

3. Defendant Kerri Rigsby admits that she resides at 10021 Mockingbird Circle, Ocean Springs, Mississippi 39564. Defendant denies the remaining allegations contained in this paragraph and demands strict proof thereof.

II. JURISDICTION AND VENUE

4. Defendants admit the allegations contained in the first sentence of this paragraph. Defendants admit that the complaint alleges that the amount in controversy exceeds \$75,000, exclusive of interest and costs. Defendants admit the allegations contained in the third sentence of this paragraph.
5. Deny.
6. Defendants admit that venue is proper. Defendants deny that facts giving rise to the claims occurred in this District.
7. Defendants deny that Renfroe provides “highly trained” adjusters. Defendants admit the remaining allegations contained in this paragraph.
8. Defendants admit that Renfroe’s clients and their insureds provided contact information, prior claims history and the name of their mortgage company so that those individuals working for Renfroe could accurately evaluate the insureds’ claims. Defendants deny that Renfroe’s clients and/or their insureds provided them with confidential material such as financial information, mortgage information or social security numbers. Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.
9. Defendants admit that they have signed several documents entitled “Employment Agreement” or “Code of Conduct,” which were presented to Defendants on several

different occasions when they began claims-related work after particular disasters. Defendants deny that they signed either an “Employment Agreement” or a “Code of Conduct” related to the Hurricane Katrina project. Each of these disaster-specific documents speaks for itself, and therefore Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

10. Defendants admit that they have signed several documents entitled “Employment Agreement” or “Code of Conduct,” most recently, when they began work on claims in the aftermath of Hurricane Charley in 2004. Defendants deny that they signed either an “Employment Agreement” or a “Code of Conduct” related to the Hurricane Katrina project. Each of these disaster-specific documents speaks for itself, and therefore Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

11. Defendants admit that they have signed several documents entitled “Employment Agreement” or “Code of Conduct,” most recently, when they began work on claims in the aftermath of Hurricane Charley in 2004. Defendants deny that they signed either an “Employment Agreement” or a “Code of Conduct” related to the Hurricane Katrina project. Each of these disaster-specific documents speaks for itself, and therefore Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

12. Defendants admit that they were paid by Renfroe but deny the remaining allegations contained in the first sentence of this paragraph. Defendants admit that Renfroe’s clients and their insureds provided contact information, prior claims history and the

name of their mortgage company so that those individuals working for Renfroe could accurately evaluate the insureds' claims. Defendants deny that Renfroe's clients and/or their insureds provided them with confidential material such as financial information, mortgage information or social security numbers. Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

13. Defendant Moran admits the allegations contained in the first sentence of this paragraph. Defendant Moran admits that she has signed several documents entitled "Employment Agreement" or "Code of Conduct." Defendant Moran denies that she signed either an "Employment Agreement" or a "Code of Conduct" related to the Hurricane Katrina project. Defendant Moran admits that Exhibit A appears to be a true and correct copy of a document entitled "Employment Agreement" that bears her signature. Defendant Moran admits that Exhibit B appears to be a true and correct copy of a document entitled "Code of Conduct" that bears her signature. Each of these disaster-specific documents speaks for itself, and therefore Defendant denies the remaining allegations of this paragraph and demands strict proof thereof.

14. Defendant Rigsby denies that she began working for Renfroe in 1999, but admits she began working for Renfroe in 1998. Defendant Rigsby admits that she has signed several documents entitled "Employment Agreement" or "Code of Conduct." Defendant Rigsby denies that she signed either an "Employment Agreement" or a "Code of Conduct" related to the Hurricane Katrina project. Defendant Rigsby admits that Exhibit A appears to be a true and correct copy of a document entitled "Employment Agreement" that bears her signature. Defendant Rigsby admits that

Exhibit B appears to be a true and correct copy of a document entitled “Code of Conduct” that bears her signature. Each of these disaster-specific documents speaks for itself, and therefore Defendant denies the remaining allegations of this paragraph and demands strict proof thereof.

