

STATE OF NEW YORK
SUPREME COURT : COUNTY OF ALBANY

THE NEW YORK STATE WORKERS'
COMPENSATION BOARD,
in its capacity as the governmental entity charged with the
administration of the Workers' Compensation Law and
attendant regulations, and in its capacity as successor in interest to
THE HEALTHCARE INDUSTRY TRUST OF NEW YORK,
THE WHOLESALE AND RETAIL WORKERS'
COMPENSATION TRUST OF NEW YORK,
TRANSPORTATION INDUSTRY WORKERS'
COMPENSATION TRUST,
TRADE INDUSTRY WORKERS' COMPENSATION
TRUST FOR MANUFACTURERS,
THE REAL ESTATE MANAGEMENT TRUST OF NEW YORK,
THE PUBLIC ENTITY TRUST OF NEW YORK,
THE NEW YORK STATE CEMETERIES TRUST, and
ELITE CONTRACTORS TRUST OF NEW YORK,

Index No. 4620-11

Plaintiff,

v.

SGRISK, LLC, and
UHY, LLP,

Defendants.

Albany County Clerk
Document Number 11036117
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AMENDED SUMMONS WITH NOTICE

TO THE ABOVE NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED to appear in this action by serving a
notice of appearance on Plaintiff's attorney(s) within twenty (20) days after the service of
this Summons, exclusive of the day of service, or within thirty (30) days after service is

complete if this Summons is not personally delivered to you within the State of New York.

Albany County is designated as the place of trial. The basis of venue is that Plaintiff is the State of New York Workers' Compensation Board and has a principal place of business at 20 Park Street, Albany, New York 12207, in the County of Albany.

PLEASE TAKE NOTICE: The nature of the action: The action is for damages sustained by Plaintiff as a result of the acts and omissions of the defendants in connection with the defendants' involvement with The Healthcare Industry Trust of New York, The Wholesale and Retail Workers' Compensation Trust of New York, Transportation Industry Workers' Compensation Trust, Trade Industry Workers' Compensation Trust for Manufacturers, The Real Estate Management Trust of New York, The Public Entity Trust of New York, The New York State Cemeteries Trust, and Elite Contractors Trust of New York (collectively the "Trusts"); said acts or omissions constituting, inter alia, breaches of contract, breaches of fiduciary duty, aiding and abetting the breach of a fiduciary duty, negligence, professional negligence, fraud, and unjust enrichment.

Defendant SGRisk, LLC performed actuarial services for the Trusts, which services included, among other things, the preparation of actuarial reports and analyses. Defendant UHY, LLP performed accounting services for the Trusts, which services included, among other things, the preparation of audited financial statements.

Defendants' respective acts and omissions resulted in an accumulated reserve funding deficit for the Trusts (the "Deficit") in the amount of Four Hundred Seventy-Two Million and 00/100 Dollars (\$472,000,000.00).

The relief sought is monetary damages and equitable relief.

PLEASE TAKE FURTHER NOTICE: In case of your failure to appear, judgment may be taken against you by default for the Four Hundred Seventy-Two Million and 00/100 Dollars (\$472,000,000.00) Deficit, together with the costs and disbursements of this action, plus statutory interest at the rate of six percent (6%) and an additional collection fee charge of up to twenty-two percent (22%), pursuant to the provisions of New York State Finance Law, Section 18 (3)-(5).

Dated: November 21, 2011
Buffalo, New York

**RUPP, BAASE, PFALZGRAF,
CUNNINGHAM & COPPOLA LLC**
Attorneys for Plaintiff

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STATE OF NEW YORK
SUPREME COURT : COUNTY OF ALBANY

THE NEW YORK STATE WORKERS'
COMPENSATION BOARD,
in its capacity as the governmental entity charged with the
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AMENDED
VERIFIED
COMPLAINT

Index No.: 4620-2011

Plaintiff,

v.

SGRISK, LLC, and
UHY, LLP,

Defendants.

AMENDED VERIFIED COMPLAINT

Plaintiff, the New York State Workers' Compensation Board, in its
capacity as the governmental entity charged with the administration of the Workers'
Compensation Law and attendant regulations, and in its capacity as successor in interest
to The Healthcare Industry Trust of New York, The Wholesale and Retail Workers'

Compensation Trust of New York, Transportation Industry Workers' Compensation Trust, Trade Industry Workers' Compensation Trust for Manufacturers, The Real Estate Management Trust of New York, The Public Entity Trust of New York, The New York State Cemeteries Trust, and Elite Contractors Trust of New York, by its attorneys, Rupp, Baase, Pfalzgraf, Cunningham & Coppola LLC, as and for its amended verified complaint against the defendants SGRisk, LLC, and UHY, LLP, alleges as follows:

PARTIES

1. Plaintiff the New York State Workers' Compensation Board ("WCB") is a governmental agency created pursuant to the New York State Workers' Compensation Law ("WCL"), with a principal office located at 20 Park Street, Albany, Albany County, New York.

2. Pursuant to 12 NYCRR § 317.20, the WCB is the successor in interest to the following group self-insured trusts ("GSIT") (collectively, the "Trusts"): The Healthcare Industry Trust of New York ("HITNY"), The Wholesale and Retail Workers' Compensation Trust of New York (formerly known as The Grocery Industry Trust of New York) ("WRWCT"), Transportation Industry Workers' Compensation Trust (formerly known as The Transportation Trust of New York) ("TRIWCT"), Trade Industry Workers' Compensation Trust for Manufacturers (formerly known as The Manufacturing Industry Workers' Compensation Trust of New York) ("TIWCT"), The Real Estate Management Trust of New York ("REMTNY"), The Public Entity Trust of

New York ("PETNY"), The New York State Cemeteries Trust (formerly known as The New York Association of Cemeteries Trust Workers) ("NYSCT"), and Elite Contractors Trust of New York ("ECTNY").

3. Each of the Trusts was a GSIT formed pursuant to Section 50 (3-a) of the WCL.

4. At all times hereinafter mentioned, HITNY's members were, among others, health care industry employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

5. At all times hereinafter mentioned, WRWCT's members were, among others, wholesale and retail employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

6. At all times hereinafter mentioned, TRIWCT's members were, among others, transportation industry employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

7. At all times hereinafter mentioned, TIWCT's members were, among others, manufacturing industry employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

8. At all times hereinafter mentioned, REMTNY's members were, among others, real estate industry employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

9. At all times hereinafter mentioned, PETNY's members were, among others, public entity employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

10. At all times hereinafter mentioned, NYSCT's members were, among others, cemetery industry employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

11. At all times hereinafter mentioned, ECTNY's members were, among others, construction industry employers that conducted business in New York State and were required to provide workers' compensation benefits to their employees.

