

**IN THE DISTRICT COURT OF CLEVELAND COUNTY
STATE OF OKLAHOMA**

STATE OF OKLAHOMA, ex rel. GENTNER
DRUMMOND, OKLAHOMA ATTORNEY
GENERAL,

Plaintiff,

v.

STATE FARM FIRE AND CASUALTY
COMPANY,

Defendant.

FILED

DISTRICT COURT

CLEVELAND COUNTY, OKLAHOMA

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MARILYN WILLIAMS, COURT CLERK

Case Number CJ-2026-1066

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MOTION TO DISQUALIFY WHITTEN BURRAGE AS COUNSEL FOR PLAINTIFF

In *State Farm Fire & Casualty Co. v. Palumbo*, the Oklahoma Supreme Court held that the Oklahoma Attorney General (“AG”) could not intervene in a private contract dispute brought by Whitten Burrage against State Farm. 2026 OK 51, 593 P.3d 104. While the AG could attempt to bring his own lawsuit, such “distinct proceedings ensures that the State’s broad interests are addressed in the correct forum while preserving the integrity of this private litigation.” *Id.* ¶ 7. But the AG now seeks once again to undermine the integrity of litigation by simply reversing roles, retaining Whitten Burrage to represent the State. So, escalating from intervening in a private contract dispute, the AG has now unlawfully granted the private law firm that filed the contract dispute the powers and weight of the State’s chief legal officer to prosecute this quasi-criminal action against the same defendant. The issue is complicated further by the fact that the firm in question currently has numerous other pending contingency fee cases against State Farm. Their ability to inappropriately leverage their prosecution of this case for their own financial gain is a textbook example of the arrangements the State’s conflicts of interest rules are designed to prohibit. As Justice Winchester, joined by Justice Darby, stated in his concurrence, “the [S]tate cannot lend

the power of its name, or assume the cause of one private citizen against another, for the purpose of settling rights or titles in controversy between them.” *Id.* ¶ 5 (Winchester, J., concurring (quoting *Savoy Oil Co. v. Emery*, 1928 OK 572, ¶ 27, 277 P. 1029, 1035)). The AG’s delegation violates due process, principles of fundamental fairness, and Oklahoma sunshine laws. The Court should not permit it.

First, Whitten Burrage’s engagement in this quasi-criminal action would irreparably violate State Farm’s Due Process rights by vesting the State’s prosecutorial power in an interested party—a tactic explicitly proscribed by the U.S. Supreme Court, *see Young v. U.S. ex rel. Vuitton et Fils S.A.*, 481 U.S. 787, 794-814 (1987). As Justice Winchester highlighted in *Palumbo*, the AG is asserting quasi-criminal claims against State Farm. To prove his ORICO claim, the AG will have to establish that State Farm committed two or more enumerated felonies. But it is well-settled that the retention of private lawyers to try criminal or quasi-criminal actions violates due process because such lawyers have different incentives and ethical obligations than those of government prosecutors. *See Marshall v. Jerrico, Inc.*, 446 U.S. 238, 249–50 (1980) (“A scheme injecting a personal interest, financial or otherwise, into the enforcement process may bring irrelevant or impermissible factors into the prosecutorial decision and in some contexts raise serious constitutional questions.”). And that is especially true here, where those private lawyers have other pending contingency fee cases against State Farm, and they can enhance that leverage with their prosecution of this case. As those very lawyers have admitted: “[They] have a stake in this fight.”¹ Whitten Burrage’s incentive here is not justice, it is to continue the case irrespective of its merit and thus increase their chances of victory (and payment) in their private cases, which would

¹ Reggie Whitten, Whitten: Standing between Oklahoma families and the insurance giants, JOURNAL RECORD (Sept. 1, 2026), <https://journalrecord.com/2026/09/01/reggie-whitten-oklahoma-state-farm-allstate-insurance-lawsuit/>.

increase cost pressures on premiums for families statewide. The Constitution forbids that arrangement, so they must be disqualified.

Second, the State's retention of Whitten Burrage in a quasi-criminal suit would violate confidentiality provisions intended to protect the integrity of the prosecutorial process. Under Oklahoma law, only two offices may bring an ORICO claim: the AG and a district attorney. 74 O.S. § 1404. The reason is obvious: ORICO is a criminal statute with a limited quasi-criminal civil cause of action. And given the magnitude of the accusations levied in an ORICO suit, the AG or district attorney prosecuting such a claim is bound by unique duties of confidentiality. *E.g.*, 22 O.S. § 1415(B). Even assuming an ORICO claim is viable in this case, the AG's retention of State Farm's frequent—and very public—opponent in private litigation to conduct a quasi-criminal investigation in which confidential documents will likely be compelled to be produced contradicts the Legislature's intent to limit who can bring an ORICO claim and attempts to evade the duties imposed upon such persons. The Court should prohibit this engagement.

Third, Oklahoma law requires public disclosure following the State's hiring of a private law firm. *See* 74 O.S. § 20i. The AG has not complied with those laws in this case. Oklahomans—more specifically, the taxpayers funding this litigation—simply don't know the terms of Whitten Burrage's contract in this case, including how much Whitten Burrage will be paid if the State prevails. This is further relevant given the robust donations from Whitten Burrage lawyers to the AG's gubernatorial campaign shortly before entering their appearances in this case. Either way, the failure to comply with Oklahoma's sunshine laws renders the agreement illegal, and therefore, void. The Court should strike Whitten Burrage's illegal appearance on behalf of the State.

For the foregoing reasons, and as detailed below, this Court should disqualify Whitten Burrage.

ARGUMENT

The same firm that serves as plaintiffs' counsel in numerous other private actions against State Farm—including the litigation in which the Oklahoma Supreme Court barred the AG's intervention—attempts to improperly represent the State itself in an action against the same defendant. For numerous reasons, this Court should disqualify that firm from doing so.

I. THE ATTORNEY GENERAL'S HIRING OF WHITTEN BURRAGE TO PURSUE AN ORICO CLAIM TO WHICH IT HAS A VESTED INTEREST IS UNCONSTITUTIONAL.

The U.S. Supreme Court has held that prosecution of a criminal claim by a party with a vested financial interest in the outcome violates the Constitution's Due Process clause. *Young v. U.S. ex rel. Vuitton et Fils S.A.*, 481 U.S. 787, 794–814 (1987). Courts have applied a similar rule in civil cases that have criminal underpinnings. *People ex rel. Clancy v. Superior Court*, 39 Cal. 3d 740, 749, 705 P.2d 347, 353 (1985). Here, “the Attorney General’s pursuit of RICO allegations introduce[s] quasi-criminal elements” into this lawsuit. *State Farm Fire & Cas. Co. v. Palumbo*, 2026 OK 51, ¶ 6, 593 P.3d 104, 105. The AG’s hiring of private counsel that stands to benefit in its private litigation against State Farm violates the Due Process clause.

A. Supreme Court precedent instructs that Whitten Burrage may not serve as counsel for the State due to its quasi-criminal ORICO allegations.

Government prosecutors are tasked with a different duty than counsel acting for a private litigant. An attorney general:

[I]s the representative not of an ordinary party to a controversy, but of a sovereignty whose obligation to govern impartially is as compelling as its obligation to govern at all; and whose interest, therefore, in a criminal prosecution is not that it shall win a case, but that justice shall be done. . . . It is as much his duty to refrain from improper methods calculated to produce a wrongful conviction as it is to use every legitimate means to bring about a just one.

Berger v. United States, 295 U.S. 78, 88 (1935); *see also McCarty v. State*, 1988 OK CR 271, ¶¶ 17-18, 765 P.2d 1215, 1222 (applying *Berger* and holding that the right to a fair trial can by

compromised by “an overzealous prosecutor”). “A scheme injecting a personal interest, financial or otherwise, into the enforcement process may bring irrelevant or impermissible factors into the prosecutorial decision and in some contexts raise serious constitutional questions.” *Marshall v. Jerrico, Inc.*, 446 U.S. 238, 249–50 (1980). That duty to “fairness” also extends to the government’s civil lawyers. *Freeport-McMoRan Oil & Gas Co. v. FERC*, 962 F.2d 45, 47 (D.C. Cir. 1992) (“[T]he principle [applies] with equal force to the government’s civil lawyers” who are held “to higher standards than private lawyers” and “have ‘the responsibility to seek justice’” (citations omitted)).

Given these different obligations, the U.S. Supreme Court has prohibited the use of a private attorney possessing a vested financial interest in a criminal contempt proceeding. *See Young v. U.S. ex rel. Vuitton et Fils S.A.*, 481 U.S. 787, 794-814 (1987). In *Young*, the U.S. Supreme Court “establish[ed] a categorical rule against the appointment of an interested prosecutor, adherence to which requires no subtle calculations of judgment.” *Young*, 481 U.S. at 814. The Court further held that “we must have assurance that those who would wield this power will be guided solely by their sense of public responsibility for the attainment of justice. A prosecutor of a contempt action who represents the private beneficiary of the court order allegedly violated cannot provide such assurance, for such an attorney is required by the very standards of the profession to serve two masters.” *Id.*

Courts have also applied this standard where a civil action could “trigger a criminal prosecution.” *People ex rel. Clancy v. Superior Court*, 39 Cal. 3d 740, 749, 705 P.2d 347, 353 (1985) (“A suit to abate a public nuisance can trigger a criminal prosecution of the owner of the property. This connection between the civil and criminal aspects of public nuisance law further supports the need for a neutral prosecuting attorney.”). “When a government attorney has a

personal interest in the litigation, the neutrality so essential to the system is violated.” *Clancy*, 39 Cal. 3d 740, 746, 705 P.2d 347, 351 (1985).

Here, the State’s AG centers his lawsuit on a purported ORICO claim. Pet. ¶¶ 64–71. And while State Farm vehemently denies the validity of any such claim, to prove his claim the AG will have to show the commission of two or more enumerated felonies. *See* 22 O.S. § 1402(10) (defining “[r]acketeering activity” as “engaging in, . . . or soliciting, coercing, or intimidating another person to engage in any conduct which is chargeable or indictable as constituting a felony violation of one or more of the following provisions of the Oklahoma Statutes . . .”).² In essence, the AG must conduct a criminal investigation in order to prosecute his suit against State Farm.

But Whitten Burrage is not a disinterested prosecutor with an obligation to seek justice. *See* OK ST RPC Rule 3.8 cmt. 1 (“A prosecutor has the responsibility of a minister of justice and not simply that of an advocate.”). Rather, Whitten Burrage has a vested interest in pursuing ORICO claims to lend credence to their plaintiffs’ lawsuits, for which they have a significant financial interest. What’s more, they have repeatedly relied on the AG’s actions to lend credence to their claims in their own independent lawsuits. *See, e.g.*, Petition ¶ 5(a), *John Randolph v. State Farm et al.*, No. CJ-2026-1190 (Feb. 17, 2026), Exhibit 1 (citing the AG’s intervention and claims in *Hursh*). In essence, even if the evidence shows that no criminal wrongdoing has occurred, Whitten Burrage has a vested interest in continuing this lawsuit because they claim that it supports the validity of their separate private party suits. And dismissing the ORICO claim might have the

² The AG has also threatened a criminal prosecution. *See* Laura Jarrett and Abigail Brooks, Oklahoma Lawsuit Alleges State Farm Cheats Homeowners, NBC News (Mar. 11, 2026), <https://www.nbcnews.com/business/consumer/lawsuit-alleges-state-farm-cheats-homeowners-rcna262814> (““There may be a scheme inside of State Farm’s leadership to intentionally defraud Oklahomans, and if that can be proven,” Drummond told NBC News, ‘that RICO will cross into the criminal world.’”).

opposing effect of undercutting their allegations. Whitten Burrage is disincentivized from making a fair, honest, and just evaluation of the validity of the AG's quasi-criminal claims and their proper, measured prosecution. That is the exact opposite of the duty that the code of ethics and Constitution require of a government attorney.

B. Whitten Burrage's Engagement Offends Principles of Fairness and Neutrality.

As an officer of the state, the AG is bound by the Due Process Clause of the Fourteenth Amendment. *United States v. Raines*, 362 U.S. 17, 25 (1960); *see also McCarty v. State*, 1988 OK CR 271, ¶ 17 (concluding in a state criminal case where “the prosecutor is a state official” that “we deal with an aspect of a fair trial which is implicit in the Due Process Clause of the Fourteenth Amendment”). The Due Process Clause guarantees “fundamental fairness in the prosecutor’s trial conduct.” *Solis v. Standifird*, No. CIV-10-621-HE, 2011 WL 2144604, at *7 (W.D. Okla. Jan. 7, 2011), *report and recommendation adopted*, No. CIV-10-0621-HE, 2011 WL 2143663 (W.D. Okla. May 31, 2011).

The *Young* Court not only considered whether private attorneys appointed as special prosecutors fulfilled the “unique responsibility” of a public prosecutor to “seek justice, not merely to convict,” but also evaluated how those duties would clash with its separate duties to its private-party clients. 481 U.S. 787, 803–04 (1987). The Court acknowledged that “representation of other clients may compromise the prosecutor’s pursuit of the Government’s interest” because “a prosecutor would owe an ethical duty to those other clients.” *Id.* at 803–04. At base, “the attorney could not discharge the obligation of undivided loyalty to both clients where both have a direct interest.” *Id.* at 805. The problem does not depend on proof that the lawyer actually acted improperly: the dual role itself creates a structural opportunity for private interests to affect decisions about litigation scope, evidence, settlement, and the use of coercive governmental tools.

Whitten Burrage's retention in the AG's case against State Farm represents the exact kind of "inherent conflict" the U.S. Supreme Court found offensive to the interest of justice. That contrast is irreconcilable under Oklahoma law. "An attorney must be able to advocate his client's cause untrammelled by a conflicting loyalty to another." *State ex rel. Oklahoma Bar Ass'n v. Andre*, 1998 OK 29, ¶ 8. "[C]onflict rules are designed to protect a client from a lawyer unable to undertake effective advocacy because of loyalty to some adverse or conflicting interest." *Id.*; see also Oklahoma Rules of Professional Conduct 1.7(a)(2). Whitten Burrage's loyalty is divided between the State of Oklahoma and portfolio of other private litigants, to each of whom the firm owes independent fiduciary duties. The firm cannot advocate the State's regulatory and enforcement interests in an unbiased manner "untrammelled" by its conflicting loyalty to private clients who seek individual monetary recoveries from the same defendant.

Whitten Burrage's financial interest in its private litigation portfolio against State Farm is equally disqualifying. The firm stands to benefit financially from the very enforcement action in which it purports to represent the State that has an ethical duty to be a disinterested enforcer of the law. Nor is the risk of material limitation theoretical. Whitten Burrage's divided loyalties would distort the State's enforcement choices in concrete ways. The firm might resist a settlement that includes broad injunctive relief but limited monetary damages—even though such a result would serve the public interest—because it would provide no benefit to its private clients. It might prioritize discovery channels that advance its private case theories rather than the State's enforcement objectives. This is precisely the "real harm to the integrity of the judicial process" that the Oklahoma Supreme Court held warrants disqualification. *Phillips*, 2007 OK 78, ¶¶ 13, 17. Whitten Burrage aims to maximize the number of individual litigants it represents and enlarge the possible recovery in their total pool of cases to increase settlement leverage. Whitten Burrage's

loyalty is thus to the individual litigants in its private actions. This pecuniary interest stands in contrast to the broader regulatory interest the AG purports to have. Here, the AG's choice of counsel must yield to the public's paramount interest in the integrity of a quasi-criminal enforcement proceeding—an interest that cannot be preserved when the State's own attorneys stand to reap private financial rewards from the action they prosecute.