15. Defendants assert that each of these disaster-specific documents speaks for itself, and therefore Defendants deny the allegations of this paragraph and demand strict proof thereof.

16. Defendants assert that each of these documents, applicable to claims-related work for specific disasters, speaks for itself, and therefore Defendants deny the allegations of this paragraph and demand strict proof thereof.

17. Defendants assert that each of these documents, applicable to claims-related work for specific disasters, speaks for itself, and therefore Defendants deny the allegations of this paragraph and demand strict proof thereof.

18. Defendants admit the allegations contained within the first sentence of this paragraph. Defendants admit that Renfroe’s clients and their insureds provided contact information, prior claims history and the name of their mortgage company so that those individuals working for Renfroe could accurately evaluate the insureds’ claims. Defendants deny that Renfroe’s clients and/or their insureds provided them with confidential material such as financial information, mortgage information, or social security numbers. Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

19. Defendant Moran denies in full. Defendant Rigsby denies that she resigned her employment with Renfroe but admits that Renfroe requested return of certain records, documents and other materials.
20. Defendants deny that they failed to return any physical or electronic record, document or other material containing, comprising or relating to information obtained through their supervision of the adjustment of claims or mediations on the Mississippi Gulf Coast subsequent and related to Hurricane Katrina. Defendants admit that they copied documents reflecting deception and fraud by insurance company officials (NOT Renfroe) and provided that information to their lawyer, to the FBI and to the Mississippi Attorney General. Defendants informed State Farm officials of their actions on June 3 or 4, 2006, causing State Farm to request that Defendants cease work on all claims work for State Farm policies – amounting to constructive discharge.
21. Defendants admit that they are clients of the Scruggs Law Firm. Defendants admit that in the course of this representation by the Scruggs Law Firm, they provided the firm with certain documents. Defendants admit that, upon advice of counsel, they provided certain documents to the FBI and to the Mississippi Attorney General. Defendants deny that Renfroe's clients and/or their insureds provided them with confidential material such as financial information, mortgage information or social security numbers. Defendants admit that on July 1, 2006, Defendants began working as consultants for the Scruggs Law Firm. Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

22. After seeing insurance company documents that Defendants believed to reflect criminal fraud, Defendants provided such documents to their lawyer – someone they had known for many years. Upon advice of counsel, Defendants provided those documents to the FBI and to the Mississippi Attorney General.
23. Deny.
24. Deny.
25. Defendant Rigsby admits that she has signed a document on June 27, 2006 as a part of the check-out procedure. Defendant Rigsby asserts that this document speaks for itself, and therefore Defendant denies the remaining allegations contained in the first sentence of this paragraph and demands strict proof thereof. Defendant denies the remaining allegations of this paragraph and demands strict proof thereof.
26. Defendants admit that on July 1, 2006 Defendants began working as consultants for the Scruggs Law Firm. Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.
27. Deny.
28. Defendants admit that, after they provided the FBI and the Mississippi Attorney General with information about possible criminal activity pertaining to insurance claims, they informed State Farm about their disclosures to federal and state investigators. Defendants admit that they disclosed these actions to the news media.
29. Defendants assert that the disaster-specific document speaks for itself, and therefore Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

30. Defendants deny the allegations contained in the first two sentences of this paragraph.

Defendants admit that they provided documents to the FBI and the Mississippi Attorney General. Defendants are without sufficient information to admit or deny the allegations contained in the fourth or fifth sentences of this paragraph and therefore deny same and demand strict proof thereof.

31. Deny.

32. Defendants deny that they had a “long-standing employment relationship with Renfroe.” Defendants were constructively discharged when State Farm asked Defendants to cease working on State Farm files.

33. Deny.

34. Deny.

IV. CAUSES OF ACTION

Count 1: Breach of Contract

35. Defendants adopt and incorporate all responses to Paragraphs 1 through 34 as if fully set forth herein.

36. Defendants are without sufficient information about the activities of Renfroe’s president to admit or deny the allegations.

