

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

PROBATE DIVISION

FILE NO.: 502012CP004391XXXXNB IH

IN RE: ESTATE OF

SIMON L. BERNSTEIN,

Deceased.

VERIFIED MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT
WITH WILLIAM STANSBURY

BRIAN M. O'CONNELL, as Successor Personal Representative of the Estate of SIMON L. BERNSTEIN ("Estate," "Mr. O'Connell" or "Personal Representative"), by and through undersigned counsel, hereby moves this Court for approval of a Settlement Agreement entered into with William Stansbury on or about March 2, 2018, and as grounds therefore, states:

1. On June 24, 2014, Mr. O'Connell was appointed as the Successor Personal Representative of the Estate of Simon L. Bernstein ("Estate" and "Decedent", respectively).

2. The Estate is a party to an independent action filed by William Stansbury, styled *Stansbury vs. Estate of Simon L. Bernstein, et al*, 15TH Judicial Circuit Case No. 502012CA013933XXXXMBAK ("Stansbury Action"). See copy of pertinent pleadings attached hereto as Composite Exhibit "A."

3. A Settlement Agreement was entered into between Brian M. O'Connell, solely in his capacity as Successor Personal Representative of the Estate of Simon L. Bernstein and William Stansbury on or about March 2, 2018, which settles the Stansbury Action, among other things, a copy of which is attached hereto as Exhibit "B" ("Settlement Agreement").

4. By its own terms, the Settlement Agreement is contingent upon approval by this Court.

5. The Personal Representative believes the Settlement Agreement is in the best interest of the Estate and the beneficiary of the Estate pursuant to Article III of the Will of Simon L. Bernstein dated July 25, 2012.

WHEREFORE, BRIAN M. O'CONNELL, as Successor Personal Representative of the Estate of SIMON L. BERNSTEIN, by and through undersigned counsel, respectfully requests this Court to enter an Order approving the Settlement Agreement as and for the grounds stated herein, for attorneys' fees and costs pursuant to Fla. Stat. §733.106 and any other relief deemed just and proper by this Court.

Under penalties of perjury, I declare that I have read the foregoing, and the facts alleged are true, to the best of my knowledge and belief.

Signed on 3/7, 2018.

By: 

BRIAN M. O'CONNELL, as Successor
Personal Representative of the Estate of
Simon L. Bernstein

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to counsel of record via the Court's e-portal system or U.S. Postal Service on this 7th day of March, 2018 to the parties on the attached Service List.

IN RE: ESTATE OF
Simon L. Bernstein
File No.: 502012CP004391XXXXNB IH
Verified Motion for Approval of Settlement
Agreement with William Stansbury



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IN RE: ESTATE OF
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Composite EXHIBIT “A”

*** FILED: PALM BEACH COUNTY, FL SHARON BOCK, CLERK ***

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

WILLIAM E. STANSBURY,
Plaintiff,

CASE NO: 50 2012 CA 013933 MB AA

v.

TED S. BERNSTEIN; DONALD TESCHER and
ROBERT SPALLINA, as co-personal
representatives of the ESTATE OF SIMON L.
BERNSTEIN and as co-trustees of the SHIRLEY
BERNSTEIN TRUST AGREEMENT dated
May 20, 2008; LIC HOLDINGS, INC.;
ARBITRAGE INTERNATIONAL MANAGEMENT, LLC,
f/k/a ARBITRAGE INTERNATIONAL
HOLDINGS, LLC; BERNSTEIN FAMILY
REALTY, LLC,
Defendants.

SECOND AMENDED COMPLAINT

WILLIAM E. STANSBURY, by and through undersigned counsel, sues the Defendants
and states:

1. This is an action for money damages in excess of \$15,000, and for equitable relief.
2. Plaintiff (hereinafter referred to as "STANSBURY") is *sui juris*, and a resident of Palm Beach County, Florida.
3. Defendant TED S. BERNSTEIN ("TED BERNSTEIN"), is *sui juris*, and a resident of Palm Beach County, Florida.
4. SIMON L. BERNSTEIN ("SIMON BERNSTEIN") died on or about September 13, 2012, after the filing of the initial Complaint in this action. At the time of his death, SIMON BERNSTEIN was *sui juris*, and was a resident of Palm Beach County, Florida. Defendants

Donald R. Tescher and Robert L. Spallina are serving as co-personal representatives of the ESTATE OF SIMON L. BERNSTEIN (the "ESTATE") which ESTATE is presently open and pending in the Palm Beach County Circuit Court, *In re: Estate of Simon L. Bernstein*, Case No. 502012CP004391XXXXSB (the "Estate Proceeding"). In accordance with Section 733.705, Florida Statutes, STANSBURY hereby brings this independent action against the ESTATE with respect to his Statement of Claim that was filed and objected to in the Estate Proceeding.

5. Defendant, LIC HOLDINGS, INC. ("LIC Holdings") is a Florida corporation with its principal place of business in Palm Beach County, Florida.

6. Defendant, ARBITRAGE INTERNATIONAL MANAGEMENT, LLC, formerly known as ARBITRAGE INTERNATIONAL HOLDINGS, LLC, ("ARBITRAGE") is a Florida limited liability company with its principal place of business in Palm Beach County, Florida.

7. Defendant, BERNSTEIN FAMILY REALTY, LLC is a Florida limited liability company doing business in Palm Beach County.

8. Defendant, the SHIRLEY BERNSTEIN TRUST AGREEMENT dated May 20, 2008 ("SHIRLEY'S TRUST"), owns real property in Palm Beach County, Florida. Based upon information and belief, Donald R. Tescher and Robert L. Spallina are serving as co-trustees of SHIRLEY'S TRUST. This Court has personal jurisdiction over the trustees and the beneficiaries of SHIRLEY'S TRUST under Section 736.0202, Florida Statutes, as the principal place of administration of SHIRLEY'S TRUST is in Palm Beach County, Florida. This court has subject matter jurisdiction over this action under Section 736.0203, Florida Statutes. Venue is proper in Palm Beach County, Florida, under Section 736.0204, Florida Statutes, as the principal place of administration of SHIRLEY'S TRUST is in Palm Beach County, Florida and one or more of the beneficiaries of SHIRLEY'S TRUST reside in Palm Beach County, Florida.

9. The acts and incidents giving rise to the causes of action alleged herein arose in Palm Beach County, Florida.

General Allegations

10. STANSBURY has worked in the insurance industry for virtually all of his adult life. After 30 years, he had become well-known and highly regarded by major insurance companies, their principals and others throughout the insurance industry, at all levels thereof, as well as by professionals, including attorneys, CPA's, financial advisors, wealth managers and others who were involved in serving, or otherwise dealing with insurers, insurance brokers and life insurance products.

11. SIMON BERNSTEIN dealt at sophisticated levels of the insurance industry and specialized in developing and marketing insurance concepts suitable for persons of high net worth to incorporate into their wealth management and estate planning.

12. TED BERNSTEIN, the son of SIMON BERNSTEIN, was also actively involved in selling life insurance products in conjunction with attorneys, CPAs and other professionals, to be incorporated into high net worth individuals' financial and estate planning.

13. TED BERNSTEIN, acting on his behalf and on behalf of, and in concert with, SIMON BERNSTEIN, approached STANSBURY in 2003, urging STANSBURY to spearhead the marketing of a unique insurance concept, newly developed by a prominent law firm, which was designed for use in the financial and estate planning of high net worth individuals.

14. TED BERNSTEIN told STANSBURY that he knew of STANSBURY's expertise and reputation in the insurance and related industries and that STANSBURY was skilled at and accustomed to speaking and marketing insurance products to groups of professionals. He realized that STANSBURY, because of his knowledge, reputation and abilities, would be well suited to market this concept nationwide through prominent and experienced professionals.

15. In 2006, SIMON BERNSTEIN and TED BERNSTEIN (collectively, "BERNSTEIN" or the "BERNSTEINS") formed, as sole shareholders, Defendants LIC Holdings and ARBITRAGE for the purpose of marketing and selling certain life insurance products to high net worth individuals for their wealth management and estate planning needs.

