

UNITED STATES DISTRICT COURT  
DISTRICT OF RHODE ISLAND

RHODE ISLAND RECOVERY :  
AND TRANSPORT, LLC, a :  
Rhode Island Limited Liability :  
Company, :  
Plaintiff :  
 :  
 :  
vs. :  
 :  
ASSURED PARTNERS OF OHIO, :  
LLC, an Ohio Limited Liability :  
Company, d/b/a RECOVERY :  
INSURANCE SERVICES, :  
Defendant. :  
 :  
\_\_\_\_\_ :

C.A. No. \_\_\_\_\_

**COMPLAINT**

**Introduction**

Plaintiff Rhode Island Recovery and Transport, LLC (“RIR&T”) is a Rhode Island-based reposessor of automobiles for its clients. It brings this action against Defendant AssuredPartners of Ohio, LLC, d/b/a Recovery Insurance Services (“Defendant”), to recover RIR&T’s damages caused by Defendant’s failure to provide specialized and essential repossession, or repo, insurance coverage that Defendant promised to procure for RIR&T and, critically, for RIR&T’s clients as additional insureds. Defendant falsely and fraudulently told RIR&T and its clients that such coverage had been procured, and even issued to RIR&T and its clients Accord Certificates of Liability Insurance evidence coverage, when in reality it had not. Defendant, which held itself out to RIR&T as an expert in repossession insurance

coverage, knew that RIR&T was relying on Defendant to obtain all required coverages, including additional insured coverage for RIR&T's clients. As a direct and proximate result, RIR&T lost its repo customers and suffered catastrophic losses to its repo business, and suffered substantial reputational harm in the close-knit repo community.

As explained below, Defendant has *admitted* its liability to RIR&T in an email Defendant sent to Prime Insurance Services ("Prime Insurance"), which issued the policy that Defendant purportedly procured for RIR&T and its clients. Yet to this day, Defendant has never bothered to contact RIR&T to acknowledge its failure to obtain the promised coverage, explain what caused Defendant to falsely and fraudulently issue certificates of insurance to RIR&T's clients, or offer to remedy the situation. In this action, RIR&T seeks to recover its damages, as well as punitive damages based on Defendant's willful and outrageous conduct.

## **FACTUAL ALLEGATIONS**

### **The Parties**

1. Plaintiff RIR&T is a Rhode Island limited liability company with its principal office located at 40 Fresno Road, Warwick, Rhode Island. At all relevant times, RIR&T's members are Richard Sprague and Emily Sprauge, both of whom are citizens of Rhode Island.

2. According to records of the Ohio Secretary of State, Recovery Insurance Services is a registered trade name of AssuredPartners of Ohio, LLC. Defendant is an Ohio limited liability company, registered with the State of Ohio as AssuredPartners of Ohio, LLC, d/b/a Recovery Insurance Services, and has its principal place of business

at 4400 Easton Commons Way, Suite 125, Columbus, Ohio 43219, and RIR&T is not aware of any of Defendant's members being citizens of Rhode Island. Accordingly, Defendant is a citizen of the State of Ohio.

### **Jurisdiction and Venue**

3. This Court has diversity jurisdiction over this matter pursuant to 28 U.S.C. § 1332(a).

4. This Court has personal jurisdiction over Defendant because, among other things, Defendant solicited RIR&T's business through communications to RIR&T in Rhode Island, promised RIR&T that Defendant could and would procure insurance coverage for RIR&T in Rhode Island, procured some limited insurance coverage for RIR&T's activities in, among other places, Rhode Island, issued false and fraudulent certificates of insurance to RIR&T in Rhode Island, and failed to provide RIR&T with all of the insurance coverage Defendant promised to procure for RIR&T in Rhode Island. Defendant's emails and telephone calls with RIR&T which form the basis for RIR&T's claims and are described below, were all made by Defendant to RIR&T in Rhode Island. Defendant thus directed its activities at Rhode Island and purposefully availed itself of the privilege of doing business and conducting activities in Rhode Island, and as a result, the exercise of personal jurisdiction over Defendant is fair, reasonable, and comports with the requirements of due process.