37. Deny.

38. Deny.

39. Deny.

40. Defendants deny the allegations contained in the first and second sentences of this paragraph. Defendants are without sufficient information to admit or deny the

allegations contained in the third sentence and therefore deny same and demand strict proof thereof.

41. Defendants assert that the disaster-specific documents entitled "Employment Agreement" speak for themselves, and therefore Defendants deny the remaining allegations contained in the first sentence of this paragraph and demand strict proof thereof. Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

42. Defendants assert that the disaster-specific documents entitled "Employment Agreement" speak for themselves, and therefore Defendants deny the remaining allegations contained in the first sentence of this paragraph and demand strict proof thereof. Defendants admit they wore jackets with Renfroe's client's servicemark on them during their appearance on the 20/20 program. Defendants deny the remaining allegations of this paragraph and demand strict proof thereof.

43. Defendants assert that the disaster-specific documents entitled "Employment Agreement" speak for themselves, and therefore Defendants deny the allegations contained in this paragraph and demand strict proof thereof.

44. Deny.

Count 2: Violation of Alabama Trade Secrets Act

45. Defendants adopt and incorporate all responses to Paragraphs 1 through 44 as if fully set forth herein.

46. Deny.

47. Deny.

48. Deny.

49. Deny.

50. Deny.

51. Deny.

52. Deny.

53. Deny.

54. Deny.

55. Deny.

56. Deny.

57. Deny.

58. Deny.

59. Deny.

60. Deny.

61. Deny.

62. Deny.

V. PRAYER FOR RELIEF

63. Defendants adopt and incorporate all responses to Paragraphs 1 through 62 as if fully set forth herein.

64. Defendants deny that Renfroe is entitled to any relief, injunctive or monetary, and demand strict proof thereof.

AFFIRMATIVE DEFENSES

FIRST DEFENSE

Defendants assert that there is a lack of subject matter jurisdiction over this dispute.

SECOND DEFENSE

Plaintiff's claims are barred because this Court does not have personal jurisdiction over Defendants.

THIRD DEFENSE

Plaintiff does not have any right, standing or capacity to assert the claims at issue.

FOURTH DEFENSE

Plaintiff's claims are barred in whole or in part for failure to state a claim upon which relief may be granted. Plaintiff's complaint also fails to state a claim upon which equitable remedies may be awarded.

FIFTH DEFENSE

Plaintiff's claims are barred by the doctrines of ratification, consent, acquiescence, accord and satisfaction, license, release, duress, failure of consideration, contributory negligence, assumption of the risk, waiver, estoppel, laches, authorization and unclean hands.

SIXTH DEFENSE

Defendants plead the applicable statute of limitations with respect to each of Plaintiff's claims, in whole and in part.

SEVENTH DEFENSE

Plaintiff's claims are barred due to insufficiency of service of process.

EIGHTH DEFENSE

Plaintiff's claims are barred due to insufficiency of process.

NINTH DEFENSE

Defendants are not guilty of any of the allegations in the complaint.

TENTH DEFENSE

Defendants deny the material allegations of the Complaint and demand strict proof thereof.

ELEVENTH DEFENSE

All of the Defendants' actions were justified, and cannot be the basis for liability.

TWELFTH DEFENSE

Defendants deny that Plaintiff was injured or harmed in any way by alleged act or omission by Defendants.

THIRTEENTH DEFENSE

Plaintiff has not suffered any injury to its businesses or properties by reason of any act or omission of these Defendants and Plaintiff's claims are barred as the Defendants did not violate any duty owed to Plaintiff under common law, by statute, code, ordinance, contract or otherwise.

FOURTEENTH DEFENSE

Plaintiff's claims are barred by the terms of the relevant documents and instruments, the parole evidence rule and/or statute of frauds.

FIFTEENTH DEFENSE

Defendants plead the general issue and deny Plaintiff's alleged entitlement to the relief sought.

SIXTEENTH DEFENSE

Defendants deny that they have been guilty of any conduct that entitles Plaintiff to recover punitive damages.