C. The Oklahoma Supreme Court rejected a similar arrangement mere months ago.

The Oklahoma Supreme Court similarly **struck down the AG's previous attempt to unfairly benefit this exact law firm, in this exact lawsuit** (albeit filed in a different county). *Cf. Palumbo*, 2026 OK 51, ¶ 8, 593 P.3d at 105. In *Palumbo*, Whitten Burrage's private clients brought a contract-based claim against State Farm. *Id.* ¶ 2. But when the AG tried to put the weight of his office on the side of Whitten Burrage's clients, the court “grant[ed] extraordinary relief” and forbade his intervention in Whitten Burrage's lawsuit. *Id.* ¶ 1. Justice Winchester wrote separately to emphasize that the “Court long ago established, ‘the [S]tate cannot lend the power of its name, or assume the cause of one private citizen against another, for the purpose of settling rights or titles in controversy between them.’” *Palumbo*, 2026 OK 51, ¶ 5, 593 P.3d at 107 (Winchester, J. concurring) (alterations in original) (quoting *Savoy Oil Co. v. Emery*, 1928 OK 572, ¶ 27, 277 P. 1029, 1035). Justice Winchester further reasoned that permitting the AG to combine his lawsuit with Whitten Burrage's private plaintiffs “subjects State Farm (or any similarly situated party) to prejudice by forcing it to defend a routine hail damage claim against the combined resources of the private plaintiffs **and** the State.” *Id.* ¶ 7 (emphasis in original).

The AG now attempts to flip the order of operations to do here what the Supreme Court previously denied and would not permit him to do in *Palumbo*. Instead of throwing his weight behind Whitten Burrage and their clients in a single private lawsuit, the AG allows them to run this official lawsuit and thus leverage his weight in *all their private lawsuits*. Because the

Supreme Court would not permit the AG to join Whitten Burrage's lawsuit, he now invites them to join his own to achieve the same result. In algebra, $A + B$ equals the same thing as $B + A$. So too here. If the AG's attempt to benefit his private law firm allies was impermissible before, it remains impermissible now in this inverse form.

II. THE ATTORNEY GENERAL'S HIRING OF WHITTEN BURRAGE VIOLATES OKLAHOMA STATUTES GOVERNING ENGAGEMENTS WITH OUTSIDE COUNSEL.

Not only does the AG again stretch the bounds of required Constitutional protections against the abuse of state power, but he also does so through a backroom deal that violates Oklahoma sunshine laws. Generally, hiring private counsel is only authorized where (A) it is otherwise authorized by law or (B) "the Attorney General is unable" to proceed himself either because (i) he is conflicted, (ii) he lacks adequate personnel, or (iii) he lacks expertise "to provide the specific representation required" 74 O.S. § 20i(A)(1)–(3); *see also id.* § 18c(A)(1) ("Except as otherwise provided by this subsection, no state officer, board or commission shall have authority to employ or appoint attorneys to advise or represent said officer, board or commission in any matter."). And when an executive branch official contracts with a private attorney, it must generally select from a list of attorneys or firms who has "filed a schedule of fees for services with and on a form approved by the Attorney General." 74 O.S. § 20i(B). An official may only obtain representation by an attorney or law firm who is not on the list "when there is no attorney or firm on the list capable of providing the specific representation" *Id.* Additionally, the AG "shall," after approving a contract for legal services with private attorneys or firms, "make available to the public on the Attorney General's website the information required pursuant to" 74 O.S. §§ 20i(I)(1)–(8) (including the nature and scope of the representation, the reason for not utilizing the AG's own attorneys, the anticipated cost of the representation, an estimate of the anticipated duration of the contract, the past or present relationship between the attorney and the agency, and

justification showing that the decision was made based on whether the private firm was the most economical and competent). 74 O.S. § 20i(J). When the agreement with private counsel is under a contingency fee arrangement, copies “shall be posted on the Attorney General’s website for public inspection within five (5) business days after the date the contract is executed and shall remain posted on the website for the duration of the contingency fee contract” 74 O.S. § 20i(G).³

A. The Attorney General has not publicly disclosed his legal engagement with Whitten Burrage as is required by Oklahoma law.

The legislature amended § 20i to prevent under-the-table deals such as the one at issue here. In 2021, the Oklahoma Legislature passed legislation to control the use of private, contingency fee lawyers by the AG, a practice that had become increasingly common over the past two decades.⁴ The bill empowered state agencies to retain private attorneys only by adhering to enumerated limitations, including (1) capping contingency fees based on recovery, (2) requiring the AG to “develop a standard clause . . . providing for government attorneys to retain control of the case,” (3) requiring the AG to “publish all contingency fee contracts on its website within 5 business days after the date the contract is executed,” and (4) providing the Legislative Office of

³ Where the official “has reason to believe that the total cost of the case, transaction or matter including fees and expenses will equal or exceed One Million Dollars (\$1,000,000.00),” said official “shall initiate a request for proposal from at least three qualified private attorneys or firms, when possible, engaged in providing such services.” 74 O.S. § 20i(K)(2). The notice “shall be published on the Attorney General’s website” and “solicit an hourly rate, . . . specify[ing] the importance of price, quality, ability and experience.” *Id.* The selection, then, “shall be based on the response to the request which is the most economical and provides the most competent service which furthers the best interests of the state.” *Id.*

⁴ In fact, when Mr. Drummond’s predecessor gave out such a contract to this law firm, he called it an “objectionable . . . back-room deal.” Letter from Gentner Drummond, Oklahoma Attorney General, to Michael Burrage and Reggie Whitten (Feb. 14, 2023), <https://nondoc.com/wp-content/uploads/2024/01/Drummond-to-Whitten-Burrage-23-ORA-24-production-bates.pdf>.

Fiscal Transparency and Contingency Review Board “reasons for not obtaining representation from an attorney employed by the agency.”⁵

Most obviously, AG Drummond and Whitten Burrage have not complied with Section 20i(G), which mandates that a contingency fee contract “*shall* be posted on the Attorney General’s website for public inspection within five (5) business days after the date the contract is executed.” 74 O.S. § 20i(G) (emphasis added).⁶ They further fail to comply with the provision requiring the AG to make publicly available the nature and scope of the representation, the reasons for engaging private counsel, the fee arrangement, and the relationship between the contracting firm and the State. 74 O.S. § 20i(I)(1)-(8), (J).

As of this filing, the AG’s office has posted nothing related to the retention of Whitten Burrage. His website discloses no legal services agreement with Whitten Burrage, no information about the engagement, and no indication that any such contract exists.⁷ That public silence continues even though the AG has produced the engagement contract with Whitten Burrage in response to an Open Records Request.⁸ Whitten Burrage entered its appearance on August 5, 2026—more than a month ago. The five-business-day posting deadline has long since expired. Given the engagement letter exists and is readily available, there is no justification for the AG’s failure to comply with public disclosure requirements.

⁵ Bill Summary for SB 984, Okla. State Legis. (April 7, 2021), <https://tinyurl.com/SB984Info> .

⁶ The Legislature’s use of “shall” is mandatory. *See, e.g., Thurston v. State Farm Mut. Auto. Ins. Co.*, 2020 OK 105, ¶ 18 (“Generally, the term [‘]shall[’] signifies a mandatory directive or command.”).

⁷ *See* Legal Services Agreement, Oklahoma Attorney General, <https://oklahoma.gov/oag/resources/legal-services-agreements.html> (last accessed Aug. 22, 2026).

⁸ *See* Exhibit 2, ORR No. 26-356 (requesting “[a]ll contracts . . . between the State of Oklahoma . . . and Whitten Burrage entered between November 1, 2025 and August 24, 2026”); Exhibit 3 (September 11, 2026 response to ORR No. 26-356) at 17–30.

a. AG Drummond's noncompliance voids his agreement with Whitten Burrage.

AG Drummond's failure to disclose the engagement letter with Whitten Burrage is dispositive.

Sections 18c and 20i establish a clear statutory architecture. Because the AG possesses no inherent power to retain private counsel, Section 20i's requirements are not post-hoc reporting obligations. They are prerequisites to the lawful exercise of contracting authority. A contract executed without satisfying these prerequisites is void *ab initio*. See, e.g., *Kincaid v. Black Angus Motel, Inc.*, 1999 OK 54, ¶ 7 (“A contract made in violation of a statute is void.”); *Smith v. Sw. Bell Tel. Co.*, 1960 OK 27, ¶ 34 (“[G]enerally an agreement in violation of positive legislation is illegal and void.”).

Because Section 20i was recently amended while Drummond's predecessor was in office, there is a dearth of relevant Oklahoma appellate law. But many other states have enacted similar safeguards, and courts in those other states have voided legal services agreements due to the same violations found here. In *White v. Jernigan Copeland Attorneys, PLLC*, the Mississippi Supreme Court held “null and void” a contingency fee retention agreement between the State Auditor and a private law firm. 346 So. 3d 887 (Miss. 2022). The court voided the contract because the parties failed to comply with Mississippi Code Section 7-5-39—a statute closely analogous to Oklahoma's Sections 18c and 20i. *Id.* at 899–900. Like Oklahoma, Mississippi law requires the AG to act as counsel for state officers and permits retention of outside counsel only upon the AG's declination and with oversight commission approval. See Miss. Code Ann. § 7-5-39(1), (3)(b)(i). The State Auditor in *White* satisfied none of these prerequisites. The court voided the agreement outright: “[G]overnment agencies have only such powers that are expressly granted to them, or necessarily implied in their grant of authority. Any acts which are not so authorized are void.” *Id.* at 896 (quoting *Farrish Gravel Co. v. Miss. State Highway Comm'n*, 458 So. 2d 1066, 1068

(Miss. 1984)). The court further held that “where a particular manner of contracting is prescribed, the manner is the measure of power and must be followed to create a valid contract,” and that “[a]bsent statutory compliance, the parties had no legal capacity to make a contract.” *Id.* at 896, 899 (quoting *Am. Book Co. v. Vandiver*, 178 So. 598, 600 (Miss. 1938)).

The New Jersey Appellate Division applied the same principle in *Kress v. LaVilla*, 335 N.J. Super. 400 (App. Div. 2000). There, a municipality contracted with private attorneys for legal services without adopting the required resolution or publishing the required notice. The court held that the municipality simply “did not and could not enter into a contract with plaintiffs” because “[a]ny exercise of a delegated power by a municipality in a manner not within the purview of the governing statute is capricious and ultra vires.” *Id.* at 409–10 (quoting *Giannone v. Carlin*, 20 N.J. 511, 517 (1956)).

The AG’s position here is weaker still. Unlike the Mississippi Auditor in *White*, who possessed arguable independent statutory authority to pursue recovery of public funds, the Oklahoma AG has no inherent power to retain outside counsel. *See* 74 O.S. § 18c(A)(1). His authority exists only by virtue of Section 20i. Noncompliance is therefore not a procedural defect—it is a complete absence of legal authority. Likewise, Whitten Burrage is “charged with notice of limitations imposed by law upon the exercise of that power.” *Kress*, 335 N.J. Super. at 409 (citation omitted).

The legal services agreement here is void as a matter of law. Whitten Burrage’s appearance rests on no valid contractual authority. The Court should disqualify Whitten Burrage and strike its Entry of Appearance.

b. AG Drummond has previously condemned the hiring of Whitten Burrage under similar circumstances.

The AG hides his retention of Whitten Burrage, just a few years after condemning his predecessor for teaming up with ***the same firm*** in a similar State action/private litigation collaboration against an insurance company. AG Drummond strongly criticized the then-AG's intervention in 2020 private litigation filed by Whitten Burrage against Farmers Insurance. In connection with that Farmers suit, then-AG Mike Hunter sent a letter to Farmers seeking confidential, sealed documents and threatened to subpoena the company if it did not comply.⁹ Drummond condemned Hunter's actions, stating: "It's clear the weight of the attorney general was used in a threatening way to an insurance company to produce documents to a political ally. ***I would judge that as abuse of the office.***"¹⁰

Drummond also specifically denounced the relationship between Hunter and Whitten Burrage, including Hunter's retention of the firm in lawsuits against opioid manufacturers. Within a month of taking office in 2023, Drummond "expressly terminate[d]" Whitten Burrage from that lawsuit, describing the representation as "enriching [Whitten Burrage] far beyond what [it] deserve[s]." ¹¹ AG Drummond accused Whitten Burrage of "profiting from an

⁹ Letter from Mike Hunter, Oklahoma Attorney General, to Jeffrey Dailey, Chief Executive Officer, Farmers Group Inc. (July 25, 2020), <https://nondoc.com/wp-content/uploads/2024/01/Farmers-correspondence-22-ORA-32-Production-Supp-bates.pdf>.

¹⁰ Tres Savage, Major Edmond Earthquakes Jostle Odd Oklahoma History on Regulation, Litigation, NonDoc (Jan. 13, 2024), <https://nondoc.com/2024/01/13/major-edmond-earthquakes-jostle-odd-oklahoma-history/>.

¹¹ See Letter from Gentner Drummond, Oklahoma Attorney General, to Michael Burrage and Reggie Whitten (Feb. 14, 2023), <https://nondoc.com/wp-content/uploads/2024/01/Drummond-to-Whitten-Burrage-23-ORA-24-production-bates.pdf>.

opioid crisis” and “personally benefit[ing] from the excessively profitable payment provisions of the Contract”.¹²

AG Drummond also described how Whitten Burrage’s “Contract was executed outside of an open bidding process that would have resulted in lower fees,” how “such a lucrative no-bid, no-cap contract was executed mere weeks after [Michael Burrage, Reggie Whitten] and [their] spouses donated the maximum legal amount to the campaign of the man who signed the Contract.”¹³ He concluded: “*This Contract, and the profit it allows you to amass, undermines the duties I must uphold as Attorney General, and I will not tolerate such agreements.*”¹⁴ AG Drummond cited favorably Section 20i, which he now flouts, pointing out that the “Legislature and Governor wisely took action to ensure that such a back-room deal could not be struck again” by passing legislation to institute fee caps and a public bidding process.¹⁵ AG Drummond’s retention of Whitten Burrage is the exact back-room deal he sought publicly to eliminate.¹⁶

Despite having previously condemned Whitten Burrage’s business practices in connection with its representation of the State—going so far as to accuse the firm of “enriching” itself at Oklahomans’ expense¹⁷—AG Drummond now seeks to capitalize on Whitten Burrage’s private homeowner lawsuits for his political benefit. The AG’s chosen lawyers in this case again donated the maximum amount allowable by law, mere weeks before AG Drummond engaged them on this

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* (emphasis added).

¹⁵ *Id.*

¹⁶ *Id.* at 2.

