

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

E.A. RENFROE & COMPANY, INC.,)

Plaintiff,)

-vs-)

CORI RIGSBY MORAN and)
KERRI MORAN)

Defendants.)

CIVIL ACTION NO. _____

COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES

Plaintiff E.A. Renfroe & Company, Inc. (“Renfroe”) commences this action seeking injunctive relief and damages for the breaches of contract and violations of the Alabama Trade Secrets Act committed by Defendants Cori Rigsby Moran and Kerri Rigsby. In furtherance thereof, Renfroe alleges the following:

I. PARTIES

1. Renfroe is a Georgia corporation with its headquarters and principal place of in Birmingham, Alabama.
2. Defendant Cori Rigsby Moran is an individual who is believed to reside at 10021 Mockingbird Circle, Ocean Springs, Mississippi 39564, where she may be served with process.

3. Defendant Kerri Rigsby is an individual who is believed to reside at 10021 Mockingbird Circle, Ocean Springs, Mississippi 39564, where she may be served with process.

II. JURISDICTION AND VENUE

4. Diversity is complete, as Renfroe is a citizen of Alabama and Georgia, and both Defendants are citizens of Mississippi. The amount in controversy exceeds \$75,000, exclusive of interest and costs. This Court therefore has original jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1332.

5. Defendants are subject to personal jurisdiction in this Court, as they have contractually consented to this Court's jurisdiction over them and the claims raised herein. Further, Defendants have sufficient contacts with Alabama and within this District, and a substantial part of the events or omissions giving rise to the claims asserted herein occurred within this District.

6. Venue is proper pursuant to 28 U.S.C. § 1391, as Defendants have agreed to venue in this Court, and have expressly waived any objection to this venue. Further, a substantial part of the events or omissions giving rise to the claims asserted herein occurred within this District.

III. FACTUAL BACKGROUND

7. Renfroe provides risk management services, including highly trained adjusters, to its client insurance companies (“clients”) for deployment to sites where those clients’ policy holders (“insureds”) have suffered damages.

8. Renfroe’s clients and their insureds, provide sensitive, confidential information, including claims information, so that Renfroe’s employees can accurately evaluate the insureds’ claims. Protection of that confidential information is one of the important services that Renfroe provides its clients.

9. As part of its policies and practices designed to safeguard confidential information, Renfroe reposes confidence in its employees and enters into agreements with them wherein the employees agree not to disclose or misappropriate any confidential information of Renfroe, its clients or their insureds during employment and for a two-year period thereafter.

10. As an additional part of its policies and practices designed to safeguard confidential information, Renfroe adopted and enforces a code of conduct to which its employees must adhere. That code of conduct requires employees to protect from disclosure or misappropriation confidential and trade secret information developed or owned by Renfroe, its clients or their insureds, to which the employees may become privy in the course of conducting Renfroe business.

11. Because of the confidential, sensitive nature of the information needed from insureds to address their insurance claims and because of the proprietary and confidential nature of each insurance company's evaluation and decisions regarding its insureds' claims, an employee's agreement to protect confidential information and to have a duty of loyalty to Renfroe, its clients and their insureds was, and is, a condition of employment with Renfroe.

12. Renfroe employed Defendants, who are sisters, as insurance adjusters. In the course of their employment, Defendants became privy to confidential and trade secret information developed or owned by Renfroe, its clients, and their insureds.

13. Defendant Moran began working for Renfroe in 1998. During her career with Renfroe, Defendant Moran entered into and executed five different employment agreements, including a training contract. She also agreed to adhere to, and signed, Renfroe's Code of Conduct three times. A true and correct copy of the most recent employment agreement in which Defendant Moran entered with Renfroe and executed is incorporated herein and is attached hereto as Exhibit A. A true and correct copy of Renfroe's Code of Conduct that Defendant Moran most recently agreed to and signed is incorporated herein and is attached hereto as Exhibit B.