16. STANSBURY agreed to become an employee of LIC Holdings, Inc. and ARBITRAGE and agreed to a salary of 15% of net retained commissions received on all products sold, including renewals. STANSBURY at this time was responsible for, among other duties, calculating, on a monthly basis, the commissions due him in connection with new business generated in the current year and renewals on business generated in previous years.

17. STANSBURY worked with diligence and skill, traveling throughout the United States, generating ever-increasing sales and generating very large commissions. By 2006, nationwide sales were resulting in substantial commissions on new policies and renewal commissions.

18. Also in 2006, SIMON BERNSTEIN, acting on his behalf and on behalf of, and in concert with, TED BERNSTEIN, told STANSBURY that STANSBURY was being rewarded for his efforts and the explosive growth of the business, such that he would receive a 10% ownership interest in LIC Holdings, Inc. SIMON BERNSTEIN and TED BERNSTEIN, collectively, were majority shareholders while STANSBURY was a minority shareholder in LIC Holdings, Inc.

19. STANSBURY has sued both LIC Holdings and ARBITRAGE because the BERNSTEINS represented that his employment relationship was with LIC Holdings, the company in which he owned a 10% interest, but STANSBURY'S W-2 statements were issued by ARBITRAGE as his employer.

20. In February of 2008, SIMON BERNSTEIN, acting on his behalf and on behalf of, and in concert with TED BERNSTEIN, approached STANSBURY and told him his time would

be better spent building the business rather than performing monthly calculations of income. The plan proposed was that, rather than STANSBURY performing computations on a monthly basis as to how much should be paid to him based upon 15% of the net retained commissions derived from both new policies sold and renewals from previous years, the BERNSTEINS and STANSBURY all would forego monthly payouts and defer compensation until the end of 2008, when year-end computations could be made. It was represented that in December, year-end computations would be made and salaries would be paid in December 2008 or January of 2009. It was specifically represented to STANSBURY that:

a) neither SIMON BERNSTEIN, TED BERNSTEIN nor STANSBURY would take any compensation during fiscal year 2008 but rather they all would wait until the year-end accounting was performed in December of 2008 or January, 2009;

b) SIMON BERNSTEIN, TED BERNSTEIN, and STANSBURY would each be paid a minimum salary of \$1,000,000 at year end, and STANSBURY'S salary was to be applied against his earned commissions of 15%. Any compensation due STANSBURY over and above the \$1,000,000 would be paid as a distribution on his stock ownership interest in LIC Holdings.

21. In January of 2008, STANSBURY was paid \$420,018 for commissions earned on some 2007 sales. However, STANSBURY was not, and has never been, paid the commissions due him on sales in 2008 and thereafter, and he was not and has never been paid the renewal commissions due him on sales made in previous years that were paid to LIC Holdings or ARBITRAGE in 2008 and thereafter, other than a nominal payment of \$30,000 made in 2010.

22. When STANSBURY was not paid as agreed in late 2008/2009 and thereafter, SIMON BERNSTEIN and TED BERNSTEIN, on behalf of and in concert with each other, stated to STANSBURY that salary and ownership distributions due and owing to SIMON BERNSTEIN, TED BERNSTEIN and STANSBURY would be deferred to a future time. This

deferral of payment was represented to be important because, as a result of the virtual collapse of the capital lending markets in 2008, it was necessary to retain the funds in the corporate bank accounts to demonstrate to potential lenders the financial stability of the companies.

23. The false statements set forth in paragraphs 18 through 21, above, were made by SIMON BERNSTEIN and TED BERNSTEIN, in concert with each other, with knowledge of their falsity and with the intention of never to fulfilling such promises.

24. Despite the representations to STANSBURY set forth above to the contrary, SIMON BERNSTEIN and TED BERNSTEIN, as officers and majority shareholders of LIC Holdings and ARBITRAGE, authorized LIC Holdings and/or ARBITRAGE to pay themselves \$3,756,229.00 and \$5,225,825.00, respectively, in 2008. Contrary to the representations made as set forth in paragraph 20, STANSBURY received no compensation for first year commissions and renewal commissions due him in 2008.

25. The net retained commissions by LIC Holdings and ARBITRAGE, not including renewals, for 2008 were approximately \$13,442,549.00. As such, STANSBURY was entitled to, at the very minimum, 15% of \$13,442,549.00, or \$2,016,382.35.

26. Beginning late in 2007 or early in 2008, and continuing through at least 2012, LIC Holdings and/or ARBITRAGE became the alter ego of SIMON BERNSTEIN and TED BERNSTEIN, as officers and majority shareholders, in that they disregarded corporate structure and wrongfully diverted, converted and depleted corporate assets of LIC Holdings and ARBITRAGE for their own personal benefit and the benefit of Bernstein family trusts and other entities as more specifically set forth below. Those trusts have since invested some of these wrongfully diverted and converted corporate assets in real estate, also as more particularly set forth below. The wrongful action of SIMON BERNSTEIN and TED BERNSTEIN in diverting and converting corporate assets rendered LIC Holdings, and possibly ARBITRAGE, insolvent.

27. Throughout 2009, SIMON BERNSTEIN and TED BERNSTEIN continued to make false statements to STANSBURY to hide the fact that LIC Holdings and/or ARBITRAGE was their alter ego, in that they converted corporate property and corporate assets of LIC and/or ARBITRAGE for their own personal benefit in 2008, 2009 and thereafter, all to the exclusion and financial detriment of STANSBURY, all the while fraudulently representing to STANSBURY that no money was being paid as salary or distributions to SIMON BERNSTEIN, TED BERNSTEIN or STANSBURY because it was necessary to hold the funds in the corporate bank accounts to show to potential lenders the financial stability of the company.

28. STANSBURY relied upon these continuing misrepresentations of Defendants to his detriment. Because STANSBURY was told that potential funding sources for the business needed to see that capital of the company was available, he took no action when he did not receive any compensation for 2009 and was paid only \$30,000 in 2010.

29. In order to continue their scheme to defraud, SIMON BERNSTEIN and TED BERNSTEIN failed and refused to account for renewal commissions and failed to supply any financial information to STANSBURY concerning LIC Holdings or ARBITRAGE.

30. In furtherance of their scheme to deprive STANSBURY of salary he had earned and shareholder distributions to which he was entitled, SIMON BERNSTEIN and TED BERNSTEIN intercepted mail addressed to STANSBURY, removing commission checks representing commissions due to STANSBURY, deposited the funds into their own accounts and otherwise converted the funds. SIMON BERNSTEIN and TED BERNSTEIN also opened STANSBURY's mail containing checks payable to him which were unrelated to them and the businesses.

31. In December, 2011 STANSBURY had been battling a painful and debilitating disease that could only be managed through the administration of potentially harmful

prescription medications. On December 22, 2011, the Defendants BERNSTEIN, with knowledge of STANSBURY's health issues and his debilitated condition, decided to take advantage of and deceive STANSBURY further. STANSBURY had for years been given K-1 statements reflecting his 10% ownership of LIC Holdings. At that time, TED BERNSTEIN told STANSBURY that the company accountant had discovered a potential significant taxable event which could cause STANSBURY, as one of the owners of LIC Holdings to pay taxes on phantom income. TED BERNSTEIN promised that if STANSBURY would sign a paper ceding his 10% interest in LIC Holdings, he would not have to pay the tax if in fact the tax was due. TED BERNSTEIN promised he would hold the paper, promising it would not become operative until STANSBURY and the Defendants BERNSTEIN discussed the situation further in the first quarter of 2012.

32. Because of the misrepresentations, willful concealments of material facts, duplicity and deceit practiced by Defendants upon STANSBURY, STANSBURY reasonably believed that Defendants had complied, or intended to comply with their obligations to STANSBURY under the contract between them. STANSBURY, therefore, was prevented from knowing for a period of years that the causes of action asserted herein existed.

33. By the second quarter of 2012, STANSBURY developed the belief that the BERNSTEINS' representations over the years were wholly false and he sought legal counsel.

34. STANSBURY has retained the law firm of Peter M. Feaman, P.A. and has agreed to pay it a reasonable fee for its services rendered herein.