5. Venue lies in this Court pursuant to 28 U.S.C. § 1391(b)(2), because a substantial part of the events and omissions giving rise to RIR&T's claims occurred in the District of Rhode Island.

## FACTS

6. RIR&T is based in Warwick and at all relevant times was engaged in the business of, among other things, repossessing automobiles for its clients. Generally, these repossessions, or “repos,” are done in connection with a default under an automobile loan, where the repossessed vehicle serves as collateral for the loan, and where RIR&T repossesses the vehicle for its clients, who are the lenders.

7. To carry out its business and fulfill its obligations to its clients, RIR&T is required to carry specialized insurance coverage that is unique to the repo industry. Such coverage includes wrongful repossession coverage, garage keepers on hook coverage, and non-owned vehicle coverage.

8. RIR&T is required to carry insurance coverage for itself and, as required by its agreements with its clients, must add its clients as additional insureds under RIR&T’s insurance policy.

9. If RIR&T fails to obtain the required insurance for itself, and for its clients as additional insureds, then RIR&T may be in breach of its agreements with its clients, and its clients will refuse to do business with RIR&T. Lack of such coverage also exposes RIR&T, and its clients, to potentially significant liability in the event RIR&T and/or its clients are sued in connection with a repossession. Proper insurance coverage is thus essential to RIR&T’s ability to conduct its business, and to fulfill its contractual obligations to its clients.

10. Richard Sprague and Emily Sprague are members of RIR&T. They formed RIR&T in or around 2017.

11. In or around November 2017, Ms. Sprague searched for insurance coverage for RIR&T and its clients. Ms. Sprague's search revealed that few insurers are willing to insure a new repo business. However, Ms. Sprague found that Defendant held itself out as an insurance broker with specialized expertise in repo insurance – particularly for repossessionors like RIR&T that were seeking insurance coverage for the first time – and able to procure all necessary repo coverage for a new repo business. Ms. Sprague, believing it best to retain a broker who would represent RIR&T's interests, contacted Defendant, requesting that Defendant help RIR&T obtain the necessary insurance coverage for itself and for its clients as additional insureds. Specifically, Ms. Sprague communicated with Scott D. Manley, who held himself out as the Program Director for Defendant, and with Nancy Goverde, also an employee of Defendant.

12. At all relevant times, Defendant – as its trade name, Recovery Insurance Services, implies – held itself out as having the specialized expertise to procure all necessary insurance coverage for the repossession industry, and represented to RIR&T that it had that specialized expertise and could procure all necessary coverages for RIR&T.

13. Ms. Sprague, in reliance on Defendants' representations, directed Defendant to obtain the necessary insurance coverage for RIR&T to conduct its business and fulfill its obligations to its clients, including adding RIR&T clients as additional insured on the insurance coverage.

14. Defendant, through Mr. Manley and Ms. Goverde, expressly confirmed to RIR&T that Defendant would obtain the necessary coverage for RIR&T, including

adding RIR&T clients as additional insured on the policy. The parties communicated by email and phone regarding these issues in November and December 2017.

15. In the course of those communications, Defendant proposed insurance coverage from Prime Insurance. RIR&T, relying on Defendant's professed expertise in repo insurance, and its representations that the proffered Prime Insurance coverage afforded RIR&T and its clients all necessary coverages, directed Defendant to procure coverage from Prime Insurance for RIR&T and its clients as additional insureds. Defendant acknowledged that the requested insurance coverage was essential to RIR&T's repo work, as Mr. Manley stated in a November 29, 2017 email to RIR&T: "I truly understand how urgent this is for your company. We know that without the proper insurance, you do not get your work!"