14. Defendant Rigsby began working for Renfroe in 1999. During her career with Renfroe, Defendant Rigsby entered into and executed five different

employment agreements. Defendant Rigsby also agreed to adhere to, and signed, Renfroe's Code of Conduct three times. A true and correct copy of the most recent employment agreement in which Defendant Rigsby entered with Renfroe and executed is incorporated herein and is attached hereto as Exhibit C. A true and correct copy of Renfroe's Code of Conduct that Defendant Rigsby most recently agreed to adhere to and signed is incorporated herein and is attached hereto as Exhibit D.

15. Each Code of Conduct signed by Defendants and all Renfroe employees states: "If you have questions about a particular situation or believe others are not adhering to the Code, the law or policies, contact Gene or Jana Renfroe." The Code further states: "Each of us must be willing to raise ethical and legal concerns. No one will be penalized for reporting in good faith a suspected violation or questioning a Company practice."

16. Under the terms of the valid, enforceable agreements, attached hereto as Exhibits A and C, Defendants had, and have, an obligation to return, at any time requested or immediately upon cessation of employment, all physical or electronic records, documents or other materials and all copies of any records, documents or other materials containing, comprising or relating to the confidential information, trade secrets or other information of Renfroe, its clients or their insureds, which Defendants created or obtained at any time during their employment with Renfroe.

17. Under the terms of the valid, enforceable agreements attached hereto as Exhibits A and C, Defendants had, and have, an obligation not to misappropriate or disclose any confidential information of Renfroe, its clients or their insureds for Defendants' own use or for the use of any other corporation, partnership, firm or entity, except as the President of Renfroe expressly authorizes. Defendants never requested Renfroe's approval to disclosure or appropriate confidential information.

18. Defendants were deployed by Renfroe in 2005 to work on an assignment with State Farm in connection with Hurricane Katrina. In the course of that assignment, Defendants created, obtained and otherwise became privy to confidential information of Renfroe, its clients and their insureds.

19. Defendants resigned their employment with Renfroe and Renfroe requested return of all physical or electronic records, documents or other materials and all copies of any records, documents or other materials containing, comprising or relating to the confidential information, trade secrets or other information of Renfroe, its clients or their insureds.

20. Defendants have failed to return the requested physical or electronic records, documents or other materials and all copies of any records, documents or other materials containing, comprising or relating to the confidential information, trade secrets or other information of Renfroe, its clients or their insureds.

21. In flagrant and deliberate disregard of their agreements, duties and obligations to protect confidential information, Defendants misappropriated and disclosed thousands of pages of claims records and other confidential information to a plaintiff's lawyer and his law firm who is suing Renfroe's clients. Furthermore, Defendants are now employed by this same plaintiff's law firm.

22. Defendants have admitted they copied approximately 15,000 pages of claims information and provided it to a plaintiff's attorney who is a friend of their mother's. Defendants provided these many pages of claims-related information to this plaintiff's lawyer and his firm knowing that this lawyer had filed or was preparing to file civil lawsuits against insurance companies, including Renfroe's clients.

23. Upon information and belief, the claims-related information Defendants misappropriated and disclosed to this plaintiff's law firm contains, among other things, insureds' financial information, social security numbers, and other private, personal and sensitive information.

24. The claims-related information Defendants misappropriated and disclosed to the plaintiff's law firm contains and consists of confidential and trade secret information of Renfroe, its clients and their insureds that Defendants had, and have, a duty to protect from disclosure and misappropriation.

25. Defendant Rigsby represented in a document signed June 27, 2006 that she had “[r]eturned to Client all copies of claim and claim draft information, both paper and electronic, received or created on this assignment.” She executed this document knowing her representations therein were false, as she well knew that she had provided to the plaintiff’s law firm 15,000 pages of claims-related information that she created or received during that assignment and that was, and is, confidential. To benefit herself and her new employer, and with intent to harm Renfroe and its clients, Defendant Rigsby deliberately misled Renfroe to believe that she had complied with Renfroe’s confidentiality policy.