¹⁷ *Id.*

matter.¹⁸ The Court should hold AG Drummond to his principles—and to Oklahoma disclosure requirements—by disqualifying Whitten Burrage.

B. The Contract would permit the violation of state confidentiality provisions.

As shown above, an ORICO action may only be originated by the AG or a district attorney. *Knight v. Mooring Capital Fund, LLC*, 749 F.3d 1180, 1185 (10th Cir. 2014) (citing 74 O.S. §§ § 1409(A), 1419); *see also* 74 O.S. § 1404 (“No person shall institute any proceedings, civil or criminal, pursuant to the provisions of this act, except the Attorney General, any district attorney or any district attorney appointed under the provisions of Section 215.9 of Title 19 of the Oklahoma Statutes.”). Moreover, ORICO specifically provides certain confidentiality protections. For instance, “no business papers or records or transcripts or oral testimony, or copies of it, subpoenaed by the Attorney General or district attorney shall be available for examination by an individual other than another law enforcement official without the consent of the person who produced the business papers or records or transcript.” 22 O.S. § 1415(B).

This is consistent with laws governing other investigations that would be required as part of the AG’s ORICO investigation. “Any law enforcement agency or public safety entity . . . conducting a criminal investigation shall be prohibited from disclosing information about the investigation unless the disclosure is necessary to gather information and evidence related to the investigation.” 21 O.S. § 465(A). Similarly, the Open Records Act provides that “the Attorney

¹⁸ Spencer Humphre, *Lawyers Suing State Farm Donated to Drummond, State Farm Agents Donated to Mazzei*, Oklahoma’s News 4 (Aug. 20, 2026), <https://kfor.com/news/oklahoma-legislature/lawyers-suing-state-farm-donated-to-drummond-state-farm-agents-donated-to-mazzei/>. Further, Mike Burrage made a public endorsement around the same time, a step that he admitted he “do[es] not often” do. Michael Burrage, *My Opinion About the Oklahoma Governor’s Race*, McAlester News-Capital (Aug. 17, 2026), https://www.mcalesternews.com/opinion/guest-views-my-opinion-about-the-oklahoma-governors-race/article_cc42ab34-df9d-46cb-810a-78a7a55682c7.html.

General of the State of Oklahoma . . . may keep its litigation files and investigatory reports confidential.” 51 O.S. § 24A.12.

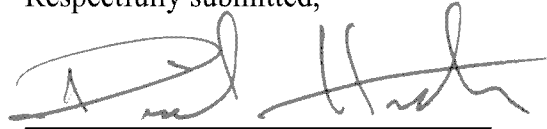
Here, Whitten Burrage would otherwise be prohibited under Oklahoma law from seeing, obtaining, or otherwise having access to the investigatory file that the AG will necessarily obtain as part of his ORICO investigation. And these aren’t just State Farm’s documents; third parties that may be subject to a subpoena would also have their information turned over to Whitten Burrage. These protections were put in place by the legislature for a reason, and the AG and Whitten Burrage should not be allowed to circumvent these protections.

CONCLUSION

For the foregoing reasons, the Court should disqualify Whitten Burrage.

Dated: September 18, 2026

Respectfully submitted,



Lance E. Leffel, OBA No. 19511

David R. Herber, OBA No. 33527

GABLEGOTWALS

BOK Park Plaza

499 W. Sheridan Ave., Suite 2200

Oklahoma City, Oklahoma 73102-7101

Telephone: 405-235-5500

Facsimile: 405-235-2875

Email: lleffel@gablelaw.com

dherber@gablelaw.com

CERTIFICATE OF SERVICE

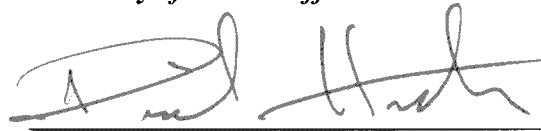
I hereby certify that on this 18th day of September, 2026, I mailed a true and correct copy of the foregoing instrument via U.S. first class mail, postage prepaid, to the following counsel of record:

Gentner Drummond, OBA No. 16645
ATTORNEY GENERAL OF OKLAHOMA
Garry M. Gaskins, II, OBA No. 20212
Cameron R. Capps, OBA No. 32742
Christopher J. Campbell, OBA No. 33649
313 NE 21st Street
Oklahoma City, OK 73105
Phone: 405-522-1260
Fax: 405-521-3921
garry.gaskins@oag.ok.gov
cameron.capps@oag.ok.gov
chris.campbell@oag.ok.gov

Attorneys for Plaintiff

Reggie N. Whitten
Michael Burrage
Blake Sonne
Hannah Whitten
WHITTEN BURRAGE
512 North Broadway Ave., Suite 300
Oklahoma City, OK 73102
Phone: 405-516-7800
Fax: 405-516-7859
rwhitten@whittenburragelaw.com
mburrage@whittenburragelaw.com
bsonne@whittenburragelaw.com
hwhitten@whittenburragelaw.com

Attorneys for Plaintiff

A handwritten signature in black ink, appearing to read 'David R. Herber', written over a horizontal line.

David R. Herber

EXHIBIT 1



CJ-2026-1190
falumbo

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA FILED IN DISTRICT COURT
OKLAHOMA COUNTY

JOHN RANDOLPH,

Plaintiff,

v.

STATE FARM FIRE AND
CASUALTY COMPANY;
GARY BACCUS; and
GARY BACCUS INSURANCE AGENCY,
LLC,

Defendants.

FEB 17 2026

RICK WARREN
COURT CLERK

37
CASE NO. **CL-2026-1190**

PETITION

I. INTRODUCTION

1. This Petition alleges a systematic and pervasive Scheme on the part of (a) Defendants State Farm Fire and Casualty Company (“State Farm”) and (b) State Farm’s Agent Gary Baccus and agency Gary Baccus Insurance Agency, Inc. (hereafter referred to in the singular as “Agent”).¹ Defendants’ Scheme in the present case takes two forms which go by different names: the **Water Initiative** and the **Wind/Hail Focus Initiative** (collectively, the “Initiatives”). Both involve a pattern and practice of bad faith tactics to effectuate pre-textual, wrongful deprivations of coverage for State Farm’s insureds for the sole purpose of reducing State Farm’s indemnity spending. By and through these Initiatives, Defendants caused substantial harm to Plaintiff.

2. State Farm is a household name—it holds itself out as a premier provider of insurance products under the slogan “Like a good neighbor, State Farm is there.” State Farm’s marketing lures insureds with customer-focused messaging designed to build trust among a diverse target audience. State Farm’s website brags about “keeping promises” and that its success “is built on a foundation of shared values—quality service and relationships, integrity and financial strength.”

3. Despite their hollow “good neighbor” promises, Defendants employ their systematic and pervasive Initiatives intentionally, knowingly, and purposefully, for profit and in bad faith.

4. State Farm instituted the Water Initiative (or “Water Forum”) which employed various tactics to reduce its claims expenses and indemnity on water losses, including but not limited to the following:

¹ This Petition refers to both State Farm and Agent collectively as “Defendants.”

- a. State Farm dramatically reduced the authority of adjusters handling water losses to ensure additional scrutiny of larger losses by senior adjusters and managers;
- b. State Farm held Water Initiative seminars to reinforce its coverage positions and to encourage aggressive application of policy exclusions relating to water losses;
- c. State Farm trains its adjuster and managers to aggressively and improperly apply policy exclusions that apply to water losses;
- d. State Farm discourages its adjusters and managers from hiring competent licensed building professionals to investigate water losses to determine the true cause of loss;
- e. When it hires experts, State Farm repeatedly relies on the same small group of experts and vendors who can be relied upon to provide State Farm cover for its improper and unjustified claim denials;
- f. State Farm knowingly, deliberately, and routinely denies covered water losses without justification based on improper and inapplicable interpretation of exclusions in its property policies; and
- g. State Farm engages in an intentional, institutional, and unlawful pattern and practice² of failing to competently investigate water losses and unreasonably and maliciously denying water loss claims it knows to be covered.

5. Defendants' Wind/Hail Focus Initiative operates as follows:

- a. Plaintiff's individual roof claim was wrongfully denied as part of a larger pattern and practice Wind/Hail Focus Initiative implemented by State Farm. There has been

² State Farm has acknowledged the Water Initiative by name and identified numerous documents detailing its systemic implementation, such as State Farm's "Water Forum PowerPoint," "Water Forum Coverage Mini Session" and "Water Initiative" PowerPoint(s) or other presentation materials." See **Exhibit 1** attached hereto, *Wise v. State Farm*, CIV-2023-163-HSG, ECF No. 45 Plaintiffs' Amended Discovery Letter at 1-5, 60-61 (N.D. Cal. Dec. 27, 2023).

scrutiny on State Farm's Wind/Hail Focus Initiative in the press recently due to the Oklahoma Attorney General's filing a petition for intervention ("Attorney General's Petition") in another of Plaintiff's counsels' cases against State Farm, CJ-2025-2626. *See* AG Pet. for Intervention; *see also* <https://oklahomawatch.org/2025/12/04/ag-intervenes-in-state-farm-lawsuit/>. The Attorney General's Petition states, in relevant part:

The Attorney General alleges that State Farm, acting through its officers, employees, computer systems, and a network of captive agents, and associated entities as unnamed co-conspirators, implemented an internal program, commonly referred to as the "Hail Focus Initiative" to drastically reduce aggregate roof indemnity payments in Oklahoma. **Rather than adjust claims according to coverage language in its policies, State Farm secretly substituted restrictive, extra-contractual standards and used those hidden standards to deny or minimize payment of legitimate covered losses.**

...

Captive agents knew, or at minimum had reason to know, that State Farm was tightening internal claim standards and increasingly denying hail claims that would previously have been paid. Despite this knowledge or reason to know, captive agents continued to sell and renew policies without disclosing that State Farm was internally adopting extra-contractual restrictive hail-damage standards and limiting roof replacements. Agents remained silent about the internal Hail Focus Initiative and did not warn customers that their ability to obtain roof replacement coverage had materially changed.

AG Pet. for Intervention at ¶¶ 1, 28 (emphasis added).

b. The Wind/Hail Focus Initiative as alleged by Plaintiff and the Oklahoma Attorney General works as follows: State Farm's Property and Casualty Claims Department ("P&CCD") is State Farm's homeowners insurance coverage division, which issued a memorandum identifying that State Farm's goal was to lower indemnity payments related to roof payments:

P&C Claims is focusing on what we can do to **lower our indemnity payments related to Roofs**. Last year we had an indemnity over

\$3.5 Billion dollars and a total of \$16.6 Billion over the last 7 years for the Enterprise on roofing. Xactware has enhanced their Aerial Sketch tool to help our Claim partners in writing estimates for roofs. Listed below are some facts in supporting the 27.5 Service Pack.

See Plaintiff's Motion to Enforce Discovery Order of November 23, 2021 and Motion for Sanctions, *Barnett v. State Farm*, CJ-2020-141 (Grady Co. Okla. April 8, 2024) (citing production produced unprotected in *Misner v. State Farm*, CJ-2013-1050 (Cleveland County)).

c. *Barnett* addressed the same Wind/Hail Focus Initiative and pattern and practice of bad faith tactics at issue here.

d. State Farm's P&CCD began developing bad faith initiatives to reduce indemnity payments on roof claims to lower State Farm's roof spend and pad its bottom line at the expense of Oklahoma first-party insureds. State Farm employed Accenture (formerly Andersen Consulting), a Fortune Global 500 international consulting firm with a market capitalization of over \$150 billion, to develop ways to achieve this indemnity reduction. State Farm created its Wind & Hail Fire Model Enhancement Team ("WHMET") to develop, implement, monitor, and assess the Wind/Hail Focus Initiative. The WHMET is a star chamber consisting of approximately ten (10) internal State Farm property claims experts charged with executing the Wind/Hail Initiative. Nicole Manduca was the leader of the WHMET.³

e. The WHMET worked with Accenture at length, who provided State Farm with alleged "industry standards" on full roof replacements on Wind/Hail insurance claims

³ A copy of Manduca's deposition taken in April 2024 along with exhibits was recently ordered to be produced by Judge Jeff Virgin in Cleveland County, State of Oklahoma, Case No. CJ-2024-183, *Lyle v. State Farm*. In *Nida v. State Farm*, CJ-2020-4453 (Oklahoma County), State Farm produced a privilege log with multiple emails involving Manduca and the draft of the Wind/Hail playbook with in-house counsel. See *Nida*, CJ-2020-4453, Plaintiffs' Challenge to State Farm's Privilege Log and Request for In Camera Review (Oklahoma County, June 21, 2024).

nationwide. State Farm and the WHMET secretly worked with Accenture to develop its Wind/Hail Focus Initiative to implement bad faith illegal tactics to reduce its internal performance measures on percentages of full roof replacements to the alleged much lower industry standards. State Farm implemented claim handling practices which lowered claim payments on losses that had not yet occurred; this can never happen in good faith, as each insurance claim must be handled on its individual merits in consideration of the date(s) of loss, the severity of the storm, and countless other individual factors. State Farm found its golden opportunity and determined it could substantially reduce its indemnity payouts by lowering its percentage of approval for full roof replacements on Wind/Hail claims, regardless of the amount of damage an investigation into each claim would reveal. Thus, State Farm's practice of arbitrarily lowering claim payments before losses even occurred became the WHMET's primary instruction to effectuate its goal of universally reducing indemnity spending on roof claims. This is the Wind/Hail Focus Initiative to which Plaintiff was subjected.

f. State Farm implemented a Wind/Hail playbook and developed bad faith tactics aimed at drastically reducing the number of full roof replacements, instead adjusting Wind/Hail claims by offering insureds much lower amounts for "repairs" to the roof, very often right below or above the policy deductible. State Farm expects its insureds to believe that the hail miraculously missed all the shingles and only hit the metals on the roof. State Farm primarily uses "age/condition" of the roof and alleged preexisting damage/conditions, wear and tear, and deterioration, along with arbitrary, hidden definitions of what constitutes "hail damage" not located in the Policy, to deny full roof replacements on claims involving totaled roofs. A primary tactic used by State Farm to

achieve this lowered metric of full roof replacements was taking away its field adjusters' ability to total a roof on a wind/hail claim. **State Farm implemented a policy that claims adjusters could not issue a full roof replacement without Team Manager approval but could deny a total roof replacement without Team Manager approval.**

g. Thus, the same adjusters who had previous authority to approve a roof replacement for decades were now robbed of their ability to approve a full roof replacement. The natural consequence of forcing an adjuster to ask their manager to approve a total roof replacement payment (the same manager who impacts their performance evaluations and bonus payments) is that the adjuster will not fight to ensure the Claim is paid in full, regardless of the amount of damage realized by the adjuster. The obvious ramifications of this tactic achieved immediate and significant results for State Farm. Plaintiff has requested discovery into tracking the percentages employed by State Farm's Team Managers on full roof replacements, performance data and metrics, evaluation data, and similar measurements.

h. The wealth of evidence here, as well as what Plaintiff knows will be revealed through discovery, establishes a sinister Wind/Hail Focus Initiative by State Farm to defraud insureds such as Plaintiff.