SEVENTEENTH DEFENSE

Any award of punitive damages in this case is subject to those limitations established by the Alabama Legislature and set forth in Ala. Code § 6-11-21 (1975). The Alabama Supreme Court's action abolishing the legislatively-created cap on punitive damages was unconstitutional and is without effect. Under the Constitution of the United States and the state of Alabama, the Alabama Supreme Court cannot abolish the cap created by the Legislature on punitive damages through judicial fiat. See Honda Motor Co. Ltd. v. Oberg, 512 U.S. 415 (1994).

EIGHTEENTH DEFENSE

Plaintiff's claims for punitive damages, and the provisions of Alabama law governing the right to recover punitive damages or the determination of the amount of punitive damages, violate the United States Constitution and/or the common law and/or the public policies of the United States on the following grounds:

- a. It is a violation of the Due Process and Equal Protection Clauses of the Fourteenth Amendment of the United States Constitution to impose punitive damages, which are penal in nature, against a civil defendant, upon the plaintiff

satisfying a burden of proof which is less than the “beyond a reasonable doubt” standard required in criminal cases.

- b. The procedures pursuant to which punitive damages are awarded fail to provide a reasonable limit on the amount of a punitive award against a defendant, which violates defendant’s rights to due process as guaranteed by the United States Constitution.
- c. The procedures pursuant to which punitive damages are awarded fail to provide specific standards for the award of punitive damages, which violates the Due Process Clause of the Fourteenth Amendment of the United States Constitution.
- d. The procedures pursuant to which punitive damages are awarded result in the imposition of different penalties for the same or similar acts, and thus, violate the Equal Protection Clause of the Fourteenth Amendment of the United States Constitution and the defendant’s due process rights.
- e. Plaintiff’s claim for punitive damages against these Defendants cannot be sustained because an award of punitive damages under Alabama law subject to no predetermined limit, such as a maximum multiple of compensatory damages or a maximum amount, on the amount of punitive damages that a jury may impose, including an amount possibly in excess of the amount authorized by the Alabama Criminal Code for the same or similar conduct, and providing no protection against awards of punitive damages for the same course of conduct, will violate these Defendants’ due process and equal

protection rights as guaranteed by the Fifth, Eighth and Fourteenth Amendments to the United States Constitution.

- f. The procedures pursuant to which punitive damages are awarded permit the imposition of excessive fines in violation of the Eighth Amendment of the United States Constitution and in violation of these Defendants' due process rights.
- g. Plaintiff's claims for punitive damages against the Defendant cannot be sustained because any award of punitive damages under Alabama law would violate these Defendants' due process rights in as much as juries are allowed to award punitive damages as they see fit or as a matter of "moral discretion" without adequate or specific standards as to the amount necessary to punish and deter and without a necessary relationship to the amount of actual harm caused.
- h. Plaintiff's claims of punitive damages, and the provisions of Alabama law governing the right to recover punitive damages or the determination of punitive damages are unconstitutionally vague, indefinite and uncertain, and they deprive these Defendants of due process of law.
- i. Plaintiff's claims of punitive damages, and the provisions of Alabama law governing the right to recover punitive damages or the determination of punitive damages cause these Defendants to be treated differently from other similarly situated persons/entities by subjecting these Defendants to liability beyond the actual loss, if any, caused by Defendants' conduct, if any, and to liability determined without clearly defined principles, standards and limits on

the amount of such awards.

- j. Plaintiff's claims of punitive damages, and the provisions of Alabama law governing the right to recover punitive damages or the determination of punitive damages, subject these Defendants to punishment for the conduct of others through vicarious liability, *respondeat superior*, or through non-apportionment of damages among joint tortfeasors based on the respective size of their alleged misconduct, in violation of Defendants' due process rights and the Fifth and Fourteenth Amendments to the United States Constitution.
- k. Plaintiff's claims for punitive damages, and the provisions of Alabama law governing the right to recover punitive damages or the determination of punitive damages expose these Defendants to the risk of indefinable, unlimited liability unrelated to the actual loss caused by Defendants' conduct, creating a chilling effect on Defendants' exercise of their right to a judicial resolution of this dispute.
- l. Plaintiff is not entitled to recover punitive damages, which are penal in nature, because it would violate the self-incrimination clause of the Fifth Amendment to the United States Constitution to compel these Defendants to disclose potentially incriminating documents and evidence.
- m. An award of punitive damages in this case would constitute a deprivation of property without due process of law.
- n. The procedures pursuant to which punitive damages are awarded are not rationally related to legitimate government interests.