12. Upon information and belief, defendant SGRisk, LLC ("SGRisk") was, and is, a limited liability company authorized to transact business in New York State with a principal office located at 1050 Wall Street West, Suite 610, Lyndhurst, Bergen County, New Jersey.

13. Upon information and belief, defendant UHY, LLP (“UHY”) was, and is, a domestic limited liability partnership with a principal office located at 66 State Street, Albany, Albany County New York.

JURISDICTION

14. This Court possesses jurisdiction over the WCB because it is a New York State governmental agency and is domiciled in New York State.

15. This Court possesses jurisdiction over SGRisk because it has transacted business in New York State.

16. This Court possesses jurisdiction over UHY because it is a domestic limited liability partnership, and because it has transacted business in New York State.

BACKGROUND FACTS

Introduction

17. The WCB is the governmental entity charged with administration of the WCL and its attendant regulations, and has all of the powers and duties set forth in WCL § 142.

18. The WCB's mission is to equitably and fairly administer the provisions of the WCL, including workers' compensation benefits, disability benefits, volunteer firefighters' benefits, volunteer ambulance workers' benefits, and volunteer civil defense workers' benefits on behalf of New York's injured workers and their employers.

19. Workers' compensation benefits provide weekly cash payments and the cost of full medical treatment, including rehabilitation, for covered employees who become disabled as a result of employment-related disease or injuries. Benefits also may be payable to qualified dependents of a covered worker who died as a result of a compensable injury or illness.

20. Pursuant to WCL §§ 10 and 50, all employers in New York State must secure the payment of workers' compensation to their employees.

21. The WCL states that employers may secure the payment of workers' compensation to their employees in one of the following three ways: (1) by insuring and keeping insured the payment of such compensation from the State Insurance Fund (WCL § 50(1)); (2) by insuring and keeping insured the payment of such compensation with any insurance carrier authorized to transact such business in New

York State (WCL § 50(2)); or (3) by becoming a self-insurer (WCL § 50(3) and WCL § 50(3-a)).

22. In the event that an employer pursuing coverage under WCL § 50(3) is unable to demonstrate the financial ability to self-insure individually, it may join with other employers in related industries and form a GSIT. A GSIT is defined under WCL § 50(3-a) as a group of employers who jointly self-insure for workers' compensation claims.

23. Employers who elect to insure the payment of workers' compensation through the State Insurance Fund or a commercial insurance carrier pay money, known as a "premium," in exchange for workers' compensation coverage.

24. Employers who participate in a GSIT also pay money in exchange for the payment of workers' compensation to their employees, known as a "contribution."

Self-Insurance

25. An employer may self-insure in one of two ways -- either as an individual, pursuant to WCL §50(3), or as a member of a GSIT, pursuant to WCL § 50(3-a).

26. All private employers, whether individuals or as members of a GSIT, who wish to self-insure for workers' compensation benefits, must apply to, and be duly authorized by, the WCB's Office of Self-Insurance.

27. It is the mission of the Office of Self-Insurance to ensure that the option to self-insure remains a viable and cost effective alternative for financially strong employers.

Group Self-Insurance

28. WCL § 50(3-a)(3) provides that all employers participating in the GSIT shall not be relieved from their liability for workers' compensation, as required under the WCL, except through payment of all compensation by the GSIT or by the employer.

29. Pursuant to WCL § 50(3-a)(2), employers "may adopt a plan for self-insurance, as a group, for the payment of compensation under this chapter to their employees." A condition of any such plan is that the group of employers provides proof to the WCB of the GSIT's financial ability to pay all compensation for which the employers may be liable under the WCL.

30. The WCB has promulgated additional regulations to establish application procedures, qualifications, and responsibilities for GSITs at 12 NYCRR § 317, *et seq.*

31. The WCB's regulations contain the definitions pertaining to GSITs as set forth in paragraphs 32 through 35.

32. "Contribution" is defined as "the annual charge to individual members of a group self-insurer to cover its workers' compensation liabilities and assessments."

33. "Claims," for purposes of financial reporting and determining GSIT liabilities is defined as "the present value of all workers' compensation claims, including those incurred but not reported, and the expenses associated therewith. . ." and "must be determined on actuarial basis . . ."

34. "Trust account or trust fund" is defined as "a trust account or fund, financed by the contributions of and assessments on members of a group self-insurer, for the exclusive purpose of paying for and otherwise administering workers' compensation liabilities."

35. “Trust liabilities” is defined as “all claims, accrued workers’ compensation board assessments, accrued expenses including administrative costs...and all other trust obligations.”

36. The WCB regulations require GSITs to provide evidence of adequate capitalization and maintain assets in excess of liabilities.

37. The WCB regulations require GSITs to prohibit the commingling with other funds of “funds dedicated to the payment and administration of claims, assessments, and other costs arising under the Workers’ Compensation Law.”

38. The WCB regulations require GSITs to comply with the remedial provisions applicable to under-funded GSITs.

39. The WCB regulations require GSITs to submit annual audited financial statements evidencing the financial status of the GSIT.

40. These requirements provide the WCB’s Office of Self-Insurance with information to ensure adequate financial strength of the GSIT, and minimize the risk of an interruption in the flow of benefits to injured workers.

41. The WCB employs, inter alia, the procedures set forth in paragraphs 42 through 45 to identify GSITs that are in need of remedial action to ensure that the GSITs remain solvent.

42. The WCB receives and reviews the annual independently audited financial statements and actuarial reports submitted by every GSIT. These documents detail the GSIT's liabilities and assets.

43. If the GSIT's annual audited financial statements and actuarial reports indicate that the GSIT has greater liabilities than assets, known as "underfunding," the GSIT is subject to the remediation procedures set forth in 12 NYCRR § 317.9.

44. Depending upon the severity of the underfunding, the WCB may take one or more of the actions designated in 12 NYCRR § 317.9(b), which are designed to restore the GSIT to a funded status in a timely manner. The WCB reserves the more stringent remediation procedures for those GSITs that are less than 90% funded.

45. Pursuant to WCL § 151, the expenses incurred by the WCB in regulating self-insurers (Office of Self-Insurance Expenses), including GSITs, are segregated and paid separately from the WCB's overall administrative expenses.