i. State Farm's captive agents (including Agent here) market, sell, procure, and bind (whether upon inception and/or at renewal)⁴ State Farm **full replacement cost insurance coverage** to the insured at the insured's behest to cover the insured's home. In doing so, State Farm's agent (like Agent here) expressly and/or impliedly represents (i) the

⁴ Under Oklahoma law, each annual issuance of the policy at issue involves each of these acts, whether it be the inception of full replacement cost coverage in the first instance or the subsequent renewal thereof. Therefore, even an agent who renews full replacement cost coverage initially procured by another agent engages in these acts.

property to be insured meets State Farm's **underwriting rules, guidelines, and requirements** for the full replacement cost coverage purportedly bound, and (ii) the replacement cost value (and resultant full replacement cost coverage limit) State Farm's agent calculated for the insured is an accurate reflection of (at least) 100% of the property's insured value—that is, all components of the insured property are fully covered.

j. The agent can only make these representations in good faith—with the requisite care, skill, and diligence required of the agent under Oklahoma law—if the agent verifies the quality and condition of the property to be insured. While this would require the agent's physical inspection of the property or procurement of an inspection, such inspection practically never occurs. Nevertheless, State Farm's agents market, sell, procure, and bind State Farm full replacement cost coverage (just as Agent did for Plaintiff) without verifying the home's condition. While these acts represent to the insured in each instance that the property in question qualifies for the insurance to be bound and meets the underwriting guidelines governing State Farm full replacement cost coverage, in almost every instance of the Wind/Hail Focus Initiative, the agent lacks all practical bases to make such representations in good faith. Here, Agent lacked all reasonable bases to represent to Plaintiff the Insured Property fully qualified for "full replacement cost coverage."

k. Nevertheless, and almost always without verification, the captive agent effectively certifies to State Farm *and to the insured* that the property in question meets State Farm's underwriting guidelines, criteria, and rules despite having no reasonable basis to do so and without knowing if the same is actually true. Here, Agent bound Plaintiff's Policy without such a reasonable basis or knowledge.

l. State Farm's captive agents (like Agent) are aware State Farm achieves the goals of the Wind/Hail Focus Initiative through an array of bad faith tactics. These include State Farm's use of an undisclosed, narrow, and limited definition of what constitutes covered hail damage. This secret full replacement cost coverage limitation, which is derivative of the Wind/Hail Focus Initiative and inherent to the Wind/Hail Focus Initiative, is *wholly absent from the insured's policy* and never otherwise disclosed to the insured. That is, the policy does not specifically define or limit when hail damage is covered under the policy, even though State Farm defines and limits the same internally for the purposes of claims handling. State Farm uses this definition to dictate whether an insured is entitled to payment under the policy upon the filing of a valid storm damage claim, yet it never discloses this material information to insureds. State Farm agents further the Wind/Hail Focus Initiative by refusing to disclose this material, narrow, and limited definition of hail damage when marketing, selling, procuring, and/or binding State Farm full replacement cost coverage—even though the limitation effectively undermines the “full replacement cost” nature of the full replacement cost coverage the insured believed they purchased.

m. The Wind/Hail Focus Initiative resulted from State Farm's internal investigation into its indemnity losses vis-à-vis wind and hail claims and the recommendations it developed to curb that spend. The Initiative set out to reduce State Farm's indemnity losses on wind- and hailstorm claims—most critically, total roof replacements. Non-confidential documents in the public record, such as Exhibit 6 attached to the August 14, 2023 response pleading in CJ-2021-1741,⁵ evidence the Wind/Hail Focus Initiative in action. In that case, State Farm adjuster testified under oath to how the agent's

⁵Available at <https://www.oscn.net/dockets/GetCaseInformation.aspx?db=oklahoma&number=CJ-2021-1741&cmid=3968060> (last visited Dec. 30, 2025).

determination of the condition of the roof at inception or renewal and subsequent denial for “wear and tear” or pre-existing damage are essential in State Farm’s denial of full roof replacements. The captive agent is a critical player in the Wind/Hail Focus Initiative via its assessment of the property’s conformity to State Farm’s underwriting guidelines, inspection (or lack thereof) at policy inception and renewal, determination of eligibility for replacement cost, determination of the amount of such replacement cost, and the assessment of the condition of the roof and premises. That State Farm adjuster admitted under oath as follows:

everyone on our team did not have any authority anymore to total roofs because we were paying for too many roof claims ... when I was told that it is not hail or it’s not new hail, to call it wear and tear to deny a claim, I felt – I felt bad ... I legitimately felt like there was some damage from hail, from new hail that I felt that the roof should be totaled, that I was told to deny the whole thing, and that – that was difficult.

n. Discovery from State Farm filed in the public record reveals that State Farm captive agents are well aware of how hail claims are being adjusted. In Exhibit 6 to the June 14, 2023 pleading, a State Farm captive agent, David Hoffhines, sent the following email:

I understand that you are not able to find hail on the date my insured has cell phone pics on? Can we discuss this please?? How do I tell my client that the hail damage marks that were uploaded to the file from contractor are invisible to claims reps and supervisors?? I know the growing trend is for SF to deny hail claims, I’m just curious how do I word this??

o. State Fam’s Wind/Hail Focus Initiative is under national scrutiny. Recently, the Senate Homeland Security Committee held a hearing on the Insurance Industry’s Natural Disaster Practices.⁶ Other recent testimony provided to the Senate Homeland

⁶ Available at <https://www.youtube.com/watch?v=Qs2VKoQPvxY> (last visited Sept. 22, 2025).

Security Committee further demonstrates the far-reaching impact State Farm's pattern and practice of bad faith has had on insureds across the country.⁷ These testimonies further reveal the precise bad faith tactics described herein have been adopted by other heavy hitters in the insurance industry. State Farm and Allstate licensed adjuster Nick Schroeder testified to internal directives from Allstate which exemplify the exact bad faith claims handling practices alleged here (thereby demonstrating industry-wide knowledge and the pervasive, market-tested nature of such practices):

More commonly, **these changes were simply excluding hail-damaged shingles due to age or wear.** In one case involving policyholders Susan and Dennis Carter, **I was instructed to deny shingle damage as wear and tear despite visible hail impact marks consistent with adjacent dented metal.** Although I provided a hail report confirming activity near the property on the reported date of loss, **the claim was reassigned after I refused to amend the estimate to exclude hail damage.**

See id. (located at "Panel 1 NICK SCHROEDER.").

p. Through State Farm's Wind/Hail Focus Initiative, State Farm's Property and Casualty Claims Division/Department ("P&CCD") established State Farm's corporate goal of reducing its indemnity payments by denying full replacement cost coverage to policyholders like Plaintiff on valid wind and hail claims. Consequently, State Farm preordained such claim denials. This decision reflects simple greed: maximizing profits for State Farm at the expense of its insureds.

q. To achieve this end, State Farm assembled its Wind-Hail Model Enhancement Team ("WHMET") under the leadership of Nichole Manduca to knowingly

⁷ "Examining the Insurance Industry's Claims Practices Following Recent Natural Disasters - Committee on Homeland Security & Governmental Affairs," *available at* <https://www.hsgac.senate.gov/subcommittees/dmdcc/hearings/examining-the-insurance-industrys-claims-practices-following-recent-natural-disasters/> (last visited Oct. 23, 2025).

developed and implemented its enterprise-wide, pervasive, and systematic Wind/Hail Focus Initiative. In fact, Manduca's Linked-in profile boasts her achievement in reducing State Farm's spend on total roof replacements by "over 50%":

Nicole Manduca, ChFC She/Her · 3rd
Senior Leader / Director of P&C Operations, Insurance & Financial
Services: Transformational Leader | Operations Excellence | Change
Leadership | Innovation | Diversity-Equity-Inclusion | Executive
Catastrophe Response

Achievements:

- Led enterprise effort in Fortune 50 company improving quality results by over 50% and significant reduction in operational expenses over 12 months

8

This specifically refers to Manduca's work on State Farm's WHMET at the expense of policyholders like Plaintiff.

6. All the while, State Farm's captive agents (like Agent) are aware of the Initiatives. They are aware of the practical improbability that State Farm will pay full replacement cost coverage on valid Claims involving substantial losses. They are aware that, pursuant to the Initiatives, State Farm will drum up a justification for outright denial of the claim or for depressing the payment to an amount under the deductible. In fact, State Farm provides training to its captive agency personnel on key aspects of its Initiatives.

a. Further, State Farm agents (like Agent) are aware of (and fail to disclose) other bad faith claims handling tactics inherent to State Farm's Initiatives. These tactics are material to an insured when purchasing an insurance policy; they include State Farm's pre-ordained attribution of covered damage to roofs to some non-covered cause (*e.g.*, wear

⁸ Linked-In Profile for Nicole Manduca, available at <https://www.linkedin.com/in/nicolemanduca/> (last visited Sept. 24, 2025).

and tear, granular loss, deterioration, or defect; State Farm also often erroneously blames water losses on “water below the surface of the ground,” and “continuous,” “intermittent,” or “gradual” leakage). These non-covered causes, when actually present, either plague the home from its construction or accrue progressively over time. For example, wear and tear does not accrue instantaneously. That is, when truly present, these defects should almost always be identifiable at the most recent renewal of the policy—a new contract through with the Agent and State Farm again represent the home to fully qualify for full replacement cost coverage. So, if actually present, these defects should warrant some reduction in the full replacement cost coverage written on the home and its relative insurance-to-value, OR the home remains fully insured despite them.

b. Additionally, State Farm agents (like Agent) are aware of (and fail to disclose) the ways State Farm adjusters further the Initiatives on State Farm’s behalf. This includes drafting sham estimates blaming patent covered losses to non-covered causes (*see, e.g., supra* at ¶ 6(a)) to avoid paying full replacement cost coverage. In other instances, State Farm adjusters manipulate the insured’s date of loss to reflect dates on which the affected area would have sustained little or no damage. State Farm’s agents (like Agent) are fully aware of these bad faith tactics (*e.g.,* from repeated customer complaints and cross-agent back chatter), yet they fail to disclose this (and other) material information about State Farm’s Initiatives in violation of duties owed to the insured.

c. State Farm’s agents (like Agent) are motivated to further the Initiatives by carrot and stick. On information and belief, the carrot lies in State Farm’s agents’ compensation, which is based in some part on the ratio of losses deriving from policies the specific agent marketed, procured, sold, bound, and renewed. Thus, any corporate

initiative designed to improve that loss ratio—*e.g.*, State Farm’s Initiatives to reduce indemnity spending—serves to increase the captive agents’ compensation. To this end, State Farm provides its captive agents (like Agent) comprehensive training in skillsets that help them advance the Initiatives.

d. On the Agent’s certification that the property meets State Farm’s underwriting guidelines, State Farm issues a policy purporting to convey full replacement cost coverage for the insured’s home. State Farm, through both the policy itself and its captive agents, expressly and/or impliedly represents the policy covers losses arising from windstorms, hailstorms, and water losses.

e. The insured incurs a covered loss to the insured property and timely files a claim.

f. State Farm then denies the claim as part of its pursuant to its Initiatives. In each instance, State Farm does whatever it can to avoid providing full replacement cost coverage. It does so using an array of bad faith tactics rigged against the insured. It denies the claim either outright or, in many cases, by depressing the amount it agrees to pay below the policy deductible, thereby avoiding payment. In limited instances, it may cover cheap repairs of certain negligible or even irreparable property damage that exceeds the deductible. But, in each case, to minimize its payments, State Farm manipulates its damage estimate to ignore patent storm damage to the insured property, ostensibly blaming it on some non-covered cause of loss.

g. When deprived of proper coverage as a result of the Initiatives, an insured has no choice but to file suit to recover benefits State Farm owes under the policy. To this end, part of State Farm’s strategy includes forcing insureds to hire counsel to obtain

benefits rightly owed under the Policy, as State Farm knows only a small fraction of its insureds will know its conduct is actionable. State Farm's treatment of Plaintiff (including bad faith claims handling tactics and material misrepresentations and/or omissions by State Farm and Agent) exemplifies these Initiatives in action, as the Petition sets forth in Section III, below.

h. During the course of litigation, State Farm continually attempts to separate its captive agents' conduct from its Initiatives-driven Scheme by asserting a blanket disclaimer of its captive agents' underwriting duties and stating its agents are not required to inform insureds about the condition of their home and adjust their full replacement cost coverage accordingly. These assertions are wholly contradicted by State Farm's own underwriting guidelines and corporate designees:

The agent is our front line underwriter. In addition to assisting the agent with gathering information for use of the Xactware tool, the personal inspection is also the agent's opportunity to obtain photographs required elsewhere in this guide to ensure the property is properly maintained and meets all property and liability insurance underwriting requirements.

...
Improperly maintained roofs increase the potential for loss. ***Risks with damaged or deteriorated roofs are unacceptable. A visual inspection will allow assessment of the roof condition.***⁹

[Mr. Marr]: My question was simply, does State Farm consider its agents front line underwriters?

⁹ Excerpts from Underwriting Guidance – Homeowners – Underwriting Basics at 1-2 (located in the public record as Exhibit 10 to the Plaintiffs' Motion to Remand in *Vance v. State Farm*, 24-CIV-449-SLP, ECF No. 7-10 (W.D. Okla. May 29, 2024) (emphasis added)); *see also* Inspection Process at 1-2 ("Before binding new Fire business, an inspection of the property is necessary. The inspection serves two purposes. **Since our agents are the front line underwriters**, an inspection provides an opportunity for the agent to see the property before we provide coverage. **During the inspection, the agent should verify that the property meets our underwriting eligibility guidelines.** The inspection also provides an opportunity to obtain or verify building characteristics used for estimating the replacement cost of the property." During the "Inspection Process," it is "critical" for agents to identify a roof's risk, including wear and "[p]rior unrepaired damage or deterioration" to the roof.) (located in the public record as Exhibit 13 to the Plaintiffs' Motion to Remand in *Vance*, 24-CIV-449-SLP, ECF No. 7-13 (W.D. Okla. May 29, 2024) (emphasis added)).

[Mr. Hsuing]: *Per se, yes. They are our front line underwriters.*¹⁰

[Mr. Kwok]: *The agents do have a role in kind of what we consider to be a front-line underwriter, where they will take a look at the risks to see if there are any glaring issues. If the house is dilapidated and getting ready to fall over, we expect the agent to use their position with the company to not write that risk.*¹¹

Thus, State Farm's downplaying of agent underwriting duties is a smokescreen.

II. PARTIES

7. **Plaintiff Dr. John Randolph** owns the Insured Property located at 436 Northwest 14th Street, Oklahoma City, Oklahoma 73103. Plaintiff entered into a contract of insurance with State Farm to provide full replacement cost coverage for the Insured Property, dwelling insurance policy no. 36BV38116 (the "Policy") through Agent's offices. The Policy was in force and effect at the time of the loss in question. The Insured Property was damaged in approximately spring of 2021 and December 26-27, 2022. Plaintiff timely filed claims for indemnity under the Policy for damage to the Insured Property.¹²

8. **Defendant State Farm Fire and Casualty Company** ("State Farm") is a foreign insurer licensed to do business in the State of Oklahoma. State Farm may be found and served via its statutory service agent the Oklahoma Insurance Department in Oklahoma County, Oklahoma.