- o. The procedures pursuant to which punitive damages are awarded subject these Defendants to punishment under a law not fully established before the alleged offense.

NINETEENTH DEFENSE

Plaintiff's claims for punitive damages, and the provisions of Alabama law governing the right to recover punitive damages or the determination of the amount of punitive damages, violate the Alabama Constitution and/or the common law or public policies of Alabama on the following grounds:

- a. It is a violation of Article 1, §§ 1 and 6 of the Alabama Constitution to impose punitive damages, which are penal in nature, upon a civil defendant upon the plaintiff satisfying a burden of proof less than the "beyond a reasonable doubt" standard required in criminal cases.
- b. The procedures pursuant to which punitive damages are awarded fail to provide a reasonable limit on the amount of a punitive award against a Defendant in violation of these Defendants' due process rights guaranteed by the Alabama Constitution.
- c. The procedures pursuant to which punitive damages are awarded are unconstitutionally vague, indefinite and uncertain, and they deprive these Defendants of due process of law in violation of the Alabama Constitution.
- d. The procedures pursuant to which punitive damages are awarded fail to provide specific standards for the amount of an award of punitive damages and

deprive these Defendants of due process of law in violation of the Alabama Constitution.

- e. An award of punitive damages in this case would constitute a deprivation of property without due process of law.
- f. The procedures pursuant to which punitive damages are awarded cause these Defendants to be treated differently from other similarly situated persons and/or entities by subjecting these Defendants to liability beyond the actual loss, if any, caused by these Defendants' conduct, if any, and to liability determined without clearly defined principles, standards and limits on the amount of such awards.
- g. The procedures pursuant to which punitive damages are awarded may result in the imposition of different or disparate penalties for the same or similar conduct, which denies these Defendants their rights of equal protection and due process.
- h. The procedures pursuant to which punitive damages may be awarded allow excessive fines to be imposed in violation of Article I, § 15 and Article I, § 1 of the Alabama Constitution and in violation of these Defendants' due process rights.
- i. The procedures pursuant to which punitive damages are awarded subject these Defendants to punishment under a law not fully established before the alleged offense, in violation of Article I, § 7 of the Alabama Constitution.

- j. It is a violation of the Alabama Constitution to impose punitive damages against these Defendants, which are penal in nature, yet compel these Defendants to disclose potentially incriminating documents and evidence.
- k. The procedures pursuant to which punitive damages are awarded subject Defendants to punishment for the conduct of others through vicarious liability, *respondeat superior*, or through non-apportionment of damages among joint tortfeasors based on the respective size of their alleged misconduct, in violation of Defendants' due process rights and Article I, §§ 1, 6, 13 and 22 of the Alabama Constitution.
- l. The procedures pursuant to which punitive damages are awarded expose these Defendants to the risk of indefinable, unlimited liability unrelated to the actual loss caused by Defendants' conduct, creating a chilling effect on Defendants' exercise of their right to a judicial resolution of this dispute.
- m. The procedures pursuant to which punitive damages are awarded are not rationally related to legitimate government interests.
- n. Plaintiff's claim for punitive damages against these Defendants cannot be sustained because an award of punitive damages under Alabama law subject to no predetermined limit, such as a maximum multiple of compensatory damages or a maximum amount, on the amount of punitive damages that a jury may impose, including an amount possibly in excess of the amount authorized by the Alabama Criminal Code for the same or similar conduct, and providing no protection against awards of punitive damages for the same

course of conduct, will violate these Defendants' due process and equal protection rights guaranteed by the Alabama Constitution. Further, to allow such an award would be improper under the common law and/or public policies of the State of Alabama.