Dissolution of GSITs

46. A GSIT whose financial analysis demonstrates continued underfunding status that is so severe that it cannot be restored to a financially stable position will be terminated by order of the WCB. When this occurs, the GSIT no longer provides coverage for their members. The GSIT's members still are required to meet workers' compensation obligations, which accrued prior to termination, and are payable directly to the injured employees.

47. In the event the WCB determines that a GSIT cannot properly administer its liabilities due to its inability to pay outstanding lawful obligations, the WCB may deem the GSIT insolvent and assume administration and final distribution of the GSIT's assets and liabilities, pursuant to 12 NYCRR § 317.20.

48. The WCB's overriding concern is to ensure that the statutorily mandated benefits to injured workers are not interrupted, even if the private self-insured employer becomes insolvent. The WCL and the WCB's regulations require that all self-insurers, including GSITs, deposit securities with the WCB pursuant to WCL § 50(4).

49. After assuming administration and final distribution of an insolvent GSIT's assets and liabilities, the WCB makes a demand on the guarantor of the security deposit, and uses the security deposit and the GSIT's remaining assets to pay the GSIT's remaining workers' compensation obligations.

50. Upon the exhaustion of the GSIT's remaining assets and security deposit, the WCB must meet all of the insolvent GSIT's obligations out of its own administrative fund.

51. In so doing, the WCB incurs additional and significant expenses that are allocated to the Office of Self-Insurance.

The Trusts

52. In or about September 1999, HITNY was authorized by the WCB to operate as a GSIT in New York State. HITNY was formed on or about September 12, 1999.

53. In or about September 1999, WRWCT, formerly known as The "Grocery Industry Trust of New York," was authorized by the WCB to operate as a GSIT in New York State. The Grocery Industry Trust of New York was formed on or about November 27, 1999. On or about March 16, 2000, the name of the trust was changed to "The Food and Beverage Industry Trust of New York," and then later to "The Wholesale and Retail Workers' Compensation Trust of New York" on December 19, 2000.

54. In or about December 2000, TRIWCT, formerly known as "The Transportation Trust of New York," was authorized by the WCB to operate as a GSIT in

New York State. The Transportation Trust of New York was formed on or about December 27, 2000. Effective as of December 27, 2000, the name of the trust was changed to “Transportation Industry Workers’ Compensation Trust.”

55. In or about December 2001, TIWCT, formerly known as “The Manufacturing Industry Workers’ Compensation Trust of New York” was authorized by the WCB to operate as a GSIT in New York State. TIWCT was formed on or about December 27, 2001. Effective as of December 27, 2001, the name of the trust was changed to “Trade Industry Workers’ Compensation Trust for Manufacturers.”

56. In or about January 2001, REMTNY was authorized by the WCB to operate as a GSIT in New York State. REMTNY was formed on or about January 1, 2001.

57. In or about January 2001, PETNY was authorized by the WCB to operate as a GSIT in New York State. PETNY was formed on or about January 1, 2001.

58. In or about January 2002, NYSCT, formerly known as “The New York Association of Cemeteries Trust Workers,” was authorized by the WCB to operate as a GSIT in New York State. The New York Association of Cemeteries Trust Workers was formed on or about January 27, 2002. Effective as of March 1, 2002, the name of the trust was changed to “The New York State Cemeteries Trust.”

59. In or about August 1999, ECTNY was authorized by the WCB to operate as a GSIT in New York State. ECTNY was formed on or about August 27, 1999.

The Trusts' Deficits

6068. Pursuant to 12 NYCRR § 317.20, the WCB assumed the administration of HITNY on February 14, 2008; of PETNY on January 8, 2008; of TIWCT on May 16, 2008; of REMTNY on July 7, 2008; of NYSCT on July 7, 2008; of WRWCT on August 11, 2008; of TRIWCT on July 3, 2008; and of ECTNY on April 1, 2010.

61. As of September 30, 2010, HITNY had a member deficit of approximately \$170,000,000.

62. On or about December 18, 2009, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of HITNY's deficit and the actions and inactions of several parties, including defendants, which led to HITNY's deficit.

63. As of September 30, 2009, WRWCT had a member deficit of approximately \$66,000,000.

64. On or about May 19, 2010, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of WRWCT's deficit, along with the actions and inactions of several parties, including defendants, which led to WRWCT's deficit.

65. As of December 31, 2009, TRIWCT had a member deficit of approximately \$142,000,000.

66. On or about May 19, 2010, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of TRIWCT's deficit, along with the actions and inactions of several parties, including defendants, which led to TRIWCT's deficit.

67. As of December 31, 2010, TIWCT had a member deficit of approximately \$19,500,000.

68. On or about May 20, 2010, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of TIWCT's deficit, along with the actions and inactions of several parties, including defendants, which led to TIWCT's deficit.

69. As of December 31, 2009, REMTNY had a member deficit of approximately \$6,400,000.

70. On or about May 22, 2010, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of REMTNY's deficit, along with the actions and inactions of several parties, including defendants, which led to REMTNY's deficit.

71. As of December 31, 2010, PETNY had a member deficit of approximately \$7,000,000.

72. On or about May 22, 2010, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of PETNY's deficit, along with the actions and inactions of several parties, including defendants, which led to PETNY's deficit.

73. As of January 31, 2010, NYSCT had a member deficit of approximately \$4,000,000.

74. On or about May 22, 2010, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of NYSCT's deficit, along with the actions and inactions of several parties, including defendants, which led to NYSCT's deficit.

75. As of September 30, 2010, ECTNY had a member deficit of approximately \$82,000,000.

76. On or about December 31, 2010, the WCB received an independent forensic accounting that it had commissioned in order to obtain a detailed breakdown of ECTNY's deficit, along with the actions and inactions of several parties, including defendants, which led to ECTNY's deficit.

77. As a result of the above deficits, the Trusts were unable to properly administer their liabilities. Accordingly, the WCB assumed administration and final distribution of the Trusts' assets and liabilities, and directed Compensation Risk Managers, LLC ("CRM"), the Trusts' group administrator and third-party administrator, to transfer all of its records pertaining to the administration of the Trusts to the WCB.

78. Since the period immediately prior to the WCB's assumption of the administration and final distribution of the Trusts' assets and liabilities, the WCB incurred significant expenses in connection with the administration of the Trusts' liabilities.