16. Defendant subsequently confirmed to RIR&T that Defendant had obtained coverage from Prime Insurance for RIR&T and for its clients as additional insureds. On December 26, 2017, Ms. Goverde emailed Ms. Sprague eighteen Accord Certificates of Liability Insurance (the "Certificates of Insurance"), each stating that RIR&T was the "Insured" under the Prime Insurance policy. Seventeen of the eighteen Certificates of Liability further stated that one of RIR&T's seventeen clients was a "Certificate Holder," meaning that each of those clients was an additional insured under the Prime Insurance policy. On information and belief, Ms. Goverde also sent directly to each of RIR&T's seventeen clients the Certificate of Insurance stating that the client was an additional insured under the Prime Insurance policy. In sending these Certificates of Insurance to RIR&T and its client, Defendant, through Ms. Goverde,

represented to RIR&T and its clients that Defendant had procured for RIR&T and its clients the coverage that Defendant promised RIR&T it would procure for RIR&T and for its clients as additional insureds.

17. In reliance on the Certificates of Insurance, and on Defendant's representations that Defendant has secured the promised coverage for RIR&T and, as additional insureds, its clients, RIR&T engaged in repo activities for those clients.

18. One of RIR&T's clients that received a Certificate of Insurance from Ms. Goverde stating that it was an additional insured under the Prime Insurance policy was one of RIR&T's most lucrative clients, Consolidated Asset Recovery Systems Inc. ("CARS").

19. On or about February 20, 2018, RIR&T received a request from CARS to repossess an automobile in Massachusetts, in the possession of an individual named Norman Hicks. Mr. Hicks had financed that automobile through Wells Fargo, and after Mr. Hicks, on information and belief, defaulted under his loan agreement with Wells Fargo, Wells Fargo directed CARS repossess Mr. Hicks' automobile, and CARS then directed RIR&T to repossess that automobile.

20. RIR&T repossessed Mr. Hick's automobile, as requested by CARS. Following the repossession, Mr. Hicks filed suit against Wells Fargo and "XYZ Corporation" in Massachusetts state court, asserting claims for wrongful repossession and violation of certain commercial and consumer protection laws.

21. After Mr. Hicks filed suit, CARS issued a demand to RIR&T that RIR&T indemnify and provide a defense for CARS in that lawsuit. In response, RIR&T

directed CARS to send its demand directly to Prime Insurance.

22. RIR&T was subsequently informed by CARS that Prime Insurance had both denied coverage to CARS and informed CARS that CARS was *not* named as an additional insured under the Prime Insurance policy.

23. RIR&T subsequently discovered that CARS was not covered under the Prime Insurance policy because, contrary to Defendant's representations and promises, and to the Certificates of Insurance that Defendant provided to RIR&T and its clients, Defendant had failed to obtain authorization from Prime Insurance to add RIR&T's seventeen clients as additional insureds under the Prime Insurance policy. Thus, when Defendant issued the Certificates of Insurance, it did so knowing that it had not received authorization from Prime Insurance to add RIR&T's clients as additional insureds. As a direct result of Defendant's misconduct, *none* of RIR&T's clients were added as additional insureds to the Prime Insurance policy.

24. As a direct and proximate result of Defendant's failure to add CARS as an additional insured, CARS stopped doing business with RIR&T. CARS was subsequently acquired by Primeritus Financial Services, Inc. ("Primeritus"), which was also one of RIR&T's most lucrative clients. As a direct and proximate result of Defendant's failure to add CARS as an additional insured under the Prime Insurance policy, Primeritus, shortly after its acquisition of CARS, also ceased sending repossession orders to RIR&T. Prior to that time, CARS and Primeritus were RIR&T's highest-volume and most profitable customers, and RIR&T had received repossession orders from CARS and Primeritus that generated income to RIR&T generally ranging

between \$10,000 and \$15,000 per month. The loss of their business, in turn, had a disastrous effect on RIR&T's ability to continue in business, and on its good reputation in the repo industry.

25. When RIR&T sought new insurance that would cover RIR&T and, as additional insureds, its clients, the available insurance came with premiums significantly higher than that under the Prime Insurance policy that Defendant was required, but failed to fully procure for RIR&T.

26. RIR&T has subsequently learned that Defendant knew it had failed to obtain the insurance it promised to obtain for RIR&T, but failed to promptly – or *ever* – inform RIR&T of its failure.