COUNT I - ACCOUNTING
(Against LIC Holdings and ARBITRAGE, for Accounting)

35. STANSBURY hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 1 through 34, inclusive.

36. The relationship between STANSBURY and the Defendants, particularly as affected by Defendants' acts described in preceding paragraphs 19 through 27 created a situation where Defendants had sole access to receipts generated by STANSBURY's efforts, and to books and records reflecting said receipts and the other information from which can be calculated all moneys due to STANSBURY under his arrangement with Defendants.

37. The period of time during which STANSBURY has been deprived of monies due him spans approximately four and a half years. The various sources of revenue to Defendants of monies from which the amounts due STANSBURY may be calculated, the manner in which STANSBURY was to be paid, and the amount due STANSBURY all involve extensive and complicated accounts, and STANSBURY's remedy at law cannot be as full, adequate and expeditious as it is in equity.

WHEREFORE, Plaintiff STANSBURY prays for an adjudication of Plaintiff's right to a full and complete accounting from Defendants, LIC Holdings and ARBITRAGE, and for such orders of Court as will require such Defendants to provide STANSBURY with all records and copies of documents from January 1, 2006 to the present, in order to reveal his right to, and the amount of all sums: (a) received as commissions to which STANSBURY was entitled to a share; (b) due to STANSBURY, whether paid or not; (c) paid to STANSBURY, whether for commissions, salary, distributions, expenses or any other reason; (d) paid to each of the BERNSTEIN Defendants out of monies received as commissions; (e) deposits of any and all moneys received as commissions by any Defendants to any accounts, including the name of the entity whose account was involved, the number(s) of each such account; the address of the branch or other facility through which any Defendant dealt with such entity; (f) calculations as to moneys paid, to be paid, or not to be paid to STANSBURY, together with an award of court costs and such other and further relief as the Court may deem just and proper.

COUNT II - BREACH OF ORAL CONTRACT
(Against LIC Holdings, Inc., ARBITRAGE, SIMON BERNSTEIN and TED BERNSTEIN)

38. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 1 through 37, inclusive.

39. The arrangement between STANSBURY and Defendants, as described in paragraphs 13 through 28 above, constituted a contract between them.

40. An express term of that contract involved the commitment of LIC Holdings and ARBITRAGE to calculate and pay to STANSBURY all sums due to him under the contract, whether as commissions, salary, distributions, expenses or any other reason.

41. The Defendants initially performed the duties required of them under said contract.

42. However, Defendants breached their contract with STANSBURY by withholding from STANSBURY monies due him under the contract for renewal commissions earned in 2007 and commissions and renewal commissions earned in 2008 and thereafter.

43. The withholding of such monies constitutes a material breach of the contract between STANSBURY and LIC Holdings and ARBITRAGE.

44. STANSBURY has sued both LIC Holdings and ARBITRAGE because the BERNSTEINS represented that his employment relationship was with LIC Holdings, the company in which he owned a 10% interest, but STANSBURY'S W-2 statements were issued by ARBITRAGE as his employer.

45. SIMON BERNSTEIN and TED BERNSTEIN are personally liable, jointly and severally, for the material breach of the oral employment contract with STANSBURY as LIC Holdings and/or ARBITRAGE were the alter ego of SIMON BERNSTEIN and TED

BERNSTEIN in that the BERNSTEINS depleted corporate assets for their personal benefit by causing the corporation or corporations to make exorbitant and inappropriate distributions to themselves, family members, and BERNSTEIN family trusts and other entities, at the expense of corporate creditors such as STANSBURY, to wit:

a) SIMON BERNSTEIN and TED BERNSTEIN caused LIC Holdings and/or ARBITRAGE to pay to them at least \$3,756,229.00 and \$5,225,825.00, respectively, in fiscal 2008 during which time STANSBURY, other than the amount referenced in paragraph 21, was paid nothing;

b) According to Palm Beach County public records, in December of 2007 TED BERNSTEIN purchased a property at 880 Berkeley Street, Boca Raton, Florida 33487, for \$4,400,000;

c) According to Palm Beach County public records, on December 28, 2008, TED BERNSTEIN paid off the mortgage in the amount of \$486,400.00 on a property he owned at 15807 Menton Bay Court, Saturnia Isles, Delray Beach, Florida 33446;

d) According to Palm Beach County public records, SIMON BERNSTEIN paid off the mortgage on property he and his wife owned, and subsequently transferred by quitclaim deed on May 20, 2008 to the trustee of SHIRLEY'S TRUST, at 7020 Lions Head Lane, Boca Raton, Florida, 33496. The amount of the mortgage pay-off is unknown, but in 2013 the property was listed for sale at \$2,399,000;

e) According to Palm Beach County public records, on June 18, 2008, BERNSTEIN FAMILY REALTY, LLC acquired a property located at 2753 N.W. 34 Street, Boca Madera Unit 2, Boca Raton, Florida 33432 (the "Boca Madera Property"). On July 8, 2008, SIMON BERNSTEIN loaned \$365,000 to BERNSTEIN FAMILY REALTY, LLC. The specific

purpose of the loan is unknown, but SIMON BERNSTEIN received a mortgage on the Boca Madera Property to secure the loan;

f) According to Palm Beach County public records, on May 20, 2008 SIMON BERNSTEIN and his wife transferred by quitclaim deed to the trustee of SHIRLEY'S TRUST a 4,220 square foot oceanfront condominium unit in a complex known as "The Aragon" in Boca Raton, located at 2494 South Ocean Boulevard, Boca Raton, Florida. The mortgage on that property was paid off on September 27, 2010.

g) The legal descriptions for each of the above referenced properties are attached hereto as Exhibit "B."

46. There is due to STANSBURY from such Defendants all amounts due under said contract, together with prejudgment and post-judgment interest on said amounts.

WHEREFORE, Plaintiff prays for judgment against SIMON BERNSTEIN and TED BERNSTEIN declaring that Defendants, LIC Holdings, Inc. and ARBITRAGE INTERNATIONAL MANAGEMENT, LLC, are or were the alter ego of SIMON BERNSTEIN and TED BERNSTEIN such that the corporate veil of LIC Holdings and/or ARBITRAGE should be pierced; for judgment against Defendants, LIC Holdings, Inc., ARBITRAGE INTERNATIONAL MANAGEMENT, LLC, SIMON BERNSTEIN and TED BERNSTEIN, jointly and severally, in excess of \$1,500,000.00 for the amounts due to Plaintiff under the terms of their contract, together with prejudgment and post-judgment interest; for his court costs herein expended and for such other relief as the Court may deem just and proper.

COUNT III - FRAUD IN THE INDUCEMENT- EMPLOYMENT AGREEMENT
(Against SIMON BERNSTEIN and TED BERNSTEIN)

47. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 1 through 46, inclusive.

48. At all material times hereto, SIMON BERNSTEIN and TED BERNSTEIN were officers and majority shareholders of LIC Holdings and ARBITRAGE.

49. The statements set forth in paragraphs 18 through 24, above, made by SIMON BERNSTEIN and TED BERNSTEIN, on behalf of and in concert with each other, and as officers and majority shareholders of LIC Holdings and ARBITRAGE, were false statements of material fact that SIMON BERNSTEIN and TED BERNSTEIN knew to be false at the time they were made, as SIMON BERNSTEIN and TED BERNSTEIN never intended to authorize LIC Holdings or ARBITRAGE to pay to STANSBURY the amounts due him as evidenced by the fact that the accountant for LIC Holdings and ARBITRAGE prepared financial worksheets for 2008 showing that the BERNSTEINS would receive compensation, but STANSBURY would not, for fiscal 2008, in direct contravention to their statements and promises to STANSBURY.

50. SIMON BERNSTEIN and TED BERNSTEIN intended for STANSBURY to rely on such statements that he would be ultimately be paid for his productivity in order to induce him into continuing his productive and revenue-generating sales activity as an employee of LIC Holding and/or ARBITRAGE and fraudulently created for STANSBURY the false expectation that STANSBURY would be paid as agreed.