9. **Defendant Agent** owns and operates a captive State Farm agency at 16145 North May Avenue, Suite A, Edmond, Oklahoma 73013. Agent was at all relevant times an agent and/or

¹⁰ Tr. Excerpt of August 9, 2022 Deposition of State Farm Corporate Designee Hsuing, at 66:17-21, from *Stelling v. State Farm, et al.*, No. CJ-2020-329 (Rogers Cnty. Aug 9, 2022) (located in the public record as Exhibit 2 to the Plaintiffs' Motion to Remand in *Neph v. State Farm*, 24-CIV-774-SLP, ECF No. 13-2 (W.D. Okla. August 8, 2025) (emphasis added)).

¹¹ Tr. Excerpt of July 2, 2015 Deposition of Corporate Representative Kwok, at 80:1-6, from *Neill v. State Farm, et al.*, 13-CIV-627-D (W.D. Okla. July 2, 2015) (located in the public record as Exhibit 12 to the Plaintiffs' Motion to Remand in *Vance*, 24-CIV-449-SLP, ECF No. 7-12 (W.D. Okla. May 29, 2024) (emphasis added)).

¹² The 2021 claim, claim no. 36-19P1-72K (the "Roof Claim"), and the 2022 claim, claim no. 36-44K7-35L (the "Water Claim") (collectively, "Plaintiff's Claims").

ostensible agent of Defendant State Farm. Upon information and belief, Agent may be served with process at 16145 North May Avenue, Suite A, Edmond, Oklahoma 73013 or, alternatively and on information and belief, through Agent's registered agent Debee Clark & Weber PLLC at 1200 Northwest 63rd Street, Suite #5000, Oklahoma City, Oklahoma 73116.

10. Agent is a properly joined defendant to this action, as recently held in at least *forty* remanded cases against State Farm and its agents in Oklahoma federal courts alleging substantially the same claims. *See e.g., Coover v. State Farm*, No. CIV-25-674-PRW, Dkt. 24 Order, at 8 (W.D. Okla. Dec. 3, 2025) (order consolidating and granting remand in seven cases involving substantially similar allegations as here); *Snow v. State Farm*, No. CIV-25-1262-J, Dkt. 14 Order (W.D. Okla. Dec. 16, 2025); *Varner v. State Farm*, CIV-25-892-J, ECF No. 9 Order, at 4-5 (W.D. Okla. Oct. 29, 2025); *Gabel v. State Farm*, 25-CIV-430-D, ECF No. 23 Order (W.D. Okla., Oct. 16, 2025) (DeGiusti, C.D.J.); *Willard v. State Farm*, 2025 WL 2419274 (W.D. Okla. Aug. 21, 2025) (Palk, D.J.) (order consolidating and granting remand in eleven cases involving substantially similar allegations as here); *Maher v. State Farm*, 2025 WL 1909507 (W.D. Okla. July 10, 2025) (Wyrick, D.J.); *Adair v. State Farm*, 2025 WL 1263128, at *1 (W.D. Okla. May 1, 2025) (Dishman, D.J.); *Pruitt v. State Farm*, 2025 WL 1030353 (W.D. Okla. April 7, 2025) (DeGiusti, C.D.J.). Moreover, every Oklahoma state court judge to consider the allegations against Agent detailed herein has held such allegations sufficient to state claims of negligent procurement and constructive fraud/negligent misrepresentation. *See West v. State Farm*, No. CJ-2025-135 (Comanche Cnty. Dist. Ct.) (Journal Entry filed Oct. 24, 2025); *Pruitt v. State Farm*, No. CJ-2024-7828 (Okla. Cnty. Dist. Ct.) (docket sheet identifying Order dated July 9, 2025); *Adair v. State Farm*, No. CJ-2023-6121 (Okla. Cnty. Dist. Ct.) (Journal Entry filed Nov. 24, 2025); *Davis v. State Farm, et al.*, No. CJ-2025-2883 (Okla. Cnty. Dist. Ct.) (Journal Entry filed Oct. 30, 2025); *Riley*

v. *State Farm*, No. CJ-2025-1328 (Okla. Cnty. Dist. Ct.) (docket sheet identifying Order dated November 24, 2025). As Agent is a citizen of the forum-state, removal of this action would be improper.

11. Venue is proper pursuant to 12 O.S. § 137.

III. FACTUAL BACKGROUND

12. State Farm implements the Initiatives throughout the country using a variety of bad faith tactics and training at every level of State Farm. State Farm captive agents anchor the Initiatives on the front end of the transaction. State Farm reinforces the role of its captive agents (like Agent) through training, compensation, and other incentives. State Farm then utilizes biased third-party adjusters and/or engineers, who further the Initiatives by consistently writing reports and estimates to deny full roof replacements on valid wind and hail claims. State Farm weaponizes these various undisclosed tactics against first-party insureds like Plaintiff. State Farm implements a series of rules (e.g., program and personal rules) in its Xactware software platforms that limit its adjusters' ability to pay roof claims without approval. This allows State Farm team managers to override adjusters' decisions to pay roof claims and then penalize or retrain them for failing to implement the Initiatives. On information and belief, State Farm tracks in detail the impact of the Initiatives—the reduction in State Farm's indemnity losses on roof and water loss claims by state and region, as well as its return on investment derived from the training and other tactics involved. This includes its ratios of replacement and repair, and the financial impacts thereof.

13. This case exemplifies the Initiatives-driven Scheme in action. State Farm's treatment of Plaintiff demonstrates each step leading to State Farm's intended outcome.

A. State Farm's Captive Agents Anchor the Scheme

14. In each instance, State Farm's Scheme begins with its captive agents (including Agent), who sell a State Farm form insurance policy to the insured at the insured's behest.

1. State Farm Agent's Duties in Procuring Coverage

15. State Farm captive agents solicit and market what they tout as a replacement cost homeowners insurance coverage to prospective insureds. State Farm uses a form insurance policy to issue homeowner's coverage; while the amount of coverage (and premiums charged therefor) differ from insured to insured, the scope of full replacement cost coverage is in large part materially the same for all insureds.

16. State Farm considers its agents to be the first line of its underwriting division. State Farm's Agent plays a crucial role in the sale of State Farm's insurance policy to the insured. This role creates key legal duties, which State Farm's Agent owes to the insured.¹³

- a. State Farm's agents must use reasonable care, skill, and diligence to procure full replacement cost coverage as the insured requested that meets the insured's stated needs;
- b. State Farm's agents who undertake the calculation of replacement costs for the insured must use reasonable care, skill, and diligence to do so;
- c. State Farm agents have a duty to speak and to fully disclose all material information to an insured about State Farm's bad faith claims handling tactics, its reliance on undisclosed definitions, coverage limitations, and standards outside of the Policy, internal and external complaints about State Farm's handling of windstorm, hailstorm, and

¹³ Under Oklahoma law, a duty to speak may arise from a partial disclosure. *Thrifty Rent-A-Car Sys., Inc. v. Brown Flight Rental One Corp.*, 24 F.3d 1190, 1195 (10th Cir. 1994) (the law imposes a duty to speak from a partial disclosure because "the speaker is under a duty to say nothing or to tell the whole truth" (citation and internal quotation marks omitted)); *Uptegraft v. Dome Petroleum Corp.*, 764 P.2d 1350, 1353-54 (Okla. 1988) ("Although a party may keep absolute silence and violate no rule of equity, yet, if he volunteers to speak and to convey information which may influence the conduct of the other party, he is bound to disclose the whole truth."); *see also Ervin v. Herb Weaver Ins. Agency, Inc.*, 2022 WL 22839581 (W.D. Okla. Dec. 28, 2022) (Palk, D.J.)

water loss claims, and other material information any insured would deem reasonable in making a purchasing decision;

d. When State Farm's agents speak, they owe a duty to do so accurately and truthfully.

17. Industry standards, as well as agents' legal duty of reasonable skill, care, and diligence in the procurement of insurance, require State Farm's agents to act in accordance with the training and contractual requirements State Farm imposes upon them. These requirements and training exist to ensure policyholders receive the specific full replacement cost coverage they request, and agents bind such coverage in accordance with their representations to the insured and State Farm's internal guidelines. This is what occurred here.

18. Agent markets as much on Agent's and State Farm's websites:

Homeowners Insurance

Protect your largest investment from unexpected events life may throw your way with State Farm® Homeowners Insurance in Edmond, OK. So, what's covered?¹ Your home insurance ensures you can repair or replace your home, as well as the items you value. Personal property is covered even if you're on vacation, running errands or holding items in storage. More homeowners choose State Farm as their home insurance company over any other insurer.²

Gary Baccus in Edmond, OK will help you get started after you complete a homeowners insurance online quote. It's fast and easy!

¹ Please refer to your actual policy for a complete list of covered property and covered losses.

² Data provided by S&P Global Market Intelligence and State Farm Archive.

Start your homeowners insurance quote. It's fast and easy!

**A good neighbor helps you
insure your home with State
Farm.**

Apply for homeowners insurance with
State Farm



Protect Your Home Sweet Home

Gary Baccus will help you feel right at home by getting you set up with secure insurance that fits your needs. State Farm's homeowners insurance not only covers the structure of your home, but can also protect precious items like your pictures.

It's always the right move to get State Farm's homeowners insurance. Then, you won't have to worry about the unexpected ice storm damage to your property. Contact Gary Baccus today to learn more about your options or ask how to bundle and save!

Have More Questions About Homeowners Insurance?

Call Gary at **(405) 844-6300** or visit our [FAQ page](#).

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19. State Farm agents *should* meet these duties by *inter alia* performing or arranging an in-person inspection of the Insured Property prior to the inception of coverage and routinely thereafter to verify the condition and attributes of the Insured Property for the purposes of (a) the agent's accurate calculation of replacement cost and (b) the agent's accurate representation that the Insured Property qualifies for full replacement cost coverage under State Farm's guidelines. Indeed, not all homes automatically qualify for State Farm's homeowners' policies—only those which meet its internal guidelines and thus constitute a “good risk” for State Farm to insure.

20. The policy is a contract—one that obligates State Farm to indemnify its insured upon the occurrence of a covered loss. State Farm's issuance of an insurance policy to an insured contains certain critical representations: namely, that the property identified in the policy declarations meets the criteria for the full replacement cost coverage prescribed at the time of

¹⁴ Available at <https://www.statefarm.com/agent/us/ok/edmond/gary-baccus-g72p91ys000> (last visited Nov. 3, 2025) and <https://garybaccus.com/insurance/homeowners> (last visited on Nov. 3, 2025).

inception or renewal.¹⁵ The agent further expressly and/or inherently represents that no condition, pre-existing damage, deterioration, wear-and-tear, or other defect negates the property's eligibility for full replacement cost coverage under the policy.

21. State Farm's agent must inspect the property to determine this eligibility for full replacement cost coverage under State Farm's internal underwriting requirements. There is no other way for the agent to gather the information it needs to accurately relay to State Farm (and the insured) whether the property rightfully meets the criteria for full replacement cost coverage.

22. Most captive State Farm agents have binding authority. That means they instruct State Farm to issue the full replacement cost coverage. In doing so, the agent represents to both State Farm and the insured that the property meets certain criteria and is eligible for full replacement cost coverage. This representation is repeated each time the policy renews, such that the agent represents the property's eligibility (and, thereby, the absence of any condition that would negate that eligibility), each policy year upon renewal.

23. In the event State Farm's agent finds the property fails to qualify for full replacement cost coverage (*e.g.*, its condition is affected by pre-existing damage/defects), State Farm's agent owes an independent duty to report the same to both the insured and to State Farm. This should result in reduction, denial, or cancellation of coverage. Of course, this determination would first require a physical inspection of the home.

24. Ultimately, State Farm's agent binds coverage for the property on behalf of State Farm. State Farm then issues a resultant homeowners insurance policy only when all binding criteria are met. Remarkably, State Farm's agents almost never perform or acquire an in-person inspection of the property to be insured. This means they represent the property's eligibility to

¹⁵ This must be true, for the issuance of full replacement cost coverage upon a property that does not qualify at the time would constitute an illusory coverage violation.

both State Farm and the insured recklessly and blindly, without ever verifying whether that representation is true, in almost every instance of the Scheme.

25. This consistent misrepresentation is a necessary furtherance of the Scheme in each instance; State Farm's agents cannot bind a policy without first representing the property qualifies for full replacement cost coverage. Agent thus relies on the same training to make the same or similar representations that each Insured Property is eligible for the full replacement cost coverage sought under the same underwriting guidelines. This uniformity allows State Farm to effectuate its Initiatives with consistency.

2. Agent's Treatment Exemplifies the Scheme

26. Agent's treatment of Plaintiff exemplifies the Initiatives-driven Scheme in action:

a. Plaintiff contacted Agent to procure full replacement cost homeowners insurance coverage from State Farm. Plaintiff requested Agent obtain a replacement cost policy that would provide ***full replacement cost coverage***¹⁶ for the Insured Property in the event of a loss.

b. The home featured a custom-built clay tile roof and fixtures, which in-turn required a specialized policy capable of providing sufficient coverage to pay for full replacement of such unique structures.

c. Plaintiff expressly and/or inherently disclosed concerns and insurance needs to Agent. Above all, given Oklahoma's extreme weather, Agent is aware that the Plaintiff needs full replacement cost coverage under a policy that would fully replace the Insured Property's specialized roof (and other structures) in the event of a loss, without exclusion

¹⁶ See *Rains v. CSAA Fire & Cas. Ins. Co.*, 2020 WL 6729085, at *6 (N.D. Okla. Nov. 16, 2020) ("Unlike requests for "full" or "adequate" coverage, a specific request for "replacement" coverage could qualify as a "need[] ... disclosed by the insureds" that would trigger an agent's duty to provide such coverage if promised. *Rotan*, 83 P.3d at 895. The term "replacement coverage" is a term that connotes a specific type of coverage.).

of any weather-related losses. Agent assured Plaintiff that the Policy provided the broadest form of coverage available and, therefore, was an outstanding value for his insurance dollars.

d. **Moreover, Agent specifically assured Plaintiff that State Farm would cover any out-of-pocket expenses Plaintiff incurred on repairs/replacements of damage caused by a valid loss.**

e. In reality, Agent procured a generic Policy which was worthless on its face. Unbeknownst to Plaintiff at the time, State Farm's Policy would never provide full replacement cost coverage for a valid loss to Plaintiff's home.

f. By virtue of the act of marketing, selling, procuring, and binding full replacement cost coverage under the Policy (whether at inception or renewal, and without any limitation for damage caused by windstorm, hailstorm, or freeze/water loss), Agent independently established, calculated, and set the Policy's replacement cost value and resultant policy full replacement cost coverage limits. Neither Agent nor State Farm required or otherwise asked Plaintiff to calculate or request a specific amount of full replacement cost coverage for the Insured Property. Instead, Agent took on that responsibility and thereby incurred the duty to do so accurately and with the requisite skill, knowledge, and expertise. Given Agent's touted expertise, he should have first verified the condition of the home, via survey/inspection or otherwise.

g. By virtue of the act of marketing, procuring, selling, and binding purported full replacement cost coverage under the Policy (without limitation), agent independently selected and calculated full replacement cost coverage and expressly and/or inherently conveyed that such coverage and corresponding policy limits were accurate, correct,

commensurate with actual reconstruction costs, and represented at least 100% of the Insured Property's insurance to value. Agent thereby represented to Plaintiff that the property met State Farm's underwriting guidelines and qualified for the full replacement cost coverage Agent bound.

h. Both Agent and State Farm thereby either knew or should have known of any material defect, pre-existing damage, or other condition(s) that would exclude the Insured Property from full replacement cost coverage in violation of State Farm's underwriting guidelines, rules, and criteria, if any such condition was actually present.

i. Both Agent and State Farm knew State Farm purposefully uses hidden definitions of wind- and/or hailstorm damage to deny claims, along with other hidden coverage limitations and bad faith tactics described herein, but failed to include them in the Policy or disclose these to Plaintiff at any point prior to claims adjustment.