27. Defendant has admitted that it had promised RIR&T to procure the Prime Insurance policy coverage and to add RIR&T's clients as additional insureds, but failed to obtain Prime Insurance's authority to add the clients as additional insureds. On or about October 10, 2018, William E. Landess, the Principal of Defendant d/b/a Recovery Insurance Services, sent an email to Rick J. Lindsey, Chairman and CEO of Prime Insurance Company, a copy of which is attached as Exhibit 1. In that email, Mr. Landess discussed the Hicks litigation, and candidly admitted Defendant's failure to obtain the required coverage for RIR&T by failing to add CARS as an additional insured under the Prime Insurance policy:

In short, we write a repossession account with you. A claimant is alleging breach of peace and seeking \$25,000 in damages for his auto repossession. Upon reading the letter from your attorney, *I can confirm that my office sent a liability certificate to a forwarder Consolidated Asset [Recovery Systems Inc., aka CARS], and listed them as an additional insured. My*

*office erred and did not send a request to your office to have Consolidated Asset added as additional insured to the policy. As your attorney rightly points out, this is our mistake.*

Exhibit 1 (emphasis added).

28. Having lost its most lucrative clients – namely, CARS and Primeritus – and having no additional insured coverage for its other clients, all as a direct and proximate result of Defendant’s misrepresentations and misconduct, RIR&T ultimately was forced to cease performing automobile repossessions.

29. Defendant also failed to take reasonable actions necessary to avoid the cancelation of the Prime Insurance policy in the summer of 2018. On or about July 11, 2018, RIR&T received a notice of nonpayment of premium from Prime Insurance. RIR&T then wired payment to Prime Insurance, after which, on or about July 30, 2018, Defendant’s Scott Manley forwarded to RIR&T an email from Prime Insurance asking that RIR&T complete a so-called no known loss letter, or NKLL. RIR&T completed a NKLL and sent it to Mr. Manley as instructed; however, Mr. Manley and Defendant apparently did not pass the NKLL along to Prime Insurance because, on or about September 6, 2018, Defendant’s Ms. Goverde told RIR&T that RIR&T had submitted the wrong form, but that submitting the correct form would be futile because Prime Insurance had already canceled the policy because it had not received the NKLL.

30. At all relevant times, Defendant was acting as RIR&T’s agent in connection with RIR&T’s efforts to obtain insurance coverage, including after RIR&T directed Defendant to procure the Prime Insurance coverage and to include RIR&T’s clients as additional insureds. Moreover, at all relevant times, RIR&T had paid for

coverage under the Prime Insurance policy. Moreover, Defendant acted willfully and wantonly in failing to procure the promised coverage for RIR&T despite sending out the Certificates of Insurance, then failing to acknowledge or discuss with RIR&T Defendant's failure to procure the coverage, as well as, in the summer of 2018, failing to timely provide the NKLL to Prime Insurance or, if Prime Insurance had rejected the NKLL that RIR&T had provided to Defendant, to timely inform RIR&T that a different form was required, thus allowing the cancelation of the Prime Insurance policy.

31. To this day, Defendant has never bothered to contact RIR&T to acknowledge or discuss with RIR&T the fact that Defendant lied to RIR&T (and its clients) and issued fraudulent Certificates of Insurance, failed to obtain additional insured coverage for any of RIR&T's clients, and in the summer of 2018, failed to timely provide the NKLL to Prime Insurance or, if Prime Insurance had rejected the NKLL that RIR&T had provided to Defendant, to timely inform RIR&T that a different form was required, thus allowing the cancelation of the Prime Insurance Policy.

### **COUNT I Negligence**

32. RIR&T restates and incorporates by reference the allegations in paragraphs 1 through 31 above.

33. At all relevant times, Defendant owed a duty to RIR&T to obey the instructions that RIR&T provided to Defendant and, after Defendant promised to procure for RIR&T the Prime Insurance policy and to include RIR&T's clients as additional insureds, owed a duty to ensure that the promised coverage was in fact

obtained, and owed a duty to at all times exercise reasonable skill, care, and diligence in obtaining the promised insurance coverage.

34. Defendant breached its duties owed to RIR&T by, among other things, failing to procure for RIR&T the insurance coverage that RIR&T directed Defendant to procure, and which Defendant promised to procure for RIR&T, and in the summer of 2018, by failing to timely provide the NKLL to Prime Insurance or, if Prime Insurance had rejected the NKLL that RIR&T had provided to Defendant, to timely inform RIR&T that a different form was required, thus allowing the cancelation of the Prime Insurance policy.