51. STANSBURY in fact relied to his detriment on these false statements and was induced thereby to remain in his employment relationship with LIC Holdings and ARBITRAGE as he continued to sell, with the expectation of payment, products and generate revenue for LIC Holdings and/or ARBITRAGE until 2012, and was further induced not to pursue from LIC Holdings and/or ARBITRAGE his right to payment of all amounts due him until after SIMON BERNSTEIN and TED BERNSTEIN had diverted and converted corporate assets for their personal benefit, rendering LIC Holdings, and possibly ARBITRAGE, insolvent.

52. STANSBURY was injured thereby as he was not and has not been compensated for his revenue-generating sales and other performance, and did not seek alternative employment, as a proximate result of his detrimental reliance on these false statements.

WHEREFORE, Plaintiff prays for judgment against Defendants SIMON BERNSTEIN and TED BERNSTEIN, jointly and severally, for damages in excess of \$1,500,000.00 together with prejudgment and post-judgment interest; for the imposition of an equitable lien and constructive trust on the Bernstein real estate described in paragraph 45 and Exhibit "B" as more fully set forth in Counts VII and VIII of this Second Amended Complaint; for his court costs herein expended; and for such other relief as the Court may deem just and proper. STANSBURY reserves the right to move to amend to request punitive damages in accordance with Florida Law.

COUNT IV - FRAUD IN THE INDUCEMENT -
CEDING OF LIC HOLDINGS OWNERSHIP INTEREST
(Against Ted Bernstein and LIC Holdings, Inc.)

53. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 1 through 52, inclusive.

54. In the fourth quarter of 2011, TED BERNSTEIN embarked upon a plan to defraud from STANSBURY his 10% ownership interest in LIC Holdings, Inc. As set forth in paragraph 31 above, Defendant TED BERNSTEIN fraudulently induced STANSBURY to prepare and sign a document giving up his 10% interest in and to LIC Holdings, Inc.

55. The ceding of his shares in LIC Holdings, Inc. was procured by fraud and STANSBURY relied upon the representations made by BERNSTEIN with regard to signing the document apparently ceding his stock.

56. It was reasonable for STANSBURY to rely on the representations made by BERNSTEIN because at that time STANSBURY was unaware of the breaches of fiduciary duty and breaches of the oral contract that had taken place.

57. As a result of STANSBURY's reliance, STANSBURY has been damaged by the loss of 10% of the shares of LIC Holdings and the rights and remedies to a shareholder related thereto.

WHEREFORE, Plaintiff prays for a judgment for damages against Defendants BERNSTEIN and LIC Holdings, Inc. for the damages caused by the fraudulent conduct of BERNSTEIN as described herein, together with reasonable costs, pre-judgment interest and any other relief this Court deems just and proper.

COUNT V - CIVIL CONSPIRACY
(Against Simon Bernstein and Ted Bernstein)

58. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 1 through 34, and Counts III and IV, paragraphs 47 through 57, inclusive.

59. SIMON BERNSTEIN and TED BERNSTEIN, individually and as officers and majority shareholders of LIC Holdings and ARBITRAGE, knowingly, willfully, intentionally, and maliciously conspired, agreed, combined and confederated with each other to make fraudulent, false and misleading statements to STANSBURY intended to induce STANSBURY to continue his employment relationship with LIC Holdings and/or ARBITRAGE during 2008 and thereafter, without ever intending to authorize payment to STANSBURY for the amounts he was due, a relationship that generated substantial revenue for LIC Holdings and/or ARBITRAGE and, ultimately, SIMON BERNSTEIN and TED BERNSTEIN.

60. SIMON BERNSTEIN and TED BERNSTEIN, individually and as officers and majority shareholders of LIC Holdings and ARBITRAGE, knowingly, willfully, intentionally, and maliciously conspired, agreed, combined and confederated with each other to make fraudulent, false and misleading statements to STANSBURY intended to induce STANSBURY to delay pursuing his right to payment for all amounts due him until such time after SIMON BERNSTEIN and TED BERNSTEIN had converted and diverted corporate assets rendering LIC Holdings, and possibly ARBITRAGE, insolvent and uncollectible.

61. SIMON BERNSTEIN and TED BERNSTEIN, individually and as officers and majority shareholders of LIC Holdings and ARBITRAGE, knowingly, willfully, intentionally, and maliciously conspired, agreed, combined and confederated with each other to fraudulently induce STANSBURY, through false and misleading statements, to surrender and cede, without fair value payment, his 10% interest in LIC Holdings.

62. The numerous fraudulent, false and misleading statements made by SIMON BERNSTEIN and TED BERNSTEIN were all overt acts in furtherance of the conspiracy.

63. STANSBURY was injured thereby in that, as a proximate result of the conspiratorial conduct of SIMON BERNSTEIN and TED BERNSTEIN, he continued in his employment with LIC Holdings and/or ARBITRAGE, without payment of the compensation due him, he delayed pursuit of his right to collect the amounts due him, and ceded his 10% interest in LIC Holdings.

WHEREFORE, Plaintiff prays for judgment against Defendants, SIMON BERNSTEIN and TED BERNSTEIN, jointly and severally, for damages in excess of \$1,500,000.00 together with prejudgment and post-judgment interest; for the imposition of an equitable lien and constructive trust on the Bernstein real estate described in paragraph 45 and Exhibit "B" as more fully set forth in Counts VII and VIII of this Second Amended Complaint;

for his court costs herein expended; and for such other relief as the Court may deem just and proper. STANSBURY reserves the right to move to amend to request punitive damages in accordance with Florida Law.

COUNT V - CIVIL THEFT
(Against ARBITRAGE INTERNATIONAL MARKETING, LLC)

64. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 1 through 63, inclusive.

65. This is an action for Civil Theft under Chapter 772, Florida Statutes, more specifically §772.11, Fla.Stat.

66. In February, 2012 and March, 2012, Defendant ARBITRAGE intercepted two separate checks made payable to William STANSBURY intended as payment to STANSBURY for matters arising wholly outside his business transactions with the BERNSTEINS, LIC Holdings and ARBITRAGE.

67. Notwithstanding that the checks made payable to William STANSBURY was for sums due STANSBURY by a third party not in connection with the aforesaid business transactions, ARBITRAGE and/or someone acting on its behalf, caused the negotiation of STANSBURY's checks, wrongfully endorsing the checks and retaining the sums that should have been payable to STANSBURY.

68. As a result of the foregoing, Defendant ARBITRAGE has been guilty of criminal theft by conversion with the criminal intent to steal his money and deprive STANSBURY of his possession and use thereof.

69. Written demand for payment of all amounts due STANSBURY has been made to Defendants, more than 30 days preceding the filing of this Complaint, to no avail. A copy of the demand letter is attached hereto as Exhibit "A."

WHEREFORE, Plaintiff prays for judgment against Defendant, ARBITRAGE for three times the full amount of the checks made payable to STANSBURY, together with pre-judgment interest and post-judgment interest, attorneys' fees, court costs and any other relief this Court deems just and proper.

COUNT VII - CONVERSION

70. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 1 through 63, inclusive.

71. Further, during 2012, Defendants TED BERNSTEIN, SIMON BERNSTEIN, LIC Holdings, Inc., ARBITRAGE, or someone acting on their behalves, received and cashed in excess of \$30,000.00 worth of commission checks otherwise payable to Plaintiff.

WHEREFORE, Plaintiff prays for judgment for damages against Defendant, ABRITRAGE, SIMON BERNSTEIN, LIC Holdings, Inc. and TED BERNSTEIN, together with pre-judgment interest and post-judgment interest, court costs and any other relief this Court deems just and proper.

COUNT VIII - UNJUST ENRICHMENT **(LIC Holdings, ARBITRAGE, SIMON BERNSTEIN and TED BERNSTEIN)**

72. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, paragraphs 1 through 65, above.

73. STANSBURY conferred a benefit on LIC Holdings, ARBITRAGE, SIMON BERNSTEIN and TED BERNSTEIN by continuing his employment relationship with LIC Holdings and/or ARBITRAGE as a direct and proximate result of the fraudulent representations of SIMON BERNSTEIN and TED BERNSTEIN, as more fully set forth in Count III herein.