27. In furtherance of the Initiatives, Agent committed the following strategic and material *omissions*:

a. On information and believe, neither Agent nor State Farm ever inspected the Insured Property or procured such an inspection from a third party.

b. On information and belief, neither Agent nor State Farm ever verified the Insured Property's condition, characteristics, attributes, etc. – whether at Policy inception or upon each subsequent annual renewal of the Policy.

c. Regardless of whether an inspection occurred, neither Agent nor State Farm ever disclosed to Plaintiff that the Insured Property was ineligible under State Farm's underwriting guidelines for the requested full replacement cost coverage for any reason.

d. Regardless of whether an inspection occurred, neither Agent nor State Farm took reasonable care, skill, and diligence in maintaining a current understanding of the Insured Property's condition throughout the course of renewals.

e. Neither Agent nor State Farm ever advised Plaintiff that the Insured Property had any defect, pre-existing damage, or other conditions that would preclude it from full replacement cost coverage.¹⁷

f. Neither Agent nor State Farm ever advised Plaintiff of State Farm's Initiatives and material information thereabout, including but not limited to State Farm's internal and hidden coverage limitations or that State Farm often mischaracterizes damage.

g. Neither Agent nor State Farm required or otherwise asked Plaintiff to calculate or request a specific amount of full replacement cost coverage for the Insured Property—rather, Agent assumed this duty, and thereby assumed the duty to do so accurately, with requisite skill, knowledge, and expertise, and in a way commensurate with his duties. These obligations necessitated a physical inspection of the Insured Property, which would have disclosed any defect, pre-existing damage, or full-replacement-cost-coverage-negating condition.

h. Neither Agent nor State Farm disclosed to Plaintiff that the value Agent calculated for the Insured Property and resultant full replacement cost coverage limits did not in fact represent 100% insurance to value because State Farm had already pre-ordained the denial of any claim.

¹⁷ As explained above, had Agent identified any such condition, Agent would have been required to report the same to both Plaintiff and State Farm and adjust full replacement cost coverage accordingly.

i. Neither Agent nor State Farm disclosed to Plaintiff that State Farm would not hire, train, or contract with professionals qualified to fully evaluate the replacement costs for any and all complex damage to Plaintiff's home in the event of a covered loss.

28. Nevertheless, and under the cover of Agent's strategic and material omissions, Agent marketed, sold, procured, and bound full replacement cost coverage without limitation. State Farm issued the Policy. Agent, by virtue of these acts, represented that Plaintiff was covered under the Policy for all fortuitous losses, including all weather-related damage.

29. Given Agent's purported expertise and specialized knowledge of insurance policies, Plaintiff reasonably relied on Agent for the same.

B. State Farm Uses a Form Policy to Perpetuate the Scheme

30. State Farm uses a form replacement cost policy to issue homeowners insurance coverage in Oklahoma.¹⁸ This form policy is integral to the Initiatives-driven Scheme: the *scope* of coverage for each insured State Farm subjects to its Initiatives is effectively and materially the same, notwithstanding differences in coverage *amounts* or premiums paid or endorsements added to bolster or strip away full replacement cost coverage.

31. State Farm and its agents (like Agent) represent the form policy to be a replacement cost policy. Just as with any subject property insured under a form policy, the coverage limit for the Insured Property is keyed to its replacement cost value, such that the Policy should afford an amount of coverage that represents the full amount needed to replace the Insured Property in the event of a loss. State Farm, through its agents, voluntarily assumes the responsibility of calculating both the replacement cost value and the resultant coverage limit for the insured.

¹⁸ Plaintiff does not assail the rates State Farm charges (i.e., premiums) for full replacement cost coverage. Plaintiff does not allege the terms of State Farm's form policy to be unlawful, but rather that State Farm and Agent's conduct is an unlawful breach that is inconsistent with the four corners of the Policy and Agent's representations thereto. Plaintiff disclaims any invocation of the filed rate doctrine.

32. State Farm's replacement cost policy functions like an "all risk" policy: that is, if the policy does not expressly exclude a loss, then the policy should afford full replacement cost coverage for the loss pursuant to the loss clause. The policy speaks only to "accidental direct physical loss" therefrom, with no other limitation or definition disclosed.

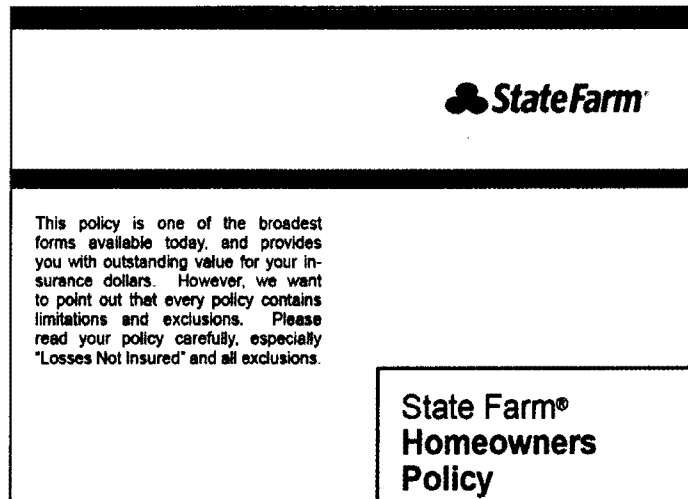
COVERAGE A – DWELLING

We will pay for accidental direct physical loss to the property described in Coverage A, unless the loss is excluded or limited in SECTION I – LOSSES NOT INSURED or otherwise excluded or limited in this policy. However, loss does not include and we will not pay for any *diminution in value*.

33. The policy does not define, limit, or otherwise mitigate full replacement cost coverage for tornado, wind- and/or hail-storm damage outside of "accidental direct physical loss" therefrom, and merely restricts coverage on water losses under very limited, specific conditions (which are not present here).¹⁹ The policy does not provide any limitations on how or when such full replacement cost coverage will apply. It does not specify, condition, define, or limit full replacement cost coverage in any way. However, these *very real* limitations exist in State Farm claims handling procedures, which lie obscured beyond the view and understanding of the insured until the insured files a claim and confronts the Initiatives.

34. On its face, State Farm's policy merely purports to provide the insured the broadest form of full replacement cost coverage available today. State Farm's policy cover page (and, therefore, Plaintiff's Policy's cover page) states as follows:

¹⁹ The Policy purports to restrict coverage on water claims attributed to "water below the surface of the ground" and non-sudden ("continuous," "intermittent," or "gradual") leakage; otherwise, where the loss is caused by a freeze, the Policy will not cover damage resulting from the insured's failure to use reasonable care in either (i) maintaining the heat of the home at fifty-five degrees Fahrenheit, or (ii) draining water systems. None of these conditions are present here.



C. State Farm Employs an Array of Bad Faith Claims Handling Tactics to Perpetuate the Scheme

35. State Farm's Scheme then turns on a series of bad-faith claims handling tactics, which help State Farm justify its denial of valid claims. These tactics, along with State Farm's agent's complicity (described above), are all part of State Farm's Initiatives—enterprise-wide programs State Farm implemented through its property and casualty claims department to reduce its indemnity losses on valid roof and water claims. The Initiatives included an array of claims handling practices that are wholly absent from the policy and any withheld from the insured (until, of course, State Farm ambushes the insured with a denial). These practices include, but are not limited to, the following:

36. **State Farm employs a narrow and limited definitions and qualifications (as well as restrictive claims handling protocols) for covered losses.** This allows State Farm adjusters to deny claims even when their loss inspection clearly shows what the insured believes to be a covered loss under the Policy (i.e., hail damage to the insured roof, or water pouring from the ceiling). State Farm's narrow and limited definitions/qualifications are absent from the four corners of the policy and hidden from the insured until State Farm uses them to deny a valid claim. State Farm's captive agents (including Agent here) are fully aware of the narrow and limited

definitions/qualifications; however, this critical disclosure is concealed and State Farm's insureds are wholly unaware of coverage limitations until they suffer a loss, file a claim, and receive a denial. It is only when the insured becomes the latest victim of State Farm's Initiatives that the insured learns of State Farm's internal limitations to its coverage.

37. State Farm's adjusters misattribute damage to non-covered causes of loss.

State Farm's adjusters find damage to the insured property but attribute that damage to a non-covered cause of loss—most commonly, “wear and tear,” “pre-existing damage,” or “manufacturer defect.” State Farm often misclassifies wind/hail damage to roof shingles as “granular loss,” and water damage as “water below the surface of the ground,” or “continuous,” “intermittent,” or “gradual” leakage. These mischaracterizations fly in the face of Defendants' representations and/or material omissions, which are inherent to the act of procuring, binding, and renewing full replacement cost coverage. In many instances, this is stated plainly on State Farm's denial letter. In other instances (particularly where the Policy does not allow for dismissing the damage as non-covered, pre-existing damage, as with Plaintiff's Water Claim), the adjuster simply and deliberately fails to acknowledge the damage at all. Yet there is, indeed, patent damage such that the insured was compelled to file the claim. The adjuster simply fails to record it as a covered cause of loss—thereby implying that the damage was caused by some other, non-covered cause. Critically, Defendants expressly and/or impliedly represent that the Insured Property qualifies for the full replacement cost coverage bound by virtue of the act of binding the full replacement cost coverage. Thus, if any part of the home suffered from a design defect, pre-existing damage, or substantial wear and tear, that part may not qualify for full replacement cost coverage (whether at inception or annual renewal). This should be detected by the Agent's inspection and inform some change in full replacement cost coverage. These defects cannot accrue or appear by fiat in the mere

months between the most recent policy renewal and the date of loss. It is, at best, duplicitous for Defendants to, on one hand, tell the insured that the property fully qualifies under State Farm's underwriting rules for the full replacement cost coverage bound and then, with the other, tell the insured that it in fact did not. This is exemplary ambush claims-handling and *prima facie* bad faith.

38. **State Farm adjusters misstate the date of loss.** If the insured is unable to pinpoint the exact date of loss, State Farm's adjuster uses the opportunity to further the Initiatives and justify State Farm's pre-ordained denial of the claim. In these instances, State Farm adjusters review the Accuweather data and *choose* a date of loss that shows insufficient hail occurred to constitute a covered claim under its clandestine rules. If the insured pinpoints a date certain for the date of loss, State Farm may still use Accuweather to justify its wrongful denial of the insured's hail damage claim.

39. **State Farm frustrates and delays claimants' efforts to dispute its claim denials.** State Farm employs its bad faith Initiatives with the understanding that the vast majority of its victims have neither the contracting expertise to identify, nor the bargaining power to challenge, the fraudulent and bad faith nature of its claim denials. Typically, State Farm's victims are left clueless about State Farm's wrongful conduct. When an insured *does* question State Farm on its wrongful denial of a claim, State Farm employs any combination of bad faith delay tactics with two goals: (a) to misdirect insureds from ascertaining its actionable conduct, and (b) to wear down insureds with the hope they would not diligently pursue every cent State Farm owes them.

40. In addition, State Farm subjects its insureds to arbitrary limits on the time to file claims, manipulates damage findings to ensure losses fall under the policy deductible, and even employs its hand-chosen engineering firms (who are dependent on State Farm for business) to drum up sham reports that rubber-stamp its adjusters' misrepresentations.

41. Each of these aforementioned bad-faith claims handling tactics perpetuates State Farm's Initiatives and allows State Farm to deny valid property insurance claims. State Farm trains its claims handling personnel to implement these tactics. State Farm trains its captive agents (like Agent) to market, sell, and bind full replacement cost coverage in a way that allows the Scheme to carry forward undetected.

D. Defendants Subjected Plaintiff to the Initiatives-Driven Scheme

42. The manner in which State Farm handled Plaintiff's Claims illustrates Defendants' bad faith conduct:

Plaintiff's Roof Claim

a. The Insured Property was damaged during a significant wind- and hailstorm which ravaged numerous properties throughout Oklahoma County in approximately spring of 2021. The Insured Property sustained severe wind and hail damage across a substantial portion of its custom-made clay tile roof, requiring substantial, costly replacements. The storm—which was powerful enough to thrust a tree into the property—shattered and scattered large portions of the clay roofing across the Insured Property. The storm also destroyed valuable decorative items on the Insured Property, including a driveway pedestal and hand-crafted sculptures.

b. Due to the unique nature of the damaged structures, Plaintiff retained the professional custom home services of Gumerson Blake Design Build and Goodman Construction, LLC to inspect the Insured Property. The companies identified and photographed vast damage caused by the storm and estimated tens of thousands of dollars in replacement costs for such damage.

c. Plaintiff properly and timely submitted the Roof Claim to State Farm for the wind and hail damage after the storm.

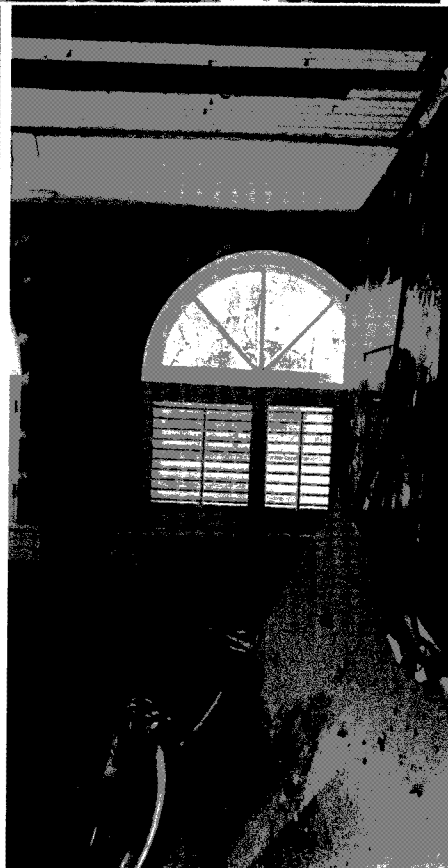
d. State Farm sent an adjuster and/or a third-party inspector to inspect the Insured Property pursuant to the Roof Claim. State Farm's adjuster conducted an inadequate inspection and failed to report the vast majority of valid damage to the Insured Property as a covered loss.

