justifiably relied upon the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, representations because they held himself out as competent and qualified insurance agents.

34. As a direct and proximate result of such negligence of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, the Plaintiff, MARVIN SCHILLER suffered actual damages and reasonably foreseeable consequential and incident damages including, but not limited

to:

- a. Loss of penalties and interest paid to the Internal Revenue Service;
- b. Loss of \$468,500.00 in premium payments;
- c. Loss of \$275,000.00 for mortality charges;
- d. Loss of \$193,500.00 for partial surrender charges; and,
- e. Loss of use of such monies.

WHEREFORE, the Plaintiff, MARVIN SCHILLER, demands judgment for damages in excess of Fifteen Thousand (\$15,000.00) Dollars against the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, plus interest on all liquidated sums, taxable costs, and attorneys fees pursuant to Fla. Stat. §627.428 against LINCOLN only, and demands a trial by jury.

COUNT III

**NEGLIGENT FAILURE TO PROCURE AGAINST 1) BERNSTEIN ESTATE;
2) T. BERNSTEIN; 3) LIC; 4) INT. MGT.; 5) CAMBRIDGE; 6) HOLDINGS;
7) CONNECTION; 8) INNOVATIONS; 9) ALLIED; and, 10) LINCOLN**

The Plaintiff, MARVIN SCHILLER, hereby adopts, realleges and reaffirms each and every allegation contained in paragraphs one (1) through twenty-six (26) above as though fully set forth herein and further alleges:

35. The Plaintiff, MARVIN SCHILLER, consulted with the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, when they told SCHILLER about the \$10,000,000.00 Policy that would yield him a profit at death or in the life settlement market.

36. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, held themselves out as qualified insurance agents, and the Plaintiff, MARVIN SCHILLER, believed that the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, were qualified insurance agents and relied upon their advice.

37. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, had a duty to the Plaintiff, MARVIN SCHILLER, to exercise reasonable skill, care, and diligence in advising him of his life insurance needs, and further to truthfully and accurately advise if indeed there was any favorable benefit to be gained as a result of such purchase.

38. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, were negligent and breached such duty by actions or omissions including but not limited to:

- a. Failing to investigate whether the \$10,000,000.00 life Insurance policy purchased through LINCOLN would indeed yield a positive IRR;

- b. Failing to inform and/or fully educate the Plaintiff that he may not be able to yield a profit by selling the \$10,000,000.00 Policy in the life settlement market;
- c. Failing to notify the Plaintiff promptly after they discovered that the \$10,000,000.00 Policy was inadequate;
- d. Failing to explain the LINCOLN policy terms including the fees and/or commissions attached to the premium financing piece of the policy;
- e. Failing to know whether alternative investment vehicles and or insurance product were available that provided protections desired by the Plaintiff; and,
- f. Failing to correctly represent the terms and scope of the LINCOLN Insurance Policy and Endorsements.

39. The Plaintiff, MARVIN SCHILLER, did not and could not discover such negligence on the part of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, until 2011, when he attempted to surrender the Policy.

40. As a direct and proximate result of such negligence of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, the Plaintiff, MARVIN SCHILLER, suffered actual damages and reasonably foreseeable consequential and incidental damages including, but not limited to:

- a. Loss of penalties and interest paid to the Internal Revenue Service;
- b. Loss of \$495,400.00 in premium payments;
- c. Loss of \$37,323.00 for Administration Charges; and
- d. Loss of use of such monies.

WHEREFORE, the Plaintiff, MARVIN SCHILLER, demands judgment for damages in excess of Fifteen Thousand (\$15,000.00) Dollars against the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, plus interest on all liquidated sums, taxable costs, and attorneys fees pursuant to Fla. Stat. §627.428 against LINCOLN only, and demands a trial by jury.

COUNT IV

**NEGLIGENT FAILURE TO PROCURE AGAINST 1) BERNSTEIN ESTATE;
2) T. BERNSTEIN; 3) LIC; 4) INT. MGT.; 5) CAMBRIDGE; 6) HOLDINGS;
7) CONNECTION; 8) INNOVATIONS; 9) ALLIED; and, 10) LINCOLN**

The Plaintiff, MARVIN SCHILLER, hereby adopts, realleges and reaffirms each and every allegation contained in paragraphs one (1) through twenty-six (26) above as though fully set forth herein and further alleges:

41. The Plaintiff, MARVIN SCHILLER, consulted with the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, when they told SCHILLER about the \$5,000,000.00 Policy that would yield him a profit at death or in the life settlement market.

42. The Defendants, The Defendants, BERNSTEIN ESTATE and T.

BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, held themselves out as qualified insurance agents, and the Plaintiff, MARVIN SCHILLER, believed that the Defendants, The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, were qualified insurance agents and relied upon their advice.

43. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, had a duty to the Plaintiff, MARVIN SCHILLER, to exercise reasonable skill, care, and diligence in advising him of his life insurance needs, and further to truthfully and accurately advise if indeed there was any favorable benefit to be gained as a result of such purchase.

44. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, were negligent and breached such duty by actions or omissions including but not limited to:

- a. Failing to investigate whether the \$5,000,000.00 life Insurance policy purchased through LINCOLN would indeed yield a positive IRR;

- b. Failing to inform and/or fully educate the Plaintiff that he may not be able to yield a profit by selling the \$5,000,000.00 Policy in the life settlement market;
- c. Failing to notify the Plaintiff promptly after they discovered that the \$5,000,000.00 Policy was inadequate;
- d. Failing to explain the LINCOLN policy terms including the fees and/or commissions attached to the premium financing piece of the policy;
- e. Failing to know whether alternative investment vehicles and or insurance product were available that provided protections desired by the Plaintiff;
- f. Failing to advise Plaintiff that he would lose the guaranteed death benefit associated to his \$10,000,000.00 Policy;
- g. Failing to advise Plaintiff that he would be irreparably harmed by reducing the Policy to only \$5,000,000.00 due to an immediate loss and permanent loss; and,
- h. Failing to correctly represent the terms and scope of the LINCOLN Insurance Policy and Endorsements.

45. The Plaintiff, MARVIN SCHILLER, did not and could not discover such negligence on the part of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, until the time of filing this Complaint.

46. As a direct and proximate result of such negligence of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED;

and, LINCOLN, the Plaintiff, MARVIN SCHILLER, suffered actual damages and reasonably foreseeable consequential and incidental damages including, but not limited to:

- a. Loss of penalties and interest paid to the Internal Revenue Service;
- b. Loss of \$468,500.00 in premium payments;
- c. Loss of \$275,000.00 for mortality charges;
- d. Loss of \$193,500.00 for partial surrender charges; and,
- e. Loss of use of such monies.

WHEREFORE, the Plaintiff, MARVIN SCHILLER, demands judgment for damages in excess of Fifteen Thousand (\$15,000.00) Dollars against the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, plus interest on all liquidated sums, taxable costs, and attorneys fees pursuant to Fla. Stat. §627.428 against LINCOLN only, and demands a trial by jury.

COUNT V

BREACH OF FIDUCIARY DUTY

The Plaintiff, MARVIN SCHILLER, hereby adopts, realleges and reaffirms each and every allegation contained in paragraphs one (1) through twenty-six (26) above as though fully set forth herein and further alleges:

47. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, were acting in a fiduciary capacity for the Plaintiff, MARVIN SCHILLER, as they were hired to handle every aspect of the sale,

advice, and procurement of the aforesaid LINCOLN life insurance policy fairly and honestly and with due regard for SCHILLER'S interests, and before their own interests. As fiduciaries, the Defendants, each of them, had a duty to determine if the LINCOLN Policy (both the \$10,000,00.00 Policy and the \$5,000,000.00 reduction of the Policy) would indeed accomplish the benefits that they represented it would provide, before selling it to the Plaintiff; a duty to make full and fair disclosure to Plaintiff that he would not be able to sell the Policy(ies) in the life settlement market, and how that fact would impede Plaintiff's ability to yield a profit from either the \$10,000,000.00 Policy and/or the \$5,000,000.00 Policy (after being converted).

48. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, violated their fiduciary responsibilities to the Plaintiff by actions or omissions including but not limited to:

- a. Failing to investigate whether the life Insurance policy purchased through LINCOLN would in fact yield an IRR or profit;
- b. Failing to inform and/or fully educate the Plaintiff that he would not be able to sell the Policy in the life settlement market;
- c. Failing to notify the Plaintiff promptly after they discovered that the LINCOLN Policy was inadequate;
- d. Failing to explain the LINCOLN policy terms including the importance of why being unable to sell the Policy in the life settlement market would be detrimental;
- e. Failing to know whether alternative investment vehicles and or insurance product were available that would have provided protections desired by the Plaintiff; and,

- f. Failing to correctly represent the terms and scope of the LINCOLN Insurance Policy and Endorsements.

49. As a direct and proximate result of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, Breach of Fiduciary Duty, the Plaintiff, MARVIN SCHILLER, suffered actual damages and reasonably foreseeable consequential and incidental damages including, but not limited to:

- a. Loss of penalties and interest paid to the Internal Revenue Service;
- b. Loss of \$495,400.00 in premium payments;
- c. Loss of \$37,323.00 for administration Charges;
- d. Loss of \$468,500.00 in additional premium payments;
- e. Loss of \$275,000.00 for mortality charges;
- f. Loss of \$193,500.00 for partial surrender charges; and
- g. Loss of use of such monies;

WHEREFORE, the Plaintiff, MARVIN SCHILLER, demands judgment for damages in excess of Fifteen Thousand (\$15,000.00) Dollars against the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, plus interest on all liquidated sums, taxable costs, and attorneys fees pursuant to Fla. Stat. §627.428 against LINCOLN only, and demands a trial by jury.