74. STANSBURY's continued employment resulted in the generation of substantial revenue for LIC Holdings and/or ARBITRAGE, which was then diverted and converted by the BERNSTEINS for their own personal use to the financial detriment of STANSBURY.

75. LIC Holdings, ARBITRAGE, SIMON BERNSTEIN and TED BERNSTEIN, as officers and majority shareholders of LIC Holdings and ARBITRAGE, had knowledge of the benefit of STANSBURY's continued employment with LIC Holdings and/or ARBITRAGE as they fraudulently induced STANSBURY to continue his productive employment activity while never intending to pay him the compensation he was due.

76. LIC Holdings, ARBITRAGE, SIMON BERNSTEIN and TED BERNSTEIN accepted the revenues generated by STANSBURY in his capacity as employee.

77. There exists no adequate remedy at law as the conduct of the BERNSTEINS in diverting and converting the corporate assets of LIC Holdings and/or ARBITRAGE has resulted in the insolvency of LIC Holdings and possibly ARBITRAGE.

78. The circumstances are such that it would be inequitable for LIC Holdings, ARBITRAGE, SIMON BERNSTEIN and TED BERNSTEIN to retain the benefits of the STANSBURY's productive revenue-generating labor without paying fair value for it.

WHEREFORE, Plaintiff prays for judgment against Defendants, LIC Holdings, Inc., ARBITRAGE INTERNATIONAL MANAGEMENT, LLC, SIMON BERNSTEIN and TED BERNSTEIN, jointly and severally, in an amount in excess of \$1,500,000.00 which the evidence shows Plaintiff is entitled for the fair value of the services Plaintiff provided to LIC Holdings and ARBITRAGE, together with prejudgment and post-judgment interest; for his court costs herein expended and for such other relief as the Court may deem just and proper.

COUNT IX - EQUITABLE LIEN
(As to SIMON BERNSTEIN, TED BERNSTEIN, BERNSTEIN FAMILY
REALTY, LLC and SHIRLEY BERNSTEIN TRUST AGREEMENT)

79. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, the allegations set forth in paragraphs 1 through 34, paragraph 45 and Counts III and VII, above.

80. STANSBURY has alleged essential facts in his General Allegations and Count III that show that SIMON BERNSTEIN and TED BERNSTEIN committed fraud by fraudulently inducing STANSBURY to continue in an employment relationship that proved to be highly lucrative for SIMON BERNSTEIN and TED BERNSTEIN.

81. STANSBURY has alleged essential facts in his General Allegations and Count VII that show that SIMON BERNSTEIN and TED BERNSTEIN were unjustly enriched by STANSBURY's uncompensated continued employment with LIC Holdings and/or ARBITRAGE.

82. The conduct of the BERNSTEINS in depleting the corporate assets of LIC Holdings and ARBITRAGE for their personal benefit by causing the corporation or corporations to make exorbitant and inappropriate distributions to themselves, family members, and BERNSTEIN FAMILY REALTY, LLC and SHIRLEY BERNSTEIN TRUST AGREEMENT, at the expense of corporate creditors such as STANSBURY, rendered LIC Holdings and possibly ARBITRAGE insolvent. Therefore STANSBURY has no adequate remedy at law.

83. BERNSTEIN FAMILY REALTY, LLC and SHIRLEY BERNSTEIN TRUST AGREEMENT were the transferees of some of the corporate assets of LIC Holdings and/or

ARBITRAGE wrongfully diverted and converted by the BERNSTEIN and thus are proper parties to this action and this Count.

84. An equitable lien on the real estate described in paragraph 45 herein and Exhibit “B” attached hereto is justified as an equitable remedy for the wrongful conduct of the BERNSTEINS.

WHEREFORE, Plaintiff prays for the Court to declare and establish an equitable lien in favor of Plaintiff in an amount equal to the funds wrongfully diverted, on the property described in paragraph 45 and Exhibit “B” attached hereto, and on all other assets of the Defendants named in this Count IX, or third parties as yet unknown, which assets have been purchased wholly or in part, improved or benefitted by the diverted funds due Plaintiff, together with his costs herein expended, and such other and further relief as this Court may deem just and proper.

COUNT X - CONSTRUCTIVE TRUST
(As to SIMON BERNSTEIN, TED BERNSTEIN, BERNSTEIN FAMILY
REALTY, LLC and SHIRLEY BERNSTEIN TRUST AGREEMENT)

85. Plaintiff hereby reiterates and incorporates herein by reference, as if fully restated herein, preceding paragraphs 79 through 84 above.


WHEREFORE, Plaintiff prays for the Court to declare and establish a constructive trust in favor of Plaintiff on the property described in paragraph 45 and Exhibit “B” attached hereto in an amount equal to the funds wrongfully diverted and on all assets of Defendants or third parties as yet unknown, which assets have been purchased wholly or partly, improved or mortgaged by the diversion of said funds due Plaintiff. Plaintiff further prays for an award of court costs and such other and further relief as the Court may deem just and proper.

CERTIFICATE OF SERVICE

WE HEREBY CERTIFY that the above and foregoing has been forwarded via e-mail service at mrmlaw@comcast.net; and mrmlaw1@gmail.com to Mark R. Manceri, Esq., Mark R. Manceri, P.A., *Attorney for Donald Tescher and Robert Spallina as Co-Personal Representatives*, 2929 E. Commercial Blvd., Suite 702, Fort Lauderdale, FL 33308; at arose@pm-law.com and mchandler@pm-law.com to Alan Rose, Esq., PAGE, MRACHEK, *Attorneys for Defendants, Ted Bernstein, LIC Holdings, Inc. and Arbitrage International Management, LLC*, 505 So. Flagler Drive, Suite 600, West Palm Beach, FL 33401, on this 3 day of September, 2013.

PETER M. FEAMAN, P.A.
3615 W. Boynton Beach Blvd.
Boynton Beach, FL 33436
Telephone: (561) 734-5552
Facsimile: (561) 734-5554
pfeaman@feamanlaw.com

By: _____


Peter M. Feaman
Florida Bar No. 0260347

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of
PETER M. FEAMAN, P.A.
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Of Counsel

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Facsimile: (561) 734-5554
pfeaman@feamanlaw.com

June 20, 2012

Via Certified Mail, Return Receipt Requested

PERSONAL and CONFIDENTIAL

Mr. Ted Bernstein, President
LIC Holdings, Inc.
950 Peninsula Corp Circle
Suite 3010
Boca Raton, FL 33487

Re: William (Bill) Stansbury

Dear Mr. Bernstein:

The undersigned represents William (Bill) Stansbury and we are writing this letter on his behalf. Mr. Stansbury received your proposed letter agreement reflecting LIC Holdings' proposal to indemnify its shareholders concerning policies sold under the Cambridge Financing Program. As a result of your proposal, Mr. Stansbury has reviewed with me in detail his dealings with you and your companies over the past 4 to 5 years.

After reviewing the facts with Mr. Stansbury, some of which will be summarized below, I was shocked that he had not consulted legal counsel until now. Be that as it may, and based upon the facts presented to us, we believe you have engaged in fraud, civil theft, breaches of fiduciary duties, and breach of contract, just to name a few. The purpose of this letter is to a). respond to your indemnity proposal and b). request that you pass this letter on to your counsel immediately in the off-chance that these very serious matters can be resolved prior to the filing of legal action. The issues can be summarized as follows:

1. The first issue concerns you and your company's failure to pay salary compensation to Mr. Stansbury. Mr. Stansbury has been making inquiries concerning this for the past 5 months, but to no avail. Mr. Stansbury's claim for unpaid salary arises from three categories:

EXHIBIT A

a. Failure to pay salary based on net retained commissions.

i. Based upon reports prepared by your company for the period of 2007 through 2011, LIC Holdings, Inc. and/or Arbitrage International Holdings, n/k/a Arbitrage International Management, LLC, received \$35,384,246.00 in net retained commissions. According to Mr. Stansbury's salary arrangement, he is entitled to 15% of those net retained commissions, which amounts to \$5,307,636.90. During this time period, Mr. Stansbury's salary compensation was \$2,844,910.00. The shortfall in salary owed to Mr. Stansbury is \$2,462,726.90.

ii. There is salary compensation owed to Mr. Stansbury as a result of bridge loans in 2008. You received a \$2,000,000.00 settlement in 2010 resulting from the resolution of a lawsuit involving Global Secured Capital. Mr. Stansbury is entitled to 15% of those funds, which is \$300,000.00.

iii. In addition, you received \$507,891.00 in commissions in connection with the Biviano matter. Mr. Stansbury is entitled to 15% of those funds, which is \$76,183.65.

iv. In April of 2012, you received three commissions totaling approximately \$200,000.00 in the Levine, Wiss and Berley matters. Mr. Stansbury has been requesting payment of this for weeks, again to no avail. Mr. Stansbury is due salary compensation for these items in the amount of \$30,000.00.