79. For fiscal year 2007-2008, the WCB's Office of Self-Insurance incurred expenses of approximately \$6,900,000. For fiscal year 2008-2009, the WCB's Office of Self-Insurance incurred administrative expenses of approximately \$4,400,000. For fiscal year 2009-2010, the WCB's Office of Self-Insurance incurred administrative

expenses of approximately \$6,100,000. For fiscal year 2010-2011, the WCB's Office of Self-Insurance incurred administrative expenses of approximately \$8,800,000. For fiscal year 2011-2012 the WCB's Office of Self-Insurance incurred administrative expenses of approximately \$7,300,000. For fiscal year 2012-2013 the WCB's Office of Self-Insurance incurred administrative expenses of approximately \$6,800,000

80. The WCB's Office of Self-Insurance will continue to incur such expenditures for the foreseeable future, until all of the obligations of the Trusts have been extinguished.

81. As of the date of this complaint, the remaining assets and available security of HITNY, WRWCT, TRIWCT, TIWCT, REMTNY, PETNY, NYSCT, and ECTNY have been exhausted and the Trusts have been rendered insolvent as defined in 12 NYCRR § 317.20. As a result, and in addition to the WCB's administrative expenses associated with the Trusts, the WCB meets any and all obligations of these insolvent GSITs with monies from the WCB's administrative funds.

82. As a result of the foregoing, and in accordance with 12 NYCRR § 317.20, the WCB became the successor in interest to the Trusts.

CRM

83. At all times hereinafter mentioned, CRM was a domestic limited liability company with a principal place of business located in, Poughkeepsie, Dutchess County, New York.

84. From 1999 to September 2008, CRM acted as a group administrator and third-party administrator representing the Trusts before the WCB.

85. CRM has ceased its management of GSITs in New York and no longer engages in this business in New York State.

86. CRM was a wholly-owned subsidiary of CRM USA, which was a wholly-owned subsidiary of CRM Holdings.

87. In preparation for an initial public offering ("IPO"), CRM Holdings, in its initial registration statement filed September 19, 2005 with the United States Securities Exchange Commission ("SEC"), stated that it is a "leading provider of fee-based management and other services for workers' compensation self-insured groups in New York and California" and that it has been in the business of forming and managing GSITs since 1999.

88. CRM Holdings completed an IPO on December 27, 2005, listing its shares on the NASDAQ National Market under the symbol “CRMH.”

89. Upon information and belief, CRM Holdings submitted various financial statements concerning the Trusts to the SEC prior to the IPO.

90. CRM had a financial incentive to influence, control, and manipulate the Trusts’ actuarial estimates and financial statements to bolster its IPO.

91. CRM Holdings’ September 19, 2005 SEC registration statement states that the New York State GSITs accounted for 78.95% of CRM’s (and Compensation Risk Managers of California, LLC’s, a wholly-owned subsidiary of CRM Holdings) management fee and commission income, and 66.46% of CRM’s total revenues as of June 30, 2005.

92. The more favorable the Trusts’ financial statements appeared, the better chance CRM had to retain and attract new members to each of the Trusts, thereby bringing in more profits to CRM and allowing them to realize a greater return on its IPO.

93. CRM contracted with SGRisk to provide actuarial services to the Trusts.

94. CRM contracted with UHY to provide accounting services to the Trusts.

95. CRM did not maintain adequate reserve levels for the Trusts because, in doing so, CRM would have been required to raise member contribution rates, making the Trusts a less financially attractive workers' compensation coverage option to current and potential trust members, thereby decreasing CRM's revenues.

96. Upon information and belief, SGRisk manipulated the Trusts' actuarial estimates so that CRM could keep contribution rates artificially low.

97. Upon information and belief, UHY failed to accurately portray the Trusts' financial condition so that CRM could keep contribution rates artificially low, and so that CRM could avoid the scrutiny of the WCB.

98. Upon information and belief, the manipulation of the Trusts' actuarial estimates by SGRisk caused the Trusts to become underfunded and/or insolvent.

99. Upon information and belief, the manipulation of the Trusts' annual financial statements by UHY obscured the Trusts' true financial conditions, thereby perpetuating CRM's improper administration of the Trusts, leading to their insolvency.

100. Upon information and belief, SGRisk manipulated the Trusts' actuarial estimates to ensure that CRM would continue to retain it as the Trusts' actuary.

101. Upon information and belief, UHY manipulated the Trusts' annual financial statements that CRM would continue to retain it as the Trusts' auditor.

102. Beginning with the Trusts' annual reports for the period ending December 31, 2006, many of the Trusts reported drastic deficits as compared with the prior period. For example, HITNY reported a \$75,783,819.00 deficit for the year ending December 31, 2006, as compared to a \$5,773,350 for the year ending December 31, 2005.

103. Upon information and belief, such deficits were caused by, among other things, SGRisk's and UHY's breaches of duties to the Trusts, fraud, and deceptive acts.

104. CRM had a financial incentive to accept Trust applicants with poor loss histories and high experience modifiers, and to continue the memberships of Trust members with high actual losses, since CRM collected its fee up front based on manual premiums.

105. Upon information and belief, SGRisk participated in, and facilitated, CRM's underpricing and mismanagement by manipulating the Trusts' actuarial estimates to conceal the fact that CRM was mismanaging the Trusts.

106. Upon information and belief, UHY participated in, and facilitated, CRM's underpricing and mismanagement by manipulating the Trusts' annual financial statements to conceal the fact that CRM was mismanaging the Trusts.

107. Pursuant to regulation, all GSITs are required to submit annual audited financial statements and an actuarial report to the WCB.

108. CRM was responsible for choosing a certified public accountant and an actuary to prepare such reports.

109. CRM was responsible for delivering these reports to the WCB, which reflect the Trusts' equity ratios.

110. CRM contracted with SGRisk to provide actuarial services to the Trusts, and for the benefit of the Trusts.

111. CRM contracted with UHY to provide auditing services to the Trusts, and for the benefit of the Trusts.

112. The WCB allows GSITs to grow memberships and to use appropriate discounts if their audited financial statements reveal a trust equity ratio of 90% or more. If this ratio is not met, the WCB subjects GSITs to greater scrutiny, thereby restricting membership and discounts. Therefore, limited membership and lower discounts would result in fewer new members and limit the potential revenue and growth opportunities for CRM.

113. Upon information and belief, this information was known to CRM and communicated by CRM to both SGRisk and UHY.

114. CRM submitted annual reports to the WCB that inaccurately portrayed the financial conditions of the Trusts.

115. Upon information and belief, SGRisk and UHY knowingly participated in, and facilitated, CRM's submission of annual reports to the WCB that inaccurately portrayed the financial conditions of the Trusts.

116. Upon information and belief, SGRisk knowingly participated in, and facilitated, in CRM's submission of actuarial estimates to the WCB that inaccurately portrayed the future claims liabilities of the Trusts.