COUNT VI

FRAUD

The Plaintiff, MARVIN SCHILLER, hereby adopts, realleges and reaffirms each

and every allegation contained in paragraphs one (1) through twenty-six (26) above as though fully set forth herein and further alleges:

50. The Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, made the aforesaid representations to the Plaintiff, MARVIN SCHILLER, regarding the operation and benefit of the \$10,000,000.00 Policy, and failed to disclose that Plaintiff would not yield an IRR or profit, would be unable to sell the Policy in the life settlement market, and that as a result, Plaintiff would lose on his investment; with the intention that Plaintiff would rely upon them and their representations.

51. Indeed, the Plaintiff, MARVIN SCHILLER, did rely on the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, to his detriment, both at the time that the \$10,000,000.00 Policy was purchased, as well as through the ensuing years until 2011.

52. As a direct and proximate result of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, fraudulent representations and omissions, the Plaintiff, MARVIN SCHILLER, suffered actual damages and reasonably foreseeable consequential and incidental damages

including, but not limited to:

- a. Loss of penalties and interest paid to the Internal Revenue Service;
- b. Loss of \$495,400.00 in premium payments;
- c. Loss of \$37,323.00 for Administration Charges; and
- d. Loss of use of such monies.

WHEREFORE, the Plaintiff, MARVIN SCHILLER, demands judgment for damages in excess of Fifteen Thousand (\$15,000.00) Dollars against the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, plus interest on all liquidated sums, taxable costs, and attorneys fees pursuant to Fla. Stat. §627.428 against LINCOLN only, and demands a trial by jury.

COUNT VII

FRAUD

The Plaintiff, MARVIN SCHILLER, hereby adopts, realleges and reaffirms each and every allegation contained in paragraphs one (1) through twenty-four (24) above as though fully set forth herein and further alleges:

53. The Defendants, Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, made the aforesaid representations to the Plaintiff, MARVIN SCHILLER, regarding the operation and benefit of the \$5,000,000.00 Policy, and failed to disclose that Plaintiff would not yield an IRR or profit, would be unable to sell the Policy in the life settlement market, failed to advise

Plaintiff that he would lose the guaranteed death benefit associated with his \$10,000,000.00 Policy, failed to advise Plaintiff that he would be irreparably harmed by reducing the Policy to only \$5,000,000.00 due to an immediate loss and permanent loss and that as a result Plaintiff would lose on his investment; with the intention that Plaintiff would rely upon them and their representations.

54. Indeed, the Plaintiff, MARVIN SCHILLER, did rely on the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, to his detriment, both at the time that the \$10,000,000.00 Policy was converted to a \$5,000,000.00 Policy in or around May, 2011, as well as through the ensuing years until the time of filing this Complaint.

55. As a direct and proximate result of the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, fraudulent representations and omissions, the Plaintiff, MARVIN SCHILLER, suffered actual damages and reasonably foreseeable consequential and incidental damages including, but not limited to:

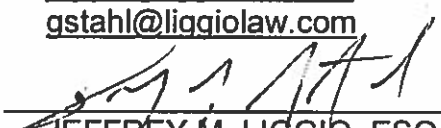
- a. Loss of penalties and interest paid to the Internal Revenue Service;
- b. Loss of \$468,500.00 in premium payments;
- c. Loss of \$275,000.00 for mortality charges;
- d. Loss of \$193,500.00 for partial surrender charges; and,
- e. Loss of use of such monies.

WHEREFORE, the Plaintiff, MARVIN SCHILLER, demands judgment for

damages in excess of Fifteen Thousand (\$15,000.00) Dollars against the Defendants, BERNSTEIN ESTATE and T. BERNSTEIN, individually, and in their his capacity as licensed and/or appointed agents, officers or directors of the respective Defendants, LIC; INT. MGT.; CAMBRIDGE; HOLDINGS; CONNECTION; INNOVATIONS; ALLIED; and, LINCOLN, plus interest on all liquidated sums, taxable costs, and attorneys fees pursuant to Fla. Stat. §627.428 against LINCOLN only, and demands a trial by jury.

DATED this 6th day of May 2013.

LIGGIO, BENRUBI
Suite 3B, The Barristers Building
1615 Forum Place
West Palm Beach, FL 33401
Telephone: 561/616-3333
Facsimile: 561/616-3266
Email: emailservice@liggiolaw.com
jliggio@liggiolaw.com
gstahl@liggiolaw.com

By: 
JEFFREY M. LIGGIO, ESQ.
Florida Bar No.: 357741
GEOFF S. STAHL, ESQ.
Florida Bar No.: 89240