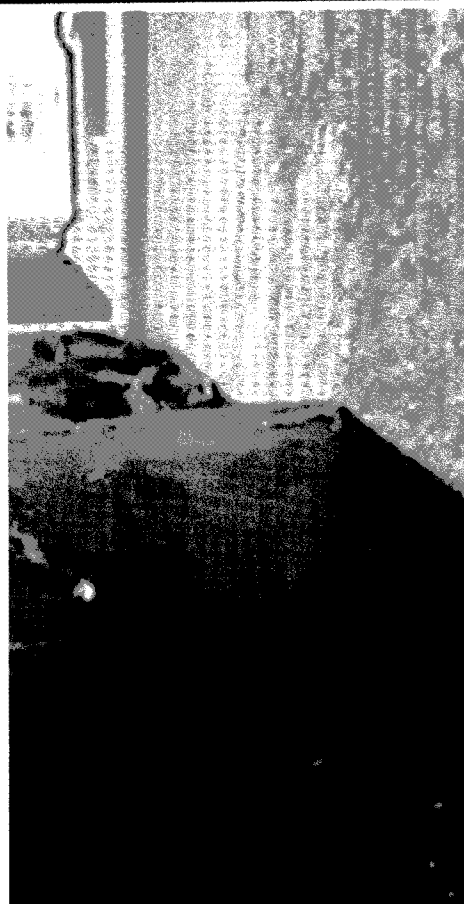
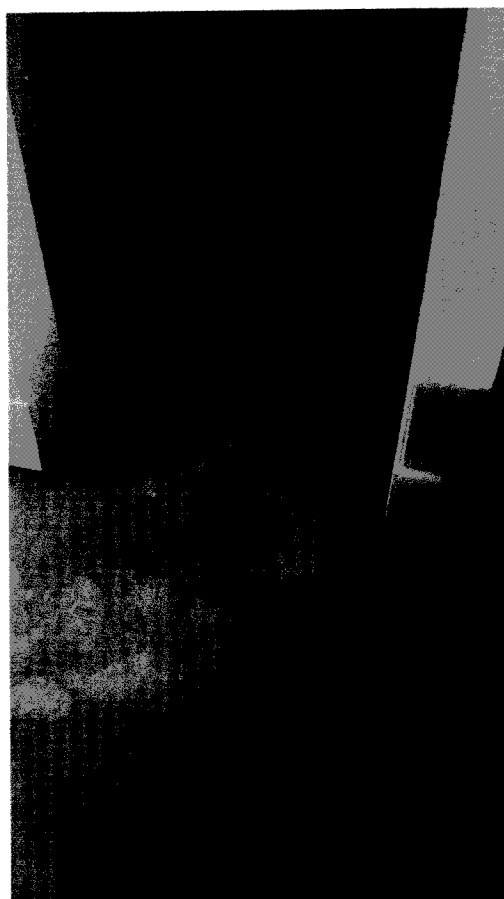
e. Following State Farm's fraudulent inspection, State Farm wrongfully denied Plaintiff's Roof Claim. State Farm's wrongful denial forced Plaintiff to incur substantial out-of-pocket expenses for the repair/replacement of the valid storm damage.

Plaintiff's Water Claim

f. On information and belief, on December 26-27, 2022, the Insured Property's above-ground pipes burst throughout the home.

g. The burst pipes caused immense flooding throughout the entirety of Plaintiff's home: ground floor, second floor, basement, and even exterior areas such as the porch. The damage was catastrophic. Water accumulation collapsed many ceilings, walls, and light fixtures, and scattered waves of debris throughout the home:





h. Water rained from the ceilings and poured from ground-level entries and exits for days. Plaintiff's floorings were completely destroyed. Weather exposure caused standing water to freeze. Electrical hubs, fixtures, and outlets were flooded, creating significantly hazardous conditions.

i. The loss left the entire home utterly destroyed and with unimaginable restoration costs.

j. To make matters worse, Plaintiff was not even home during the disaster – he had just left town on vacation to attend a college football game.²⁰ He was notified of the situation by his neighbor, who sent him a video of water rushing out of the home and down its driveway.

k. Immediately following the loss, Plaintiff, through Agent, submitted the Water Claim to State Farm and—based on Agent's advising that State Farm would reimburse for the costs of restorations and repairs—began paying out-of-pocket for such restorations and repairs.

l. On or about March 7, 2023—ten weeks after the loss—State Farm sent an inspector to the Insured Property. The inspector was woefully underqualified to properly assess the complex and variable types of damage involved in the loss, which spanned various locations and systems throughout the home.

m. On information and belief, Ted Wade with Gumerson Blake Design Build was present for the inspection. However, Mr. Wade's presence did not deter State Farm's adjuster from his marching orders; just as with the Roof Claim, the inspector massively

²⁰ Prior to leaving town, Plaintiff ensured the home was left heated above 55 degrees Fahrenheit, and no water systems/appliances were left running or undrained.

underreported the home's damage and spent little if any time ascertaining appropriate replacement costs.

n. In demonstration of the pre-textual nature of State Farm's decision on the Water Claim, State Farm issued its damage estimate to Plaintiff the same day the home was inspected—an unbelievable feat considering the vast, varying damage and sophistication required to accurately assess such damage. Of course, this estimate reflected fraudulent, underreported damage nowhere near the replacement cost of damage to Plaintiff's home.

o. In total, State Farm's estimate provided a cost of **\$6,466.54** for the damage, which fell far short of the home's \$53,925.00 deductible and thereby resulted in a complete denial of the Claim.

p. As Plaintiff would later discover through various, ongoing restoration efforts, State Farm's denial of the Water Claim was wrongful, fraudulent, pre-textual, in bad faith, and in violation of the terms of the Policy, as the true replacement cost for such damage was, on information and belief, *more than fifty times higher* than the amount State Farm reported. On information and belief, the only way State Farm could ignore such a large amount of patent damage is by dismissing it as a non-covered loss, i.e., "water below the surface of the ground," and "continuous," "intermittent," or "gradual" leakage. Of course, neither is a plausible explanation for the damage.

q. On information and belief, when Plaintiff submitted invoices, receipts, etc., for repairs and replacements to damage caused by the loss, State Farm—in direct violation of its contractual obligations as well as its duty of good faith and fair dealing owed to

Plaintiff—simply disregarded such evidence of the replacement cost of such damage and refused to provide proper coverage to Plaintiff.

Defendants' Failures

r. On information and belief, in furtherance of the Initiatives, Agent never inspected the Insured Property and otherwise failed to verify the condition of the Insured Property at any time, yet Agent sold and renewed full replacement cost coverage recklessly and blindly. This signaled to Plaintiff that the Insured Property continually satisfied State Farm's underwriting guidelines and qualified for 100% full replacement cost coverage without any adjustments or depreciation for age, condition, etc. However, this turned out to be untrue once State Farm wrongfully denied the Claims based on pre-existing, non-covered causes of loss that negated Plaintiff's full replacement cost coverage. Indeed, Agent failed to disclose to Plaintiff any defects and pre-existing damage/defect that would preclude full replacement cost coverage despite being required to in accordance with State Farm's underwriting guidelines.

s. Any pre-existing damage or conditions should have been identified by Agent at Policy inception and renewals and disclosed to Plaintiff and State Farm as such that would disqualify Plaintiff from full replacement cost coverage. Instead, Agent failed to verify whether any other pre-existing, non-covered cause of loss existed. Agent's failed underwriting duties and failure to disclose crucial information affecting the Insured Property's eligibility for replacement cost coverage allowed State Farm to ambush Plaintiff with a Claim denial. Plaintiff was subjected to the Initiatives.

t. **Additionally, Agent's representation to Plaintiff that State Farm would pay for any restorations/repairs on the Water Claim if Plaintiff provided receipts for**

such efforts was a blatant misrepresentation of the Policy's coverage, as demonstrated by State Farm's absolute refusals to do so.

u. Moreover, State Farm's conduct in handling the Water Claim demonstrates egregious bad faith. State Farm put forth no effort to fully, fairly, or timely investigate the Water Claim, and its fraudulent estimate sharply reflected such failures. When presented with evidence (i.e., damage assessments, invoices, receipts, etc.) demonstrating the replacement costs of the damage associated with the Water Claim were far, far higher than what State Farm asserted, rather than correct its decision, State Farm instead doubled down and again refused to provide coverage owed to Plaintiff.

v. To date, State Farm wrongfully withheld the full replacement cost benefits to which Plaintiff is rightfully entitled to under the Policy. State Farm left Plaintiff with no other option but to retain counsel and file the present lawsuit in order to recover the full replacement cost benefits rightfully owed to him. As such, State Farm's conduct constitutes a violation of the Unfair Claims Settlement Practices Act. 36 O.S. § 1250.13 ("Compelling, without just cause, policyholders to institute suits to recover amounts due under its insurance policies or insurance contracts by offering substantially less than the amounts ultimately recovered in suits brought by them, when the policyholders have made claims for amounts reasonably similar to the amounts ultimately recovered.") (emphasis added).

w. State Farm has established a pattern and practice of forcing insureds to file lawsuits to obtain their full replacement cost benefits. This is due to State Farm's cost-benefit analysis that led to its decision to create the Initiatives and resultant Scheme. The Initiatives are premised on the notion that most insureds will simply accept State Farm's bad faith investigation and evaluation of their claims and will not pursue a lawsuit. This is

bad faith, and any post-litigation claim payments should have been issued early on in the claims when the degree of covered damage was evident.

x. State Farm ultimately stood on its initial decisions on both claims and made no efforts to reassess the claims—or even entertain evidence clearly demonstrating its mishandling the claims—and provide Plaintiff coverage as he requested and as Agent specifically, affirmatively promised. To date, Defendants’ conducts have cost Plaintiff ***hundreds of thousands of dollars in out-of-pocket expenses***, with additional out-of-pocket expenses being incurred as Plaintiff continues to repair and replace damage from the water loss.

IV. FRAUDULENT CONCEALMENT

43. All allegations in the preceding paragraphs of this Petition are fully incorporated as if each were fully set forth herein.

44. Fraudulent concealment and/or the discovery rule tolls the statute of limitations on each of Plaintiff’s Claims and precludes State Farm from asserting a limitations defense. *Morgan v. State Farm Mut. Auto. Ins. Co.*, 2021 OK 27, ¶ 3, 488 P.3d 743, 745 (fraudulent concealment applies to breach of contract actions); *F.D.I.C. v. UMIC, Inc.*, 136 F.3d 1375, 1380 (10th Cir. 1998) (fraudulent concealment applies to claims for negligence); *Smith v. Baptist Foundation of Okla.*, 2002 OK 57, ¶ 8, 50 P.3d 1132, 1138 (discovery rule applies to constructive fraud); *see also N.C. Corff Partnership, Ltd. v. OXY USA, Inc.*, 1996 OK CIV APP 92, 929 P.2d 288 (applying the discovery rule to cause of action, in part, alleging unjust enrichment).

45. “If a defendant fraudulently conceals material facts and thereby prevents a plaintiff from discovering his wrong or the fact that a cause of action has accrued against him, the limitations period is tolled.” *Morgan*, 488 P.3d at 753 (citing *Masquat v. DaimlerChrysler Corp.*, 2008 OK 67, ¶ 18, 195 P.3d 48, 55) (inner quotations omitted); *see also Masquat, supra* (tolling

under fraudulent concealment is supported where one had no means of ascertaining knowledge of the cause of action through the exercise of ordinary prudence; “[W]hen there is some actual artifice or some affirmative act of concealment, or some misrepresentation which induces the other party to inaction, or to forgo inquiry, the guilty party may not cover up the harm he has thus wrought by aid of the statute of limitations.”) (citation omitted).

46. The Initiatives are an artifice State Farm designed to be hidden from its insureds’ discovery. To wit, the inherent nature of State Farm’s “good neighbor” promises—the duty of good faith and fair dealing State Farm owes its insureds—makes the artifice appear reliable. Insureds of ordinary prudence have no means of discovering the Initiatives-driven Scheme or their right to pursue recovery under the law.

47. Throughout the life of Plaintiff’s Claims, Defendants engaged in affirmative acts to conceal State Farm’s Scheme-dictated breach of contract, pattern and practice of bad faith claims-handling tactics, and constructive fraud and negligent misrepresentation such that Plaintiff had no way of reasonably ascertaining such claims against it. Defendants’ repeatedly selling Plaintiff an insurance policy which would never actually provide coverage, while representing to Plaintiff that such policy would, in fact, allow for coverage, all while withholding material information about State Farm’s bad-faith tactics to deprive coverage on valid claims, left Plaintiff clueless as to the actionable nature of Defendants’ conducts.

48. It was not until years later, as State Farm would fail to reimburse Plaintiff for repairs/replacements for the damage, that Plaintiff was able to discover the malicious nature of Defendants’ conducts.

49. Agent actively concealed State Farm’s misconduct and the illusory nature of the Policy by insisting to Plaintiff that State Farm would eventually provide proper coverage if

Plaintiff continued to pay out-of-pocket for repairs. As a diligent homeowner, Plaintiff paid (and continues to pay) for such repairs and submitted this information to State Farm, yet State Farm has yet to provide the promised coverage. At this point, Plaintiff realizes State Farm will not, nor did it ever intend to, provide Plaintiff with proper coverage.

50. Defendants' affirmative and active concealment of their actionable misconduct tolls any applicable limitations period.

V. COUNTS

COUNT ONE: BREACH OF CONTRACT ***Against Defendant State Farm***

51. All allegations in the preceding paragraphs of this Petition are fully incorporated as if each were fully set forth herein.

52. Plaintiff entered into a contract of insurance (the Policy) with State Farm to provide homeowner's insurance for the Insured Property. The Policy was in full force and effect at all material times hereto.

53. Plaintiff provided proper and timely notice to State Farm of Plaintiff's Claims for substantial damage to the Insured Property.

54. The Policy purports to cover all fortuitous losses—which necessarily and specifically includes damage sustained by wind/hail and water loss. The Policy language does not define, distinguish, or limit wind and/or hail damage in any fashion, and merely restricts coverage on water losses under very specific conditions (none of which are present here, *see supra* at n.19).

55. Plaintiff complied in all material ways with the terms and conditions of the Policy.

56. State Farm breached its contractual obligations under the terms and conditions of Policy by failing to pay Plaintiff all benefits owed under the terms and conditions of the Policy and for wrongfully underpaying and denying the Claims.

57. Consistent with State Farm's pervasive, systemic, fraudulent Initiatives described in detail throughout this Petition, State Farm actively, intentionally, and fraudulently concealed its Scheme to deny valid claims from Plaintiff. *See supra* at ¶¶ 44-50. This concealment is an inherent and important aspect of State Farm's Scheme, as State Farm knows its Initiatives would work only if kept secret.

58. As a result of State Farm's breach of contract and other wrongful conduct, Plaintiff incurred damages.

COUNT II: BREACH OF THE DUTY OF GOOD FAITH AND FAIR DEALING
("Bad Faith")
Against Defendant State Farm

59. All allegations in the preceding paragraphs of this Petition are fully incorporated as if each were fully set forth herein.