117. Upon information and belief, UHY knowingly participated in, and facilitated, CRM's submission of annual financial statements to the WCB that inaccurately portrayed the financial conditions of the Trusts.

SGRisk

118. Pursuant to 12 NYCRR § 317.19, all GSITs are required annually to submit to the WCB an actuarial report verifying claims for purposes of financial reporting and determining trust liabilities under 12 NYCRR § 317.2(c). Such claims must be determined on an actuarial basis.

119. CRM retained SGRisk to prepare for the Trusts the actuarial reports required pursuant to 12 NYCRR § 317.19.

120. Upon information and belief, CRM retained SGRisk at the urging of UHY.

121. These actuarial reports provide an estimate of a GSIT's future claims liabilities, which allows the GSIT to set appropriate contribution rates for the GSIT's members, and subsequently to evaluate if prior contribution rates were appropriate. If the contribution rates are not sufficient to meet a GSIT's liabilities, the GSIT will operate at a deficit and become underfunded.

122. CRM's profits were directly tied to members' contributions. CRM earned more profit by charging low contribution rates because those low rates would entice more members into the Trusts, even if those contribution rates were not sufficient to cover the Trusts' liabilities.

123. CRM had a financial incentive to ensure that the Trusts appeared at least 90% funded because if they were not, the remediation procedures in the WCL would have been triggered. One remedial measure the WCB can order is a freeze on new memberships. The WCB can also order assessments against GSIT members.

124. SGRisk manipulated the future claims liabilities for the Trusts so that the Trusts appeared at least 90% funded when they were not.

125. Upon information and belief, SGRisk prepared independent actuarial reports for HITNY for fiscal years 2000-2005.

126. Upon information and belief, SGRisk prepared independent actuarial reports for WRWCT for fiscal years 2000-2006.

127. Upon information and belief, SGRisk prepared independent actuarial reports for TRIWCT for fiscal years 2000-2006.

128. Upon information and belief, SGRisk prepared independent actuarial reports for TIWCT for fiscal years 2002-2006.

129. Upon information and belief, SGRisk prepared independent actuarial reports for REMTNY for fiscal years 2001-2006.

130. Upon information and belief, SGRisk prepared independent actuarial reports for PETNY for fiscal years 2002-2006.

131. Upon information and belief, SGRisk prepared independent actuarial reports for NYSCT for fiscal years 2002-2007.

132. Upon information and belief, SGRisk prepared independent actuarial reports for ECTNY for fiscal years 2001-2006.

133. SGRisk was obligated to utilize accepted actuarial standards of practice in its preparation of each Trusts' annual actuarial report.

134. Upon information and belief, SGRisk utilized inappropriate loss development factors ("LDFs") that were too low and resulted in its underestimating the Trusts' liabilities. SGRisk's incorrect estimates led directly to the Trusts' underfunded statuses.

135. SGRisk knew that its LDFs and estimates were incorrect because SGRisk could compare its past estimates to the actual losses incurred by the Trusts.

136. Upon information and belief, SGRisk's loss reserve estimates were consistently and materially below the estimates of other independent actuaries retained either to check the accuracy of SGRisk's estimates or to provide their own independent estimates. For example, By The Numbers Actuarial Consulting, Inc., an independent actuarial firm retained by CRM, questioned HITNY's loss reserves for the same period, finding HITNY's loss reserves approximately \$5,392,000 higher than SGRisk's estimates.

137. Upon information and belief, this report was made known to SGRisk and neither SGRisk nor CRM disclosed this report to either the WRWCT Trustees or the WCB.

138. Actuarial Standard of Practice ("ASOP") Number 23, among other things, directs an actuary to identify questionable data values and consider utilizing prior recent data when reviewing data for a current project in order to determine if current data is consistent.

139. SGRisk failed to adequately adjust its loss reserve methodologies for each Trust even when the Trusts' actual loss histories consistently exceeded SGRisk's estimates.

140. SGRisk's estimates of future claims liabilities created the false perception that the Trusts were in sound financial condition.

141. The ASOP Number 23, among other things, requires an actuary to review for reasonableness and consistency the data provided to the actuary.

142. Upon information and belief, SGRisk knew that CRM had a financial incentive to keep member contributions low in order to increase CRM's profits yet failed to perform any testing of the data supplied by CRM and/or otherwise verify statements made by CRM in connection the Trusts' claims-based reserves set by CRM and/or CRM's alleged claims-reserving philosophy.

143. Upon information and belief, SGRisk participated in and facilitated CRM's pricing of member contributions at inadequate levels by misrepresenting the future claims liabilities of the Trusts.

144. Upon information and belief, SGRisk knowingly manipulated the Trusts' actuarial reports and misrepresented the financial conditions of the Trusts.

145. Upon information and belief, SGRisk's failure to properly evaluate the Trusts' future claims liabilities contributed to the Trusts' deficits and underfunded statuses.

UHY

146. Pursuant to 12 NYCRR § 317.19, all GSITs are required annually to submit to the WCB an audited financial statement prepared in accordance with generally accepted accounting principles and certified by an independent certified public accountant.

147. CRM retained UHY to audit the Trusts' financial statements.

148. Upon information and belief, UHY prepared audited financial statements for HITNY for fiscal years 2000-2006.

149. Upon information and belief, UHY prepared audited financial statements for WRWCT for fiscal years 2000-2006.

150. Upon information and belief, UHY prepared audited financial statements for TRIWCT for fiscal years 2000-2006.

151. Upon information and belief, UHY prepared audited financial statements for TIWCT for fiscal years 2002-2006.

152. Upon information and belief, UHY prepared audited financial statements for REMTNY for fiscal years 2001-2006.

153. Upon information and belief, UHY prepared audited financial statements for PETNY for fiscal years 2002-2006.

154. Upon information and belief, UHY prepared audited financial statements for NYSCT for fiscal years 2002-2007.

155. Upon information and belief, UHY prepared audited financial statements for ECTNY for fiscal years 2001-2006.

156. The largest liabilities on each of the Trusts' financial statements were their estimated claims incurred, also known as loss reserves, and unpaid claims. The accuracy of these balances is necessary to ensure that the financial statements are accurate.

157. It was UHY's responsibility to determine if the Trusts' revenues and expenses by CRM and the Trusts' future claims liability as reported by SGRisk, were not materially misstated, and to review and ensure the overall fairness and accuracy of the Trusts' financial statements.

158. In the event that a trust's liabilities significantly exceed its assets, UHY would be required to issue a "going concern" statement with the audited financial statements expressing doubt as to that trust's ability to continue to function as a business enterprise.