Therefore, Mr. Stansbury's total claim for salary arising out of net retained commissions is approximately \$2,868,910.55.

The liability for payment of this salary is not limited to LIC Holdings, Inc. or Arbitrage International Management, LLC. This liability also flows to you individually as a result of your breaches of your fiduciary duty owed to Mr. Stansbury and utter failure to abide by corporate governance standards, which conduct is more particularly described below.

b. Mr. Stansbury is also due unpaid salary based on 15% of all renewal commissions since 2008. Mr. Stansbury's salary claim for renewal commissions cannot as yet be determined with specificity due to the fact that you and your office have been opening mail directed to Mr. Stansbury and negotiating checks made payable to him by falsifying his endorsement and depositing those checks into accounts which only you control. This conduct constitutes civil theft and breach of fiduciary duty. We believe this claim amounts to hundreds of thousands of dollars.

c. Salary compensation for 2008. Mr. Stansbury has recently learned that you and Mr. Simon Bernstein received \$8,982,124.00 in salary in 2008. By contrast, Mr. Stansbury received \$420,018.00, paid to him in January 2008, based on policies sold in 2007. He received zero (no salary compensation) for his 2008 production. It is obvious that you and Simon treated your corporations as personal ATM machines, while completely ignoring your fiduciary

responsibilities to your employee and minority shareholder, Mr. Stansbury. It further appears that after the exorbitant salaries were paid to you, you then loaned the money back to the corporation at an interest rate significantly above market rates in order to meet the cash flow needs of the various entities, again, clearly disregarding your corporate governance responsibilities.

2. Indemnification issues.

Mr. Stansbury has been served with three lawsuits from Phoenix Insurance Company and one from Mr. Wright seeking indemnification as a result of agent misconduct which was in no way attributable to the conduct of Mr. Stansbury. Although all of these matters have been settled, because he was the qualifying agent of record for other policies, he could be the subject of future litigation for refunds of commissions paid. All of these commissions were paid over to you or your companies.

The Indemnification Agreement which you sent to Mr. Stansbury is completely insufficient. You have a duty as a matter of law to indemnify Mr. Stansbury. Your offer of future indemnity is contingent upon "all" commissions that have been received by LIC's present or past shareholders be turned over to LIC. This is nothing short of extortion. Further, your second paragraph states that LIC is "presently insolvent" and has a "negative net worth." You then conclude with the sentence that with the indemnification agreement in place, LIC "may" have sufficient funds to meet its current obligations. Therefore, a simple indemnification from LIC Holdings to Mr. Stansbury is insufficient. Any such indemnification would have to be personally guaranteed by you and Mr. Simon Bernstein.

3. Unauthorized interception of U.S. Mail.

I have been given the understanding that your office has been opening mail directed to Mr. Stansbury personally. This is a federal offense and also constitutes a breach of the fiduciary duty you owe to Mr. Stansbury as an employee and minority shareholder.

There has been no accounting to Mr. Stansbury for any of the checks which may have been sent to him personally on which his signature has been forged, the checks cashed and placed out of the reach of Mr. Stansbury. In 2012, Mr. Stansbury has been receiving checks from Phoenix Life Insurance Company and TransAmerica Life Insurance Company. Mr. Stansbury has been holding these checks. They have now been remitted to the undersigned as attorney for Mr. Stansbury. This office is holding these funds in a separate interest-bearing trust account pending the resolution of this matter.

With regard to all of the other insurance companies for whom Mr. Stansbury is listed as the qualifying agent, he has now informed those companies that all future renewal commissions paid to him personally be sent to Mr. Stansbury at his home address. These funds will then be remitted to the undersigned counsel of record for Mr. Stansbury. We will place these funds in a separate interest-bearing trust account as well. Any attempts by you to contact these insurance

companies will be considered a tortious interference of his business relationship and such activity will be added as a claim in any future legal proceedings.

4. Shareholder status.

Mr. Stansbury has been a 10% shareholder of LIC Holdings, Inc., pursuant to the terms of a Shareholders Agreement. On behalf of Mr. Stansbury, demand is hereby made, pursuant to Florida Statute 607.1602, for inspection of the corporate records including the following:

I. Minutes of the Board of Directors meetings from January 1, 2008 to the present.

II. Minutes of Shareholders' meetings from January 1, 2008 to the present.

III. Records of any actions taken by the Shareholders and/or the Board of Directors without a meeting, from January 1, 2008 to the present.

IV. Accounting and financial records of LIC Holdings, Inc., Arbitrage International Management, LLC, formerly known as Arbitrage International Holdings, LLC, and all other subsidiary or affiliated companies under your control, including, without limitation, income tax returns, general ledgers, balance sheets, profit and loss statements, stock books, bank statements, loan agreements or guarantees, and any other financial books and records from January 1, 2008 to the present.

Mr. Stansbury is seeking to inspect these records in good faith and for the purpose of determining if misappropriation of corporate assets for improper purposes has previously taken or is presently taking place.

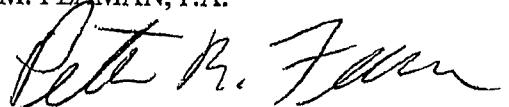
I have been made aware of a letter dated December 22, 2011 in which Mr. Stansbury purportedly "ceded" his shares of stock in LIC Holdings, Inc. back to the company. This letter was obtained under false pretenses and is not recognized by Mr. Stansbury as validly conveying his ownership interest in LIC Holdings, Inc.

Please have your legal counsel contact us within ten (10) days. Should we fail to receive a response within that time, Mr. Stansbury will take legal action to protect his rights and interests.

Very truly yours,

PETER M. FEAMAN, P.A.

By:


Peter M. Feaman

PMF/mk

cc: William Stansbury

CC Riggs (e-mail)

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Ted Bernstein, Pres.
LIC Holdings, Inc.
950 Peninsula Corp. Cir.
Suite 3010
Boca Raton, FL 33487

2. Article Number

(Transfer from service label)

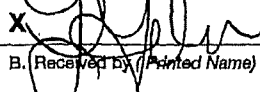
7011 0110 0000 6015 5239

PS Form 3811, February 2004

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from Item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

102595-02-M-1540

DIVIDER PAGE

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

WILLIAM E. STANSBURY,

CASE NO: 50 2012 CA 013933 MB AA

Plaintiff,

vs.

TED S. BERNSTEIN; DONALD TESCHER and
ROBERT SPALLINA, as co-personal
representatives of the ESTATE OF SIMON L.
BERNSTEIN and as co-trustees of the SHIRLEY
BERNSTEIN TRUST AGREEMENT dated
May 20, 2008; LIC HOLDINGS, INC.;
ARBITRAGE INTERNATIONAL MANAGEMENT, LLC,
f/k/a ARBITRAGE INTERNATIONAL
HOLDINGS, LLC; BERNSTEIN FAMILY
REALTY, LLC,

Defendants.

**DEFENDANT'S, ESTATE, AMENDED ANSWER, AFFIRMATIVE DEFENSES,
AND COUNTERCLAIM TO SECOND AMENDED COMPLAINT**

Defendant, Brian O'Connell, as Personal Representative of the Estate of Simon L. Bernstein
("Estate" or "Defendant"), files its answer, affirmative defenses, and counterclaim.