26. In addition to improperly appropriating and disclosing this large amount of confidential information, and failing to return confidential information, Defendants then took jobs with this plaintiff’s law firm to help its lawyers seek money damages for its clients before resigning from Renfroe employment.

27. Defendants sought and intended to use the confidential information they purloined while in Renfroe’s employ against Renfroe’s clients in civil litigation, in direct violation of their duty of loyalty, as well as their contractual obligations to protect confidential information and to raise ethical or legal concerns with Renfroe.

28. Further compounding their wrongdoing to the detriment of Renfroe, its clients and their insureds, Defendants disclosed and disseminated the purloined confidential information to national media.

29. The Code of Conduct to which Defendants agreed to adhere specifically requires that all media contact and public discussions concerning Renfroe clients be conducted through an authorized spokesperson. Neither Defendant, nor the plaintiff's law firm, were authorized spokespersons.

30. These acts by Defendant are without privilege, justification or excuse, and are taken for their own improper motives to profit and harm Renfroe and its clients. Defendants did not act, and are not acting, out of any legal or moral compulsion or imperative. Both state and federal investigators had already been provided the same confidential information that Defendants later illicitly disclosed to the plaintiff's law firm. Renfroe is cooperating with both federal and Mississippi authorities and assumes that Defendants will do the same. This lawsuit is not about that cooperation.

31. As Defendants had provided requested information to state and federal authorities, there was no legitimate, lawful reason or motive for Defendants to disclose and disseminate confidential information to private parties or persons such as the plaintiff's law firm. Defendants did so improperly, to benefit themselves and their new employer and not for any appropriate purpose.

32. Despite having a long-standing employment relationship with Renfroe, Defendants never mentioned to Renfroe any concern or complaint about the claims practices of any Renfroe clients.

33. Defendants never provided Renfroe an opportunity to investigate and address any concern or complaint regarding the claim practices of a Renfroe client, but rather improvidently determined to surreptitiously misappropriate and disclose confidential information to a plaintiff's law firm and the national media, thereby denying Renfroe any opportunity to remedy and mitigate as appropriate.

34. Defendants have acted jointly, as part of a plan and scheme, and are jointly and severally liable.

IV. CAUSES OF ACTION

Count 1: Breach of Contract

35. The preceding paragraphs of this Complaint are re-alleged and fully incorporated by reference.

36. Other than disclosure of confidential information to, and for the use of, state and federal authorities, Renfroe's President has not authorized Defendants to misappropriate or disclose any confidential information of Renfroe, its clients or their insureds.

37. Defendants' misappropriation and unauthorized disclosures of confidential information constitute a breach of their valid and enforceable contracts attached hereto as Exhibits A and C.

38. Defendants' failure to return all physical or electronic records, documents or other materials and all copies of any records, documents or other materials

containing, comprising or relating to the confidential information, trade secrets or other information of Renfroe, its clients or their insureds, which Defendants created or obtained at any time during their employment with Renfroe, constitutes a breach of their valid and enforceable contracts attached hereto as Exhibits A and C.

39. The Code of Conduct executed by each Defendant attached hereto as Exhibits B and D are valid and enforceable agreements. Defendants' conduct constitutes a breach of those agreements, as well as the duties of loyalty and confidentiality contained and memorialized therein. See Exhibits B and D at pp. 1-2.

40. Defendants further breached their employment contracts by abandoning their assignment with Renfroe's client in violation of paragraph 2 (a) of Exhibits A and C. They walked off the job and, despite repeated requests, refused to provide any explanation. Renfroe lost the revenue from the two long-term positions that were abandoned by the Defendants causing financial loss to Renfroe.

41. Paragraph 2(c) of their Employment Agreements (Exhibits A and C) requires each employee to devote full-time efforts to Renfroe and prohibits an employee from engaging in work for anyone else that interferes with the employee's duties under the Employment Agreement. On information and belief,

both Defendants violated this contract term by working for the plaintiff's law firm in its pursuit of litigation against Renfroe's clients and other insurers.