159. In the event that UHY were unable to satisfy itself of the reasonableness of the financial information reported by CRM and the future claims liabilities reported by SGRisk, UHY would be obligated to include a "qualified opinion" within its audited financial statements reflecting same.

160. UHY concluded consistently that the Trusts' financial statements were presented fairly in all material respects, never issuing a "qualified opinion" or a "going concern."

161. Upon information and belief, UHY had actual knowledge that the Trusts' estimated claims-related liabilities posed significant risks to the Trusts' financial viability.

162. Upon information and belief, the future claims liabilities reported by SGRisk were consistently and substantially below what the corresponding claims reserves should have been if SGRisk had been employing the proper methodologies.

163. Statements on Auditing Standards Number 73 requires an auditor such as UHY to perform certain procedures in the event that the auditor is relying on data from a third party, including data and estimates supplied by an actuary.

164. As the Trusts' deficits grew each year, UHY failed to adjust its auditing procedures. Rather, upon information and belief, once actual claims liability could no longer be suppressed by SGRisk's inappropriate methodologies, UHY agreed to separate testing procedures designed to artificially inflate the Trusts' funding level to at least 90%.

165. For example, as part of HITNY's 2005 audited financial statements, UHY agreed to a separate accounting procedure that had the effect of counting member contributions from fiscal year 2006 as 2005 revenue so as to push HITNY's funding percentage above 90% and avoid increased WCB scrutiny.

166. Upon information and belief, UHY had access to the independent reports referenced in paragraph 136 above, as well as similar independent reports for the other Trusts.

167. UHY's failure to consider the other independent reports that analyzed the Trusts' loss reserves violated generally accepted auditing standards.

168. Upon information and belief, UHY had actual notice that SGRisk's loss reserve estimates were low.

169. Upon information and belief, UHY had actual knowledge that its reliance on SGRisk's flawed loss reserves would result in the Trusts becoming underfunded.

170. Upon information and belief, UHY's audit procedures were inadequate.

171. Upon information and belief, UHY relied exclusively on SGRisk's estimates even after those estimates were consistently wrong, and even after UHY had knowledge of other independent reports that found that SGRisk's estimates were wrong.

172. Upon information and belief, UHY allowed its professional relationship with SGRisk and CRM to influence its audit approach so as to allow UHY to continue to receive annual fees for compiling the Trusts' annual audited financial statements.

173. Upon information and belief, UHY knew that CRM had a financial incentive to keep member contributions low in order to increase CRM's profits.

174. UHY participated in and facilitated CRM's pricing of member contributions at inadequate levels by misrepresenting the financial conditions of the Trusts.

175. Upon information and belief, UHY knowingly manipulated the Trusts' annual reports and misrepresented the financial conditions of the Trusts.

176. Upon information and belief, UHY's failure to evaluate properly the financial status of the Trusts contributed to the Trusts' deficits and underfunded statuses.

**AS AND FOR A FIRST CAUSE OF ACTION
AGAINST SGRISK
(Breach of Fiduciary Duty)**

177. The WCB repeats and realleges each and every allegation set forth in paragraphs 1 through 176, with the same force and effect as if set forth at length herein.

178. Upon information and belief, at all relevant times, SGRisk was engaged within New York State as an actuarial and financial consulting firm that served insurers and self-insurers, and specialized in workers' compensation in the areas of pricing, reserving, and regulatory filings.

179. Upon information and belief, SGRisk held itself out as being a skilled and competent actuarial and financial consulting firm that adhered to accepted professional standards.

180. SGRisk's services were rendered for the benefit of and on behalf of the Trusts, and created a relationship of trust and confidence between and among itself, the Trusts, and the Trusts' members.

181. SGRisk agreed to exercise good faith and undivided loyalty to the Trusts and the Trusts' members in the exercise of all of its duties.

182. SGRisk was responsible for, among other things, providing appropriate valuation of the Trusts' future claims liabilities.

183. This discretion and control gave rise to fiduciary duties that SGRisk owed to the Trusts.

184. As a fiduciary to the Trusts, SGRisk was obligated to perform its duties with the highest obligations of good faith, loyalty, fair dealing, and good care.

185. Based on the fiduciary relationship between SGRisk and the Trusts, the Trusts reasonably relied on SGRisk's loyalty and willingness to act in the Trusts' best interests.

186. In fulfilling its obligations to the Trusts, SGRisk was required to act in good faith.

187. SGRisk owed fiduciary duties to the Trusts in its analysis of the Trusts' future claims liability.

188. Upon information and belief, SGRisk consistently failed to provide accurate estimates of future claims liabilities and loss reserves.

189. SGRisk knowingly and consistently underestimated the Trusts' future claims liabilities and necessary reserves.

190. SGRisk's failure to identify the dangers of the inadequacy of the Trusts' future claims liabilities and necessary reserves was a breach of its fiduciary duties to the Trusts.

191. SGRisk's failure to act in the best interests of the Trusts caused the Trusts to become underfunded and subject to the WCB's scrutiny.

192. By reason of SGRisk's breach of its fiduciary duties, the Trusts have been damaged in an amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

193. For the foregoing reasons, SGRisk has caused the WCB, as successor in interest to the Trusts, to suffer damages in an aggregate amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

**AS AND FOR A SECOND CAUSE OF ACTION
AGAINST SGRISK
(Breach of Contract)**

194. The WCB repeats and realleges each and every allegation set forth in paragraphs 1 through 193, with the same force and effect as if set forth at length herein.

195. CRM retained SGRisk to perform certain actuarial services on behalf of the Trusts in exchange for payment of a fee.

196. CRM had agreements with SGRisk that SGRisk would perform certain actuarial services on behalf of each of the Trusts.

197. SGRisk's services were required for the Trusts to maintain operations and were rendered for the benefit of the Trusts.

198. SGRisk was paid fees from the Trusts' funds for the services that it performed for the Trusts, but SGRisk failed to perform the agreed-upon services, thus breaching its contract with CRM and the Trusts.

199. SGRisk's contracts with CRM were for the benefit of the Trusts and the Trusts' members.

200. The Trusts were third-party beneficiaries of the contracts between CRM and SGRisk.

201. Upon information and belief, SGRisk knew that the Trusts would rely on the services it performed under its contracts with CRM.

202. Upon information and belief, SGRisk had actual knowledge that its services were for the benefit of the Trusts and their members.

203. Upon information and belief, SGRisk had actual knowledge that the Trusts and their members would rely on its performance under its contracts with CRM.