ANSWER

1. Admitted for jurisdictional purposes only and otherwise denied.
2. Without knowledge.
3. Denied, as he is no longer a party.
4. Admit the first and second sentence; admit that there is an estate proceeding, and that

Brian O'Connell is now serving as personal representative of the estate; and otherwise without
knowledge.

5. Denied, as it is no longer a party.
6. Denied, as it is no longer a party.
7. Without knowledge.
8. Denied, as it is no longer a party.
9. Admitted for jurisdictional purposes only and otherwise denied.
10. Without knowledge.
11. Admitted.
12. Admitted.
13. Without knowledge.
14. Without knowledge.
15. Admitted.
16. Without knowledge.
17. Without knowledge.
18. Admitted solely to the extent that the Plaintiff, at some point in time, was owner of
10% of the stock of LIC, and otherwise denied.
19. Denied.
20. Denied.
21. Denied.
22. Without knowledge.
23. Denied.
24. Denied.
25. Denied.

26. Denied.

27. Denied.

28. Denied.

29. Denied.

30. Denied.

31. Admitted solely to the extent that the Plaintiff, at some point in time, was no longer owner of 10% of the stock of LIC, and otherwise denied.

32. Denied.

33. Denied.

34. Without knowledge.

COUNT I

35. This count is not directed toward Defendant, and therefore, no response is necessary. To the extent that any response is deemed necessary, Defendant denies all allegations of each paragraph.

36. See response to 35 above.

37. See response to 35 above.

COUNT II

38. Defendants restate responses 1 to 34 above and any other paragraph which is properly incorporated into this Count.

39. Denied.

40. Without knowledge.

41. Without knowledge.

42. Denied.

43. Denied.

44. Denied.

45. Denied.

46. Denied.

COUNT III

47. Defendants restate responses 1 to 34 above and any other paragraph which is properly incorporated into this Count.

48. Without knowledge.

49. Denied.

50. Denied.

51. Denied.

52. Denied.

COUNT IV

53. See response to 35 above.

54. See response to 35 above.

55. See response to 35 above.

56. See response to 35 above.

57. See response to 35 above.

COUNT V

58. Defendants restate responses 1 to 34 above and any other paragraph which is properly incorporated into this Count.

59. Denied.

60. Denied.

61. Denied.

62. Denied.

63. Denied.

COUNT V (SIC)

64. See response to 35 above.

65. See response to 35 above.

66. See response to 35 above.

67. See response to 35 above.

68. See response to 35 above.

69. See response to 35 above.

COUNT VII

70. Defendants restate responses 1 to 34 above and any other paragraph which is properly incorporated into this Count.

71. Denied.

COUNT VIII

72. Defendants restate responses 1 to 34 and 45 above and any other paragraph which is properly incorporated into this Count.

73. Denied.

74. Denied.

75. Denied.

76. Denied.

77. Denied.

78. Denied.

COUNT IX

79. Defendants restate responses 1 to 34, 45, and Counts III and IV above and any other paragraph which is properly incorporated into this Count.

80. Denied.

81. Denied.

82. Denied.

83. Denied.

84. Denied.

COUNT X

85. Defendants restate responses 79 through 84 above, and any other paragraph which is properly incorporated into this Count.

AFFIRMATIVE DEFENSES

86. Plaintiff's claims are barred in whole or in part by the applicable statute of limitations.

87. Plaintiff's claims are barred in whole or in part by the statute of frauds.

88. Plaintiff's claims are barred in whole or in part because Plaintiff lacks standing to pursue derivative claims because he is no longer a shareholder in LIC and lacks standing to pursue other claims because is no longer an employee of LIC or Arbitrage.

89. Plaintiff's claims are barred because Stansbury is no longer is a shareholder in LIC.

90. Plaintiff's claims are barred in whole or in part by because Plaintiff has misjoined causes of action held in different capacities, and therefore, the Complaint is improper and, at a minimum, certain claims must be dismissed such that Plaintiff pursues only those claims he has in one capacity.

91. Plaintiff's claims are barred in whole or in part by the doctrine of waiver. Plaintiff was aware of the facts and circumstances of the companies' operations, and the financial transactions and dealings within the companies and was aware of the alleged actions which form the basis of his claim, and waived any claims against Defendants.

92. Plaintiff's claims are barred in whole or in part by the doctrine of ratification. Plaintiff was aware of the facts and circumstances of the companies' operations, and the financial transactions and dealings within the companies, and the alleged actions which form the basis of his claim, and ratified such alleged actions.

93. Plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Plaintiff was aware of the facts and circumstances of the companies' operations, and the financial transactions and dealings within the companies, and was aware of the alleged actions which form the basis of his claim, and therefore is estopped to assert any claims against Defendants.

94. Plaintiff's claims are barred in whole or in part by the doctrine of acquiescence. Plaintiff was aware of the facts and circumstances of the companies' operations, and the financial transactions and dealings within the companies, and was aware of the alleged actions which form the basis of his claim, and therefore acquiesced in the conduct about which he now complains.

95. Plaintiff's claims against the Estate's decedent, Simon L. Bernstein, are barred in whole or in part by the corporate shield doctrine. All of the actions allegedly taken by Simon

Bernstein were actions taken on behalf of a legal entity (corporation or limited liability company), and not on behalf of himself individually, and therefore, any claims against Bernstein individually are barred.

96. Plaintiff has failed to comply with the requirements of section 607.07401 of the Florida Statutes.

97. Plaintiff's claims are barred in whole or in part by the doctrine of laches, in that Plaintiff unreasonably delayed bringing these claims for numerous years, while continuing to work and continuing to receive compensation, benefits and distributions; and Defendant was prejudiced by such delay, including by their actions in continuing such employment and such benefits, and in other ways.

98. Plaintiff's claim against the Estate is barred in whole or in part because Plaintiff failed to properly include all or a portion of the relief requested in the Second Amended Complaint within his claim filed in the Defendant-decedent's probate proceedings. As such, those claims are now barred and Plaintiff is estopped from pursuing same as the three (3) month statutory period for filing claims against the Estate had expired before some or all of the claims were properly made.

99. Plaintiff has failed to state a cause of action for Constructive Trust because Plaintiff has failed to plead all necessary elements of such a claim.

100. Plaintiff's claims are barred in whole or in part by virtue of Plaintiff's settlement with LIC Holdings, Inc. ("LIC"), Arbitrage International Management, LLC ("AIM"), and Ted. S. Bernstein ("Ted"), which contained a general release of LIC, AIM and Ted from, among other things, any and all claims, actions, causes of action, debts, accounts, contracts, agreements, promises, damages and demands.

101. Plaintiff's claims, including the fraud and conspiracy claims, are barred because there is no proof that Simon Bernstein did not intend to fulfill any promises he allegedly made, at the time the alleged promises were made, and that any failures were caused by changes in the insurance industry and/or the collapse of the financial markets, which had an unforeseen, but immediate, negative impact on LIC and AIM, and the entire industry.

102. Plaintiff's conspiracy claims are barred by the release of Ted, as there are no co-conspirators.

102. Plaintiff's claims which require proof of reliance, including the fraud and conspiracy claims, are barred because Plaintiff cannot establish justifiable reliance on any representation by Simon Bernstein individually, under the facts and circumstances of this case.

WHEREFORE, having answered the Complaint, Defendant demands judgment in its favor, together with an award of costs and, pursuant to any applicable contract or statute, attorneys' fees, and such other relief as it just.

CERTIFICATE OF SERVICE

I CERTIFY that a copy of the foregoing has been furnished to the Service List set forth below
by: ☒ E-mail Electronic Transmission; ☐ Facsimile; ☐ U.S. Mail; ☐ Overnight Delivery; ☐
Hand-delivery, this 19th day of October, 2016.