35. As a direct and proximate result of Defendant's breach of its duties owed to RIR&T, RIR&T suffered damages, including without limitation the loss of its business relationship and repossession orders from CARS and Primeritus and other RIR&T clients, and harm to RIR&T's reputation and goodwill.

**COUNT II**  
**Breach of Contract**

36. RIR&T restates and incorporates by reference the allegations in paragraphs 1 through 35 above.

37. RIR&T and Defendant formed a contract, under which Defendant was required to promptly obtain for RIR&T the Prime Insurance coverage that Defendant promised to provide to RIR&T, and to include RIR&T's clients as additional insureds under the Prime Insurance policy.

38. RIR&T paid good and valuable consideration to Defendant in exchange

for Defendant's promise to procure insurance coverage for RIR&T and, as additional insureds, RIR&T's clients.

39. Defendant breached its contract with RIR&T by, among other things, failing to procure the insurance coverage that Defendant promised it would procure for RIR&T and, as additional insureds, RIR&T's clients. It further breached the contract in the summer of 2018 by failing to timely provide the NKLL to Prime Insurance or, if Prime Insurance had rejected the NKLL that RIR&T had provided to Defendant, to timely inform RIR&T that a different form was required, thus allowing the cancellation of the Prime Insurance policy.

40. As a direct and proximate result of Defendant's breach, RIR&T suffered damages, including without limitation the loss of its business relationship and repossession orders from CARS and Primeritus and other RIR&T clients, and harm to RIR&T's reputation and goodwill.

### **COUNT III Fraudulent Misrepresentation**

41. RIR&T restates and incorporates by reference the allegations in paragraphs 1 through 40 above.

42. Defendant represented to RIR&T that Defendant had obtained the insurance coverage that RIR&T directed Defendant to obtain, and which Defendant promised to obtain – specifically, coverage for RIR&T and, for its clients, coverage as additional insureds under the Prime Insurance policy. Specifically, in an email dated December 26, 2017, Defendant, through Ms. Goverde, sent RIR&T the Certificates of

Insurance stating that RIR&T was the insured, and its seventeen clients were additional insureds, under the Prime Insurance policy.

43. Defendant made these representations to RIR&T and its clients despite Defendant knowing that it had failed to procure the coverage it promised to procure for RIR&T, including naming RIR&T's seventeen clients as additional insureds under the Prime Insurance policy.

44. As a direct and proximate result of Defendant's fraudulent statements, RIR&T suffered damages, including without limitation the loss of its business relationship and repossession orders from CARS and Primeritus and other RIR&T clients, and harm to RIR&T's reputation and goodwill.

**COUNT IV**  
**Fraudulent Misrepresentation by Concealment**

45. RIR&T restates and incorporates by reference the allegations in paragraphs 1 through 44 above.

46. On December 26, 2017, Defendant, through Ms. Goverde, sent RIR&T the Certificates of Insurance stating that RIR&T was the insured, and its seventeen clients were additional insureds, under the Prime Insurance policy. Defendant made these misrepresentations to RIR&T while knowing that Defendant had not procured the promised insurance coverage for RIR&T or for RIR&T's clients as additional insureds.

47. In addition, at the time Ms. Goverde sent her email to RIR&T - *i.e.*, December 26, 2017 - Defendant had a duty to disclose to RIR&T that Defendant had not obtained all of the insurance coverage it promised to RIR&T, and which it previously

told RIR&T that it had procured for RIR&T. Despite this, Defendant deliberately and intentionally failed to disclose to RIR&T that Defendant had not procured the promised coverage, including naming seventeen RIR&T clients as additional insureds under the Prime Insurance policy. Had Defendant done so, RIR&T could and would have immediately sought to obtain the coverage that Defendant failed to provide. Indeed, to this day, Defendant has not contacted RIR&T to acknowledge its failure to procure the promised coverage and explain what happened.