204. Upon information and belief, SGRisk also knew that the WCB, in its capacity as the governmental entity charged with the administration of the WCL, would rely on the services it performed under its contracts with CRM.

205. SGRisk breached its agreements with CRM and the Trusts by failing to originate, follow, and/or consistently apply actuarial standards of practice in its analysis of the Trusts' future claims liabilities.

206. SGRisk breached its agreements with CRM and the Trusts by failing or refusing to offer an accurate analysis of the Trusts' future claims liabilities.

207. SGRisk breached its agreements by failing or refusing to identify the dangers the Trusts' future claims liabilities posed to their solvency.

208. SGRisk's breaches of its agreements led directly to the Trusts' underfunding and insolvency, as well as to the Trusts being forced to pay fines and statutory penalties.

209. By reason of the aforementioned breaches of contract, the Trusts have been damaged in an amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

210. For the foregoing reasons, SGRisk has caused the WCB, as successor in interest to the Trusts, to suffer damages in an aggregate amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

AS AND FOR A THIRD CAUSE OF ACTION
AGAINST UHY
(Breach of Contract)

211. The WCB repeats and realleges each and every allegation set forth in paragraphs 1 through 210, with the same force and effect as if set forth at length herein.

212. CRM retained UHY to perform certain auditing services on behalf of the Trusts in exchange for payment of a fee.

213. CRM had agreements with UHY that UHY would perform certain auditing services on behalf of each of the Trusts.

214. UHY had agreements with the Trusts to perform certain auditing services for each of the Trusts.

215. UHY was paid fees from the Trusts' funds for the services that it performed for the Trusts, but UHY failed to perform the agreed-upon services, thus breaching its contract with CRM and the Trusts.

216. UHY's contracts with CRM were for the benefit of the Trusts and the Trusts' members.

217. The Trusts were third-party beneficiaries of the contracts between CRM and UHY.

218. Upon information and belief, UHY knew that the Trusts would rely on the services it performed under its contracts with CRM.

219. UHY's services were for the benefit of the Trusts and their members.

220. Upon information and belief, UHY had actual knowledge that its services were for the benefit of the Trusts and their members.

221. Upon information and belief, UHY had actual knowledge that the Trusts and their members would rely on its performance under its contracts with CRM.

222. The Trusts and the Trusts' members were third-party beneficiaries of UHY's contracts with CRM.

223. Upon information and belief, UHY also knew that the WCB, in its capacity as the governmental entity charged with the administration of the WCL, would rely on the services it performed under its contracts with CRM.

224. UHY breached its agreements by failing to originate, follow, and/or consistently apply generally accepted accounting principals and generally accepting auditing standards in its analysis of the Trusts' reserve liabilities and financial conditions.

225. UHY breached its agreements with CRM, the Trusts, and the Trusts' members by failing or refusing to offer an accurate analysis of the Trusts' financial conditions.

226. UHY breached its agreements by failing or refusing to identify the dangers the Trusts' liabilities posed to their solvency.

227. UHY's breaches of its agreements concealed the Trusts' underfunding and ultimately caused their insolvency, as well as to the Trusts being forced to pay fines and statutory penalties.

228. Upon information and belief, UHY was paid from the Trusts' funds for performing accounting services for the benefit of the Trusts.

229. Upon information and belief, UHY did not perform some of the services for which it was paid.

230. Upon information and belief, of the services that UHY performed

and for which it was paid, it did not perform those services in a competent fashion.

231. By failing to perform its accounting services in a competent fashion, and by failing to perform some services altogether, while being paid with the Trusts' funds, UHY was unjustly enriched at the expense of the Trusts and the Trusts' members.

232. By reason of the aforementioned breaches of contract, the Trusts have been damaged in an amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

233. For the foregoing reasons, UHY has caused the WCB, as successor in interest to the Trusts, to suffer damages in an aggregate amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

**AS AND FOR A FOURTH CAUSE OF ACTION
AGAINST SGRISK
(Aiding and Abetting Breach of Fiduciary Duty)**

234. The WCB repeats and realleges each and every allegation set forth in paragraphs 1 through 233, with the same force and effect as if set forth at length herein.

235. CRM, its affiliates, and its employees; the trustees of each of the Trusts; and UHY, among others, owed fiduciary duties to the Trusts and the Trusts' members.

236. Upon information and belief, SGRisk had actual knowledge of the fiduciary duties of CRM, its affiliates, and its employees; the trustees of each of the Trusts; and UHY.

237. Upon information and belief, SGRisk had actual knowledge of CRM's obligation to set member contribution rates for the Trusts and oversee the Trusts' daily operations.

238. Upon information and belief, SGRisk had actual knowledge of CRM, its affiliates, and its employees; the Trusts' trustees; and UHY's obligations under the WCL and its attendant regulations to accurately report the Trusts' financial conditions to the WCB, the Trusts, and the Trusts' members.

239. Upon information and belief, SGRisk's continued failure to accurately identify the severity and danger posed by the Trusts' true future claims liabilities furthered the breaches of fiduciary duties of CRM, its affiliates, and its employees.

240. Upon information and belief, SGRisk had actual knowledge that its actions were aiding and abetting the breaches of fiduciary duties of CRM, its affiliates, and its employees.

241. Upon information and belief, SGRisk had actual knowledge that its actions were aiding and abetting the trustees' breaches of their fiduciary duties.

242. Upon information and belief, SGRisk's continued failure to accurately identify the severity and danger posed by the Trusts' true future claims liabilities furthered UHY's breaches of its fiduciary duties.

243. Upon information and belief, SGRisk had actual knowledge that its actions were aiding and abetting UHY's breaches of its fiduciary duties.

244. Upon information and belief, at all relevant times SGRisk had actual knowledge of the Trusts' mounting deficits.

245. SGRisk's failure to act in the best interests of the Trusts concealed the Trusts' underfunding, ultimately leading to their insolvency.

246. By reason of SGRisk's aiding and abetting the breach of fiduciary duties of CRM, its affiliates and employees; the Trusts' trustees; and UHY, the Trusts

have been damaged in an amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

247. For the foregoing reasons, SGRisk has caused the WCB, as successor in interest to the Trusts, to suffer damages in an aggregate amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

**AS AND FOR A FIFTH CAUSE OF ACTION
AGAINST SGRISK
(Fraud)**

248. The WCB repeats and realleges each and every allegation set forth in paragraphs 1 through 247, with the same force and effect as if set forth at length herein.

249. Upon information and belief, SGRisk made certain representations of fact to the Trusts, the Trusts' members, and the WCB with the knowledge that such representations were false and/or with the intent to conceal the Trusts' true future claims liabilities from the Trusts, the Trusts' members, and the WCB.