- o. Plaintiff's claim for punitive damages against these Defendants cannot be sustained because any award of punitive damages under Alabama law would violate these Defendants' due process rights inasmuch as juries are allowed to award punitive damages as they see fit or as a matter of "moral discretion" without adequate or specific standards as to the amount necessary to punish and deter and without a necessary relationship to the amount of actual harm caused.

TWENTIETH DEFENSE

An award of punitive damages will violate these Defendants' rights to due process of law under the Fifth and Fourteenth Amendments to the United States Constitution and these Defendants' rights under Article I, §§ 6 and 13 of the Constitution of Alabama of 1901, because under Alabama law: (a) the standard for an award of punitive damages is so vague, indefinite and uncertain that it does not give these Defendants adequate notice of the kind of conduct for which it may be liable for punitive damages or the extent of its possible liability; (b) the judge or jury is not provided with constitutionally adequate standards of sufficient clarity, objectivity, and uniformity for determining either the appropriate imposition of an award of punitive damages or the appropriate size of an award of punitive damages; (c) the judge or jury

is not instructed in a constitutionally adequate manner on the limits of punitive damages awards imposed by the applicable principles of punishment and deterrence; (d) the judge or jury is not expressly prohibited from awarding punitive damages, or from determining the amount of an award of punitive damages, in whole or in part, on the basis of individually discriminatory characteristics, including without limitation the residence, wealth, and corporate status of these Defendants; (e) these Defendants may be subjected to punishment based upon the same course of conduct in more than one action; (f) the judge or jury is permitted to award punitive damages under standards for determining liability for, and the amount of, punitive damages that are vague and arbitrary and that do not define with sufficient clarity the culpable conduct or mental state that makes an award of punitive damages permissible; and (g) an award of punitive damages is not subject to judicial review for reasonableness and furtherance of legitimate purposes on the basis of constitutionally adequate standards of sufficient clarity, objectivity, and uniformity.

TWENTY-FIRST DEFENSE

Plaintiff's claim for punitive damages against these Defendants cannot be sustained because punitive damages may be awarded jointly and severally against some or all of these Defendants for different acts of alleged wrongdoing without apportionment among them based on the respective size of their alleged misconduct and will, therefore, violate these Defendants' rights under the Equal Protection Clause and the Due Process Clause of the Fifth and Fourteenth Amendments to the United States Constitution and Article I, §§ 1, 6, 13 and 22 of the Alabama Constitution, and will be improper under the

common law and public policies of the State of Alabama and the United States of America.

TWENTY-SECOND DEFENSE

Plaintiff's claim for punitive damages is barred because an award of punitive damages under Alabama law will constitute an impermissible burden on interstate commerce in violation of the Commerce Clause of Article I, § 9 of the United States Constitution.

TWENTY-THIRD DEFENSE

Plaintiff's claim for punitive damages is barred to the extent that it seeks the admission into evidence of Defendants' net worth in determining whether punitive damages are to be awarded and/or in what amount they are to be awarded because punitive damages are a form of punishment that is grounded in a defendant's status rather than in specific misconduct and, thus, has the effect of treating classes of citizens unequally in violation of the Equal Protection Clause of the Fifth and Fourteenth Amendments to the United States Constitution and Article I, §§ 1, 6, 13, and 22 of the Alabama Constitution.

TWENTY-FOURTH DEFENSE

To permit the imposition of punitive damages against Defendants on a joint and several liability basis is unconstitutional in that the damages are punitive in nature, yet there is no provision under the law of Alabama for the assessment of punitive damages separately and severally against joint tortfeasors even though the damages are predicated upon the alleged size of the wrong committed by the tortfeasor, and would violate each

and every Defendant's right to due process and equal protection of the laws under the Fifth and Fourteenth Amendments to the Constitution of the United States, and Article 1, §§ 1, 6, 13, and 22 of the Alabama Constitution.