48. As a direct and proximate result of Defendant's fraudulent misrepresentations by concealment, RIR&T has suffered damages, including without limitation the loss of its business relationship and repossession orders from CARS and Primeritus and other RIR&T clients, and harm to RIR&T's reputation and goodwill.

#### **COUNT V Negligent Misrepresentation**

49. RIR&T restates and incorporates by reference the allegations in paragraphs 1 through 48 above.

50. Defendant represented to RIR&T that Defendant had obtained the insurance coverage that RIR&T directed Defendant to obtain, and which Defendant promised to obtain – specifically, coverage under the Prime Insurance policy for RIR&T and, for its clients, coverage as additional insureds. At the time Defendant made those representations, Defendant knew or should have known that they were false.

51. As a direct and proximate result of Defendant's negligent misrepresentations, RIR&T suffered damages, including without limitation the loss of

its business relationship and repossession orders from CARS and Primeritus and other RIR&T clients, and harm to RIR&T's reputation and goodwill.

**COUNT VI**  
**Negligent Misrepresentation by Concealment**

52. RIR&T restates and incorporates by reference the allegations in paragraphs 1 through 51 above.

53. Defendant knew or should have known that it had failed to procure the insurance coverage that RIR&T directed Defendant to procure, and which Defendant promised RIR&T that Defendant would procure, on December 26, 2017. Defendant had a duty to disclose that information to RIR&T.

54. Despite this, Defendant failed to notify RIR&T that Defendant had failed to procure the insurance coverage it promised to procure for RIR&T.

55. As a direct and proximate result of Defendant's negligent misrepresentations by concealment, RIR&T has suffered damages, including without limitation the loss of its business relationship and repossession orders from CARS and Primeritus and other RIR&T clients, and harm to RIR&T's reputation and goodwill.

**COUNT VII**  
**Breach of Fiduciary Duty**

56. RIR&T restates and incorporates by reference the allegations in paragraphs 1 through 55 above.

57. RIR&T made an unequivocal request to Defendant that Defendant procure insurance coverage for RIR&T and add RIR&T's clients as additional insureds.

58. In response to RIR&T's unequivocal request, Defendant agreed and

promised RIR&T that Defendant would procure the requested coverage, including adding RIR&T's clients as additional insureds.

59. Defendant knew that RIR&T had no expertise in matters relating to obtaining all necessary insurance coverage, both for itself and its clients as additional insureds, to carry out its business, and knew that, based on Defendant's statements to RIR&T that Defendant was expert in repo insurance and would procure for RIR&T all necessary coverage, RIR&T placed its complete trust in Defendant – which held itself out to RIR&T as an expert in insurance coverage for entities engaged in RIR&T's business – to obtain all necessary insurance coverage for RIR&T and its clients.

60. Defendant owed a fiduciary duty to RIR&T to act on RIR&T's directions, and to fulfill the promises Defendant made to RIR&T, promptly and with reasonable care, skill and diligence.

61. Defendant breached its fiduciary duty owed to RIR&T by, among other things, promising RIR&T that Defendant would obtain the Prime Insurance coverage for RIR&T and its clients as additional insureds but failing to do so, and failing to promptly notify RIR&T that Defendant had failed to obtain the promised coverage.

62. As a direct and proximate result of Defendant's breaches of its fiduciary duty, RIR&T suffered damages, including without limitation the loss of its business relationship and repossession orders from CARS and other RIR&T clients, and harm to RIR&T's reputation and goodwill.

WHEREFORE, RIR&T requests that the Court:

1. Enter judgment in favor of RIR&T on all counts of this Complaint;

2. Award RIR&T compensatory damages in an amount sufficient to compensate RIR&T for all of its damages caused by the Defendant, as well as pre-judgment interest;
3. Award RIR&T punitive damages in an amount to be determined by the factfinder at trial; and,
4. Award RIR&T any further relief the Court deems just.

### **JURY TRIAL DEMAND**

RIR&T demands a jury trial on all issues so triable.

Rhode Island Recovery and Transport, LLC  
By its Attorneys,

/s/ Joseph D. Whelan

/s/ Christopher N. Dawson \_\_\_\_\_

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