250. Upon information and belief, SGRisk continually and knowingly misrepresented the Trusts' true future claims liabilities to the Trusts, the Trusts' members, and the WCB.

251. The Trusts and their members relied, to their detriment, on SGRisk's representations in electing to join the Trusts and continue their membership in the Trusts.

252. As an actuarial and financial consulting firm that specialized in the areas of pricing and reserving, SGRisk knew that it was misrepresenting the Trusts' future claims liabilities.

253. The Trusts, their members, and ultimately the WCB, relied on SGRisk's representations to the Trusts that it would accurately identify, and accurately disclose changes in, the Trusts' future claims liabilities, including the danger of incurring large reserve level deficiencies and resultant operating deficits.

254. SGRisk knew that the Trusts, their members, and the WCB relied on these representations to accurately identify, and accurately disclose changes in, any and all material issues related to the Trusts' future claims liabilities, issues associated with underwriting deficiencies, and issues associated with improper contribution discounts.

255. SGRisk willfully and fraudulently failed to disclose to the Trusts, the Trusts' members, and the WCB an accurate depiction of the Trusts' future claims liabilities.

256. SGRisk willfully and fraudulently failed to disclose to the Trusts, the Trusts' members, and the WCB the dangers that the Trusts' true future claims liability posed to the Trusts.

257. SGRisk's misrepresentations regarding the Trusts' future claims liabilities were continuous and ongoing during the course of its dealings with CRM, the Trusts, and the WCB.

258. By reason of SGRisk's fraudulent misrepresentations and actions, the Trusts have been damaged in an amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

259. For the foregoing reasons set forth above, SGRisk has caused the WCB, as successor in interest to the Trusts, to suffer damages in an aggregate amount that is not currently ascertainable, but which is believed to exceed \$551 million, plus interest.

260. Based on the foregoing actions of SGRisk, the WCB also is entitled to an award of punitive damages in an amount to be determined at the time of trial.

AS AND FOR A SIXTH CAUSE OF ACTION
AGAINST SGRISK
(Unjust Enrichment)

261. The WCB repeats and realleges each and every allegation set forth in paragraphs 1 through 260, with the same force and effect as if set forth at length herein.

262. Upon information and belief, SGRisk was paid from the Trusts' funds for performing actuarial services for the benefit of the Trusts.

263. Upon information and belief, SGRisk did not perform some of the services for which it was paid.

264. Upon information and belief, of the services that SGRisk performed and for which it was paid, it did not perform those services in a competent fashion.

265. By failing to perform its actuarial services in a competent fashion, and by failing to perform some services altogether, while being paid with the Trusts' funds, SGRisk was unjustly enriched at the expense of the Trusts and the Trusts' members.

266. By reason of the foregoing SGRisk has been unjustly enriched at the expense of the Trusts and the Trusts' members in an amount that is not currently ascertainable, but which is believed to exceed \$1,053,000, plus interest.

267. For the foregoing reasons, SGRisk has caused the WCB, as successor in interest to the Trusts, to suffer damages in an amount that is not currently ascertainable, but which is believed to exceed \$1,053,000, plus interest.

JURY DEMAND

268. The WCB demands a trial by jury on all issues so triable.

WHEREFORE, the WCB demands judgment as follows:

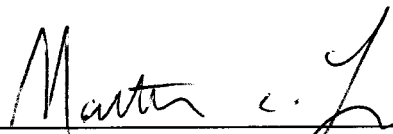
- a. on its first cause of action, as against defendant SGRisk in an amount not currently ascertainable, but which is believed to exceed \$551 million, plus interest;
- b. on its second cause of action, as against defendant SGRisk in an amount not currently ascertainable, but which is believed to exceed \$551 million, plus interest;
- c. on its third cause of action, as against defendant UHY in an amount not currently ascertainable, but which is believed to exceed \$551 million, plus interest;
- d. on its fourth cause of action, as against defendant SGRisk in an amount not currently ascertainable, but which is believed to exceed \$551 million, plus interest;
- e. on its fifth cause of action, as against defendant SGRisk in an amount not currently ascertainable, but which is believed to exceed

\$551 million, plus interest, and punitive damages in an amount to be determined at trial;

- f. on its sixth cause of action, as against defendant SGRisk in an amount not currently ascertainable, but which is believed to exceed \$1,053,000, plus interest; and
- g. together with such other and further relief as the Court deems just and proper.

Dated: September 7, 2016
Buffalo, New York

**RUPP BAASE PFALZGRAF
CUNNINGHAM LLC**
Attorneys for Plaintiff

By: 
Daniel E. Sarzynski, Esq.
Matthew C. Lenahan, Esq.

1600 Liberty Building
Buffalo, New York 14202
(716) 854-3400

VERIFICATION

STATE OF NEW YORK)
) ss.
COUNTY OF SCHENECTADY)

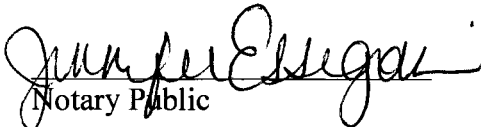
Michael Papa, Esq., being duly sworn, deposes and says that he is the Deputy Counsel of Compliance and Litigation at the New York State Workers' Compensation Board, the governmental agency named in the above-captioned action; that he has read the foregoing amended complaint and knows the contents thereof; and that the same is true to his own knowledge, except as to those matters therein stated to be alleged upon information and belief, and as to those matters he believes them to be true.

Deponent further says that the reasons this verification is made by deponent and not by the New York State Workers' Compensation Board is because the New York State Workers' Compensation Board is a governmental agency, and the grounds of deponent's belief as to all matters in the amended complaint not stated upon his own knowledge, are investigations which deponent has caused to be made concerning the subject matter of his complaint and information acquired by deponent in the course of his duties as deputy counsel of the governmental agency and from the books and papers of the governmental agency.



Michael Papa, Esq.

On this 18th day of August, 2016, before me personally came Michael Papa who, being duly sworn, deposed and said that he is the Deputy Counsel of Compliance and Litigation at the New York State Workers' Compensation Board, and that he has read the foregoing amended complaint, that he knows the contents thereof, and that he has affixed his name with all requisite authority on behalf of the New York State Workers' Compensation Board.


Notary Public

JENNIFER ESSEGIAN
NOTARY PUBLIC STATE OF NEW YORK
RENSSELEAR COUNTY
LIC. #01ES6168478
COMM. EXP. 6/11/2019