TWENTY-FIFTH DEFENSE

To permit the imposition of punitive damages against Defendants on a joint and several liability basis would violate the Defendant's rights under the Eighth Amendment to the United States Constitution and Article 1, § 15 of the Alabama Constitution in that the award imposes an excessive fine against joint tortfeasors without any consideration being allowed to be given by the jury to the degree of culpability each defendant had, if any.

TWENTY-SIXTH DEFENSE

The imposition of an award of punitive damages against Defendants on a joint and several liability basis would violate the Defendant's rights to due process and equal protection of the laws under the Fifth and Fourteenth Amendment to the Constitution of the United States, and Article 1, §§ 1, 6, 13 and 22 of the Constitution of Alabama, in that:

- a. It operates to create an arbitrary and capricious method and manner for the jury's assessment and determination of damages, without regard for the quality and quantity of culpability of other Defendants joined in one action.
- b. Defendants are denied a fair opportunity to have the jury assess damages based on each defendant's culpability for negligence which cannot be segregated from allegations of negligence against other Defendants.

c. In failing to provide for joint contribution and an apportionment of damages among all defendants, Defendants are deprived of property without due process of law contrary to the Fifth and Fourteenth Amendments to the Constitution of the United States, and specifically to those portions thereof proscribing any state from depriving any person of property without due process of law

d. In failing to provide for joint contribution and an apportionment of damages among all defendants, Defendants are deprived of property without due process of law contrary to Article 1, § 6 of the Constitution of Alabama which provides that no person shall be deprived of property except by due process of law.

TWENTY-SEVENTH DEFENSE

To permit the imposition of punitive damages against defendant on a joint and several liability basis would deprive the defendant of its rights to due process of law and equal protection of the law as guaranteed by the Fifth and Fourteenth Amendments to the United States Constitution and Article 1, §§ 1, 6, 13 and 22 of the Alabama Constitution by allowing punitive damages to be assessed and imposed based on the conduct of persons or entities other than these Defendants or the Defendants' agents or employees and/or without apportionment of damages based on the degree of culpability of these Defendants, if any.

TWENTY-EIGHTH DEFENSE

Plaintiff's claim for punitive damages against Defendants cannot be upheld, because any award of punitive damages under Alabama law without bifurcating the trial

of all punitive damages would violate Defendants' due process rights guaranteed by the United States Constitution and the Alabama Constitution.

TWENTY-NINTH DEFENSE

Punitive damages are a form of criminal or quasi-criminal sanctions. Therefore, Plaintiff's claim for punitive damages cannot be upheld, because an award of punitive damages without the same protections that are accorded criminal defendants, including, but not limited to, protection against searches and seizures, double jeopardy and self incrimination and the rights to confront adverse witnesses, to proof by evidence beyond a reasonable doubt, and to a speedy trial would violate the Defendants' rights under the Fourth, Fifth, Sixth and Fourteenth Amendments to the United States Constitution and Article 1, §§ 1, 5, 6, 7, 9, 11, 13 and 22 of the Alabama Constitution. These rights will be violated unless these Defendants are afforded the safeguards guaranteed by these provisions, including, but not limited to, the right to separate trials if requested by Defendants for the determination of liability for compensatory and punitive damages, as well as for the determination of the amount of punitive damages, if any.

THIRTIETH DEFENSE

Plaintiff cannot recover punitive damages against the Defendants because such an award, which is penal in nature, would violate the Defendants' constitutional rights protected under the Alabama Constitution of 1901, as amended in the Constitution of the United States, unless Defendants are afforded the same procedural safeguards as are criminal defendants, including, but not limited to, the right to avoid self

incrimination, the right to forego production and disclosure of incriminating documents.

THIRTY-FIRST DEFENSE

The claims of Plaintiff for punitive damages against the Defendants cannot be upheld, because an award of punitive damages under Alabama law for the purpose of compensating Plaintiff for elements of damage not otherwise recognized by Alabama law would violate the Defendants' due process rights guaranteed by the United States Constitution and by the due process provisions of the Alabama Constitution.