42. Paragraph 6(b) of their Employment Agreements prohibits using the Trademark/Service mark of Renfroe or its clients in any unauthorized way. Defendants breached this contractual term by wearing jackets owned by Renfroe's client on their appearance on national television on August 25, 2006 on the 20/20 program during which they deliberately pointed to the client's service mark on their jackets. Defendants were not authorized to misuse Renfroe's client's service mark in this manner.

43. In addition to failing and refusing to return the documents they misappropriated, Defendants have also failed to return Renfroe's client's apparel, including the jackets they wore on television, that had been issued to them for use on their assignments. The failure to return this apparel violates paragraph 6(f) of the Employment Agreements which requires the return of all property provided to an employee for use on an assignment.

44. As a direct and proximate result of Defendants' misconduct, Renfroe has and will continue to suffer damages in an amount in excess of \$75,000.

Count 2: Violation of Alabama Trade Secrets Act

45. The preceding paragraphs are re-alleged and fully incorporated by reference.

46. The confidential information Defendants disclosed is and was intended for use in a trade or business.

47. The confidential information Defendants disclosed includes or embodies formulae, patterns, compilations, computer software, drawings, devices, methods, techniques, or processes.

48. The confidential information Defendants disclosed is not publicly known and is not generally known to others.

49. The confidential information Defendants disclosed cannot be readily ascertained or derived from publicly available information.

50. The confidential information Defendants disclosed is and has been the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

51. The confidential information Defendants disclosed has significant economic value.

52. The confidential information Defendants disclosed contains and constitutes trade secret information.

53. Defendants' disclosure and use of trade secret information constitutes a breach of confidence reposed in them.

54. At the time Defendants disclosed trade secret information, they knew or should have known that the information was trade secret information that had been appropriated by improper means and/or by a breach of confidence reposed in them.

55. Defendants have disclosed and used trade secret information without privilege or justification.

56. Defendants' conduct constitutes a misappropriation of trade secrets for which Defendants are liable.

57. Defendants' conduct was, and continues to be, willful and malicious.

58. As a direct and proximate result of Defendants' unlawful conduct, Renfroe has and will continue to suffer damages in excess of \$75,000.

59. As a direct and proximate result of Defendants' unlawful conduct, Renfroe has and will continue to incur significant costs and attorneys' fees.

60. Upon information and belief, Defendants, their new employer and others are profiting and intending to profit from, Defendants' improper use and disclosure of trade secret information.

61. Defendant continues to use and disclose to others trade secret information and will keep doing so if not enjoined and required by this Court to return the trade secret information forthwith.

62. Renfroe has and continues to suffer irreparable harm for which there is no adequate remedy at law.

V. PRAYER FOR RELIEF

63. The preceding paragraphs are re-alleged and fully incorporated by reference.

64. Renfroe respectfully requests this Honorable Court to provide the following relief:

- a. After a hearing supported by proper affidavits and evidence, a temporary, followed by a permanent, injunction enjoining Defendants, who contractually agreed to such injunctions in paragraph 8 of their Employment Agreements (Exhibits A and C), from disclosing confidential and trade secret information and requiring Defendants to return all physical or electronic records, documents or other materials and all copies of any records, documents or other materials containing, comprising or relating to the confidential information, trade secrets or other information of Renfroe, its clients or their insureds. Renfroe intends to file a separate motion for a hearing on its request for a preliminary injunction in the near future;
- b. Judgment against and recovery from Defendants for the damages suffered as a result of Defendants' breaches of contract and violations of the Alabama Trade Secrets Act;
- c. Judgment for, recovery of, and imposition of a constructive trust to recover all profits and other benefits conferred upon Defendants and

any other persons by the misappropriation, and an accounting to determine such profits and other benefits;

- d. An award of exemplary damages pursuant to the Alabama Trade Secrets Act;
- e. An award of reasonable attorneys' fees;
- f. Taxation of costs against Defendants;
- g. Pre- and post judgment interest at the highest rates allowed by law;
- h. And such other legal and equitable relief as is just.

Respectfully submitted this 1st day of September, 2006.

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