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Facsimile: (561) 655-5537
Email: arose@mrachek-law.com; mchandler@mrachek-law.com
Counsel for Estate of Simon L. Bernstein

By: /s/ Alan B. Rose
Alan B. Rose (Florida Bar No. 961825)

SERVICE LIST - CASE NO. 502012CA013933XXXXMBAN

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EXHIBIT

“B”

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made this ____ day of February, 2018, by and among the Parties listed below, for and in consideration of the mutual promises and releases made herein, the receipt and adequacy of which is acknowledged by all Parties hereto.

WHEREAS, disputes have arisen between the Parties, which disputes currently include and/or are being litigated in Case No: 502012CP4391XXXXNB IH ("Simon Estate Action") and that certain independent action filed against the Simon Estate in Case No. 502012CA013933XXXXMB AA ("Stansbury Action") (collectively, "the Actions"); and

WHEREAS, without admission of fault or liability, all Parties desire to resolve these disputes so as to avoid the continued expense and uncertainty of litigation; and

WHEREAS, William Stansbury initially funded the intervention of the Simon Estate into that certain action entitled, "Bernstein, et al v. Heritage," Case No. 13 CV 3643, otherwise known as the "Illinois Litigation;" and

WHEREAS, that intervention benefitted the Simon Estate; and

WHEREAS, as a result of certain claims made by the Simon Estate against its former legal counsel, the Law Firm of Tescher and Spallina, a settlement of those disputes was made by and between the Simon Estate and Tescher and Spallina which settlement is pending approval by the Palm Beach County Probate Court.

NOW THEREFORE, the Parties have agreed as follows:

1. The Parties to this Agreement are:

a. Brian M. O'Connell, Esq., Successor Personal Representative of the Estate of Simon L. Bernstein ("Personal Representative," "Simon Estate," "Decedent," respectively),

b. William Stansbury, in all capacities, including but not limited to as a claimant and/or creditor in the Simon Estate and plaintiff in the Stansbury Action ("Stansbury"); (collectively the "Parties").

2. In full and final settlement of the Stansbury Action and any and all claims, defenses, causes of action, or the like, relating to same and Stansbury's claim in the Simon Estate Action, specifically including any claims for reimbursement of attorneys' fees and costs in connection with the Estate's participation in and recovery from the Illinois life insurance proceeds lawsuit (the "Illinois Action"), the Personal Representative shall pay from the assets of the Simon Estate to Stansbury, within 30 days of Court approval of this Agreement, \$249,506.91 ("Settlement Funds"), subject to the other provisions of this Agreement.

3. Stansbury agrees that the Settlement Funds is in full and final settlement and compromise of all claims and potential claims he has, will or may file or bring against Simon's Estate, including without limitation the Simon Estate Action, the Stansbury Action and the Illinois Action. Stansbury hereby acknowledges discharge of all claims against the Simon Estate, and releases the Simon Estate, the Successor Personal Representative of the Simon Estate, and the Simon L. Bernstein Amended and Restated Trust Agreement, dated July 25, 2012 ("Simon Trust") from all further liability with respect thereto. Stansbury agrees he shall have no further interest as a claimant, interested person, or otherwise, in the Simon Estate Action or the Simon Estate, and any actions relating thereto, including but not limited to those as stated in this Agreement.

4. Within 5 days of the Simon Estate making the payment outlined in paragraph 2, above: (a) all proceedings and/or pleadings or papers currently pending against the Simon Estate, including the Stansbury Action, will be dismissed with prejudice by Stansbury; and (b) Stansbury shall execute a Satisfaction and Release of Claim and Waiver of Interested Person Status in the Simon Estate.

5. (a) In consideration of the promises and other consideration set forth in this Agreement, the Parties, individually and in all current and/or future fiduciary capacities, on their own behalf and on behalf of their successors, assigns, heirs, agents, employees, attorneys, executors, representatives, and others claiming through or under them, do hereby release, acquit, and forever discharge the Parties to this Agreement, in any and all capacities, as well as their successors, assigns, agents, employees and attorneys, of and from any and all claims, rights, sums of money, contracts, agreements, promises, covenants, causes of action, including but not limited to negligence, tort, contract, breach of duty, and all other causes of action, suits, damages, debts, obligations, losses, expenses and liabilities of any kind or nature whatsoever, whether known or unknown, asserted or unasserted, that they have, have had, or may hereafter have, or which their personal representative, administrators, executors, heirs, assigns, or other successor parties hereafter may have, by reason of any and all matters, causes, acts, omissions, or things whatsoever, from the beginning of time until the date of this Agreement provided, however, that the foregoing release shall not be deemed to apply to any of the obligations of the Parties set forth in this Agreement.

(b) No Novation and Express Reservation of Rights: Neither this Agreement nor the settlement between the Simon Estate and the Law Firm of Tescher & Spallina, P.A. is intended by the Parties to nor shall it settle, release, acquit, discharge or impair the claims, if any, that Stansbury has or may have, individually, or in any other capacity, directly or indirectly, against the Law Firm of Tescher & Spallina, P.A., Donald Tescher and/or Robert Spallina (in any of their respective corporate, individual, fiduciary, or other capacities) for any matters whatsoever, and all such claims, if any, by Stansbury are expressly reserved.

6. The Court presiding over the Simon Estate Action shall retain jurisdiction to enforce the terms of this Agreement until such time as it has been fully performed.

7. The Parties agree to cooperate in the preparation, execution and delivery of whatever additional documents, if any, that may be reasonably required to effectuate the intents and purposes of this Agreement.

8. The Parties expressly acknowledge that nothing herein shall be construed as an admission of liability by any Party, and that any payment, agreement, promise, exchange, or other consideration provided in connection with this Agreement is made or accepted solely for the purpose of settlement and compromise.

9. No amendment to this Agreement may be made except by a written instrument executed by all Parties to this Agreement and approved by the Court presiding over the Palm Beach action. Any attempted oral modification of this Agreement shall be void.

10. The language of this Agreement shall in all cases be construed in its entirety, according to its fair meaning, and not strictly for or against any party, as the parties hereto jointly participated in the preparation of this Agreement.

11. This Agreement shall be construed in accordance with the laws of the State of Florida, without regard to its conflict of law provisions.


12. This agreement will inure to the benefit of and bind the respective heirs, personal representatives, successors and permitted assigns of the parties hereto. Terms worded in the masculine include the feminine and terms worded in the feminine include the masculine, and terms worded in the singular include the plural and terms worded in the plural include the singular, and terms worded in the neuter include feminine, masculine, singular and plural, in each case as the context of this Agreement admits or requires.

13. This Agreement is contingent upon acceptance or approval by the Probate Court presiding over the Estate of Simon L. Bernstein, Case Number 502012CP4391XXXXNB IH.

14. Except as otherwise provided herein, each Party shall bear its own attorneys' fees and costs. All fees payable pursuant to the terms of this Agreement shall be in full and final settlement of such fee obligations incurred in connection with this litigation. In the event there is any breach of this Agreement after Court approval, the Court shall have authority to award all attorneys' fees, costs, and expenses as the Court deems appropriate against the breaching party without regard to any of the restrictions set forth in the guidelines for taxation of costs and/or case law regarding prevailing party.

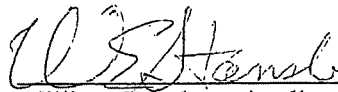
IN WITNESS WHEREOF, the Parties have hereunto set their hands and seals this ____ day of February, 2018.

2-27-18
Date



Brian M. O'Connell, as Successor Personal Representative of the Simon Bernstein Estate

3/2/18
Date

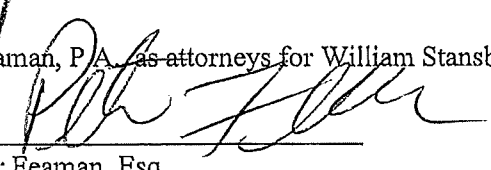


William Stansbury, in all capacities, including but not limited to as a claimant in the Simon Estate

Ciklin Lubitz & O'Connell, as attorneys for Brian M. O'Connell, as Successor Personal Representative of the Simon Bernstein Estate

By: _____

Peter M. Feaman, P.A., as attorneys for William Stansbury, in all capacities

By: _____
Peter Feaman, Esq.