THIRTY-SECOND DEFENSE

The claims of Plaintiff for punitive damages against the Defendants cannot be upheld to the extent they are based on purported activities in other states (1) which may not violate the laws of those other states or (2) for which no evidence is presented establishing that the activities violate the laws of those other states; to do so would violate Defendants' rights under the Alabama Constitution and the United States Constitution.

THIRTY-THIRD DEFENSE

Plaintiff's demand for punitive damages in this case is unconstitutional in that it seeks to punish the Defendants for, and deter the Defendants from, lawful conduct occurring outside the state of Alabama and hence violates fundamental and long-standing principles of state sovereignty and immunity.

THIRTY-FOURTH DEFENSE

The Plaintiff's claims for punitive damages against the Defendants cannot be upheld to the extent they are a violation of any law passed by the United States Congress

or the Alabama Legislature limiting awards of punitive damages.

THIRTY-FIFTH DEFENSE

Plaintiff's claim for punitive damages cannot be upheld to the extent it violates or contravenes the holdings of the United States Supreme Court in ruling on the cases of BMW of North America, Inc. v. Gore, 517 U.S. 559 (1996) and Cooper Indus., Inc. v. Leatherman Tool Group, Inc., 532 U.S. 424 (2001).

THIRTY-SIXTH DEFENSE

Plaintiff's claim for punitive damages cannot be upheld based on the opinion of the United States Supreme Court in BMW of North America, Inc. v. Gore, 517 U.S. 559 (1996), in which the Court determined that the provisions of Alabama law governing the right to recover punitive damages or the determination of the amount of punitive damages violate Defendant's rights provided by the United States Constitution. See also Cooper Indus., Inc. v. Leatherman Tool Group, Inc., 532 U.S. 424 (2001).

THIRTY-SEVENTH DEFENSE

Plaintiff's claim for punitive damages cannot be upheld under BMW of North America, Inc. v. Gore, 517 U.S. 559 (1996) to the extent it is not based on the least drastic remedy or lowest amount of punitive damages that could be expected to insure that these Defendant will more fully comply with this state's laws in the future.

THIRTY-EIGHTH DEFENSE

Plaintiff's demand for punitive damages violates the due process clause of the Fourteenth Amendment in that the Plaintiff's claim for punitive damages is not necessary to vindicate the state's interest in punishing this Defendant and this Defendant

from future misconduct. State Farm Mut. Auto. Ins. Co. v. Campbell, 538 U.S. 408 (2003).

THIRTY-NINTH DEFENSE

Plaintiff's demand for punitive damages in this case is unconstitutional in that it seeks to punish these Defendants for, and deter these Defendants from, lawful conduct occurring outside the state of Alabama and hence violates fundamental and long-standing principles of state sovereignty and immunity. State Farm Mut. Auto. Ins. Co. v. Campbell, 538 U.S. 408 (2003).

FORTIETH DEFENSE

The claims of the Plaintiff for punitive damages cannot be upheld to the extent that they violate or contravene the ratio of punitive damages allowed by the holding of the United States Supreme Court in ruling on the case of State Farm Mutual Automobile Insurance Co. v. Campbell, 538 U.S. 408 (2003).

FORTY-FIRST DEFENSE

Defendants assert that all matters contained herein that are not expressly admitted or denied are hereby denied.

FORTY-SECOND DEFENSE

The "Employment Agreement(s)" and "Code of Conduct" documents purportedly signed by Defendants are discharged by the equitable remedy of rescission.

RESERVATION OF DEFENSES

These Defendants reserve the right to assert any additional defenses and affirmative defenses until a reasonable time following the conclusion of all factual discovery in this case.

Respectfully submitted,

/s/ Gregory H. Hawley
GREGORY H. HAWLEY
KATHERINE R. BROWN
Attorney for Defendants

OF COUNSEL:
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CERTIFICATE OF SERVICE

I hereby certify that on October 2, 2006, I filed the foregoing with the Clerk of the Court using the CM/ECF System which will send notification of such filing to the individuals listed below. I further certify that I have served a copy of the foregoing upon the following by placing same in the U.S. Mail, first class postage prepaid and properly addressed.

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