60. At all relevant times hereto, State Farm owed Plaintiff a duty of good faith and fair dealing.

61. State Farm knowingly, intentionally, purposefully, wrongfully, and repeatedly breached its duty to deal fairly and in good faith by engaging in at least the following acts and omissions:

- a. knowingly engaging in a pattern and practice of
 - i. denial-oriented investigations and claims-handling practices;
 - ii. arbitrary and capricious claims handling;
 - iii. denying and/or underpaying indemnity payments owed to its first-party insureds, including Plaintiff, on valid claims;
 - iv. withholding pertinent benefits, coverages, and other provisions owed to Plaintiff in violation of the Unfair Claims Settlement Practices Act, 36 O.S. §§1250.1-1250.16;

- v. limiting and/or denying rights inherent to Plaintiff;
 - vi. recklessly disregarding said rights;
 - vii. forcing Plaintiff to retain counsel to recover insurance benefits owed under the terms and conditions of the Policy;
 - viii. manipulating claims to ensure damages fall below the policy deductible;
 - ix. ignoring valid damage;
 - x. engaging in the pattern and practice of denying full roof replacement claims by asserting pre-existing damages or defects without a pre-inception property inspection and/or without reasonably updated knowledge of the pre-loss condition of the subject property;
 - xi. implementing the Wind/Hail Focus Initiative with the goal of reducing indemnity payments and denying full roof replacements to policyholders like the Plaintiff on valid wind and hail claims;
 - xii. implementing the Water Initiative to wrongfully preclude coverage on valid water losses, like Plaintiff's Water Claim;
 - xiii. utilizing biased third-party adjusters and/or engineers who advance State Farm's Initiatives outlined herein by consistently writing reports and estimates to deny valid claims;
- b. knowingly and purposely failing to
- i. maintain current information as to the condition of the Insured Property prior to the loss;

- ii. notify Plaintiff, both prior to and at the inception and renewal of the Policy, of any pre-existing damage and other conditions it may have been aware of that would limit full replacement cost coverage if a claim was made;
- iii. communicate all coverages and benefits applicable to the Claims;
- iv. perform a proper, timely, fair, and objective investigation of the Claims;
- v. pay the full and fair amount for the hail damage sustained to the Insured Property in accordance with the Policy's terms and conditions;
- vi. base its denial of the Claims on valid, accurate, and reasonable grounds;
- vii. disclose the Initiatives and related bad faith tactics to Plaintiff;
- viii. disclose State Farm's lack of compliance with its own underwriting guidelines, policies, and procedures in denying full replacement cost coverage to Plaintiff; and
- ix. hire, train, or contract with personnel qualified to fully assess and determine full replacement costs of complex water losses.

62. State Farm's conduct, as described above, constitutes bad faith and is a material breach of the terms and conditions of the Policy and its underlying insurance contract between the parties. State Farm has no reasonable basis in its refusal to recognize and pay Plaintiff the agreed replacement cost as per the Policy for damages caused by the damage to the Insured Property.

63. As a consequence of State Farm's breach of the duty of good faith and fair dealing, Plaintiff sustained damages, including deprivation of monies rightfully belonging to Plaintiff, and ordinary or garden variety harm of anger, stress, worry, physical and emotional suffering that naturally results from an insurance failure.

64. State Farm's conduct was intentional, willful, malicious, and/or in reckless disregard of the rights of others. State Farm's actions during the handling of the Claims demonstrate it acted intentionally and with malice and breached its duty to deal fairly and in good faith. State Farm's actions were consistent with an overall collective corporate goal of decreasing indemnity losses and thereby increasing profits through the systematic underpayment and denial of high-value claims. The Initiatives are sufficiently egregious in nature so as to warrant the imposition of punitive damages.

65. State Farm's Initiatives demonstrate an enterprise-wide "pattern" theory of bad-faith conduct, liability for which is cognizable under Oklahoma law. *See* 12 Okla. Stat. § 2406; *Vining v. Enter. Fin. Group*, 148 F.3d 1206, 1218 (10th Cir. 1998) (where Plaintiffs sought to prove insured's pattern and practice of bad faith conduct, evidence regarding other insureds was relevant to show defendant "acted in this case under Federal Rule of Evidence 406 (habit)"); *see also Metzger v. Am. Fid. Assur. Co.*, 2007 WL 4342082, at *1 (W.D. Okla. Dec. 7, 2007); *Markham v. National States Ins. Co.*, 122 Fed. Appx. 392 (10th Cir. 2004) (evidence of nationwide rescission practice supported bad faith); *Barnes v. Okla. Farm Bur. Mut. Ins. Co.*, 2000 OK 55, 11 P.3d 162, 170 ("insurer's unreasonable treatment of Barnes was not an isolated incident, but the same or similar tactic was used by insurer repeatedly with other insureds"; awarding actual and punitive damages); *Copeland v. Tela Corp.*, 2003 OK CIV APP 98, ¶ 3, 79 P.3d 1128 (confirming no abuse of discretion in allowing evidence of habit evidence under 12 O.S. § 2406

to show pattern and practice conduct.); *Jones v. Farmers Ins. Co., Inc.*, 2012 WL 12863976 (W.D. Okla) (court holds that similar claims are relevant to Plaintiffs' contract claim and the Claim of bad faith in that they may show a pattern and practice).

66. State Farm acted in bad faith by implementing the Initiatives which resulted in its wrongful denial of Plaintiff's Claims. These denials achieved by the Initiatives were entirely pre-determined and executed in bad faith.

67. State Farm recklessly disregarded and/or intentionally and maliciously breached its duty to deal fairly and act in good faith entitling Plaintiff to recover punitive damages.

68. State Farm enjoyed increased financial benefits and ill-gotten gains as a direct result of the wrongful conduct described herein.

69. As a result of State Farm's conduct, Plaintiff sustained damages, including deprivation of monies rightfully belonging to Plaintiff, and ordinary or garden variety harm of anger, stress, worry, physical and emotional suffering.

COUNT III: NEGLIGENT PROCUREMENT OF INSURANCE
Against Agent

70. All allegations in the preceding paragraphs of this Petition are fully incorporated as if each were fully set forth herein.

71. At all material times hereto, Agent acted as State Farm's agent and/or employee. State Farm is thereby vicariously liable for the Agent's conduct.

72. In procuring the Policy, Agent had a duty to:

- a. use reasonable care, skill, and diligence to procure full replacement cost coverage as the insured requested that meets the insured's stated needs;
- b. use reasonable care, skill, and diligence in undertaking the calculation of replacement cost for the insured;

c. speak accurately and truthfully by informing Plaintiff of all full replacement cost coverages, advising Plaintiff of the benefits, risks, limitations and exclusions thereof, and perform a reasonable inspection of the Insured Property prior to procuring the full replacement cost coverage and thereafter upon renewal to ensure no changes to the Policy were necessary or required; and

d. disclose all material facts with respect to the Initiatives and their coverage-precluding effects as outlined within this Petition.

73. Agent breached Agent's duty owed to Plaintiff by:

a. Knowingly and purposefully procuring and renewing

- i. illegitimate full replacement cost coverage (in that all fortuitous losses are not covered under the Policy);
- ii. a policy which deviated substantially and materially from the full replacement cost coverage Plaintiff requested and Agent's own representations as to coverage under the Policy;
- iii. a Policy that did not accurately reflect the replacement cost of the Insured Property (*i.e.*, an amount that was 100% insurance to value as represented);
- iv. a Policy that, as written, did not provide full replacement cost coverage to fully restore the Insured Property back to its pre-loss condition;

b. Failing to

- i. follow and abide by State Farm's underwriting policies/guidelines;
- ii. perform or arrange for all necessary inspections of the Insured Property;

- iii. confirm the accuracy of the pre-filled information provided by State Farm's replacement cost estimating tool;
- iv. disclose pre-existing damage to the Insured Property;
- v. verify whether its inherent representation to State Farm and Plaintiff that the Insured Property (including the roof) was in good condition was accurate;
- vi. verify its promise that State Farm would cover all out-of-pocket expenses Plaintiff spent on repair/replacement of valid damage, and thereafter convey to Plaintiff that this was untrue;
- vii. procure and renew a policy that provided the requested full replacement cost coverage for all fortuitous losses; and
- viii. disclose all material facts of the Initiatives as outlined within this Petition.

74. Plaintiff relied on Agent's representations (including that State Farm would fully cover all out-of-pocket expenses on repairs/replacement) and omissions to his substantial detriment.

75. As a result of Defendants' conduct, Plaintiff sustained damages, including deprivation of monies rightfully belonging to Plaintiff, and ordinary or garden variety harm of anger, stress, worry, physical and emotional suffering.

76. Defendants' conduct was intentional, willful, malicious and in reckless disregard of the rights of others and is sufficiently egregious in nature so as to warrant the imposition of punitive damages. Defendants acted intentionally and maliciously, and breached duties owed to

Plaintiff. Defendants' actions were consistent with their overall collective corporate goal of increasing profits through the systematic underpayment and denial of claims.

COUNT IV: CONSTRUCTIVE FRAUD AND NEGLIGENT MISREPRESENTATION
Against All Defendants

77. All allegations in the preceding paragraphs of this Petition are fully incorporated as if each were fully set forth herein.

78. Defendants owed Plaintiff a legal and/or equitable duty to disclose all material facts that may arise out of their relationship as insurer and insured. *Croslin v. Enerlex, Inc.*, 2013 OK 34, ¶ 17, 308 P.3d 1041.

79. The concealment of a material fact which substantially affects another person constitutes fraud. *Patel v. OMH Medical Center, Inc.*, 1999 OK 33, ¶ 34; *Sutton v. David Stanley Chevrolet*, 2020 OK 87, 475 P.3d 847. Fraudulent representations may consist of half-truths calculated to deceive, and a representation literally true is actionable if used to create an impression substantially false. *Sutton*, 475 P.3d at 15. Where the peculiar circumstances give rise to a duty on the part of one of the parties to a contract **to disclose material facts and the party remains silent to his or her benefit and to the other party's detriment**, the failure to speak constitutes fraud. *Id.* (citing *Croslin*, ¶17) (emphasis added).

80. “[A] variety of facts and circumstances [] will give rise to a duty to disclose material facts.” The *Sutton* Court reiterated that it has “consistently found the existence of the requisite circumstances, *i.e.*, that which is necessary to create a duty to disclose, when the offending party created a false impression concerning material facts that was relied upon by the other party to his detriment and to the benefit of the offending party.” *Id.* at 15.

81. A negligent or innocent misrepresentation or concealment for constructive fraud occurs when one who, in the course of his business, profession, or employment, or in any other

transaction in which he has a pecuniary interest, supplies false information for the guidance of others in their business transactions, is subject to liability for pecuniary loss caused to them by their justifiable reliance upon the information, if he fails to exercise reasonable care or competence in obtaining or communicating the information. Negligent misrepresentation can also be based on a material omission. See *Lopez v. Rollins*, 2013 OK CIV APP 43, 303 P.3d 911; *Sutton v. David Stanley Chevrolet*, 2020 OK 87; *Stroud v. Arthur Andersen & Co.*, 2001 OK 76, 37 P.3d 783; *Ragland v. Shattuck Nat'l Bank*, 36 F.3d 983, 992 (10th Cir. 1994) (applying Oklahoma law).

82. Defendants owed specific duties to Plaintiff. These duties are encompassed in State Farm's duty of good faith and fair dealing owed to its insureds, as well as specific duties Agent owed Plaintiff—a duty to exercise reasonable diligence and skill in obtaining and accurately notifying of the nature and character of the insurance procured, the duty in undertaking the calculation of replacement cost for the insured to use reasonable care, skill, and diligence to do so, the duty to speak accurately and truthfully, and the duty to disclose all material facts relating to the Initiatives as outlined within this Petition.

83. Defendants breached this duty by misrepresenting, concealing, or omitting pertinent material facts from Plaintiff, including (but not limited to) the following:

a. Defendants misrepresented the Insured Property met all underwriting requirements, that all property inspections had occurred, and that the replacement cost values it calculated were accurate and commensurate with reconstruction costs such that the full replacement cost coverage would fully restore, replace and/or repair the Insured Property in the event of a loss by a covered event.

b. Defendants misrepresented that the Insured Property (and, specifically, its roof) was eligible for the comprehensive full replacement cost coverage (rather than ACV).

c. Defendants failed to disclose that pre-existing issues with the Insured Property would either prevent issuance of or limit the full replacement cost coverage for any damage during the Policy period.

d. Agent misrepresented the procurement of the comprehensive full replacement cost coverage Plaintiff requested.

e. Agent misrepresented that State Farm would cover all out-of-pocket expenses Plaintiff incurred for repair/replacement of valid damage to his home.

f. Defendants misrepresented that the Policy covered all fortuitous losses and that weather-related damage (even cosmetic)—big or small—was fully covered under the Policy.

g. Defendants failed to disclose all material information to an insured about State Farm's bad faith claims handling tactics, its reliance on undisclosed definitions and standards outside of the Policy, internal and external complaints about State Farm's handling of valid homeowners insurance claims, and other material information any insured would deem reasonable in making a purchasing decision.

h. Defendants failed to disclose to Plaintiff any of the above misrepresentations and/or omissions, any facts underlying these misrepresentations, or any material facts regarding the Initiatives implemented with the goal of reducing insurance payments to policyholders like the Plaintiff on valid property claims or State Farm's use of biased third-party adjusters and/or engineers who further implement the Initiatives outlined herein by consistently writing fraudulent reports and estimates to effectuate State Farm's wrongful claim denials.

84. Nevertheless, Agent procured, bound, sold, and—together with State Farm—renewed, illusory full replacement cost coverage to Plaintiff knowing such representations were untrue.

85. As a result of both State Farm and Agent's breaches of duty, each gained an advantage by misleading Plaintiff to substantial detriment and prejudice. These breaches of duty induced Plaintiff to accept, purchase, and renew the Policy.

86. State Farm and Agent's misrepresentations constitute constructive fraud.

87. At all relevant times, Agent was State Farm's employee and/or agent.

88. As a result of the Defendants' constructive fraud, Plaintiff sustained damages, including deprivation of monies rightfully belonging to Plaintiff, and ordinary or garden variety harm of anger, stress, worry, physical and emotional suffering.

89. Defendants' conduct was intentional, willful, malicious, and in reckless disregard of the rights of others, and/or was grossly negligent, and is sufficiently egregious in nature so as to warrant the imposition of punitive damages.

VI. PRAYER FOR RELIEF

WHEREFORE, this Court should enter judgment on behalf of Plaintiff against all Defendants for:

- (a) Actual damages in an amount in excess of \$75,000;
- (b) Punitive damages under Oklahoma law;
- (c) Disgorgement of the increased financial benefits derived by any and/or all of the Defendants as a direct result of the Defendants' wrongful conduct; and
- (d) Prejudgment interest, costs, and attorneys' fees.

Respectfully submitted,

Reggie Whitten

Reggie N. Whitten, OBA No. 9576
Michael Burrage, OBA No. 1350
Blake Sonne, OBA No. 20341
Hannah Whitten, OBA No. 35261
John S. Sanders, OBA No. 34990
Jake Denne, OBA No. 35097

WHITTEN BURRAGE

512 North Broadway Avenue, Suite 300
Oklahoma City, OK 73102

Office: 405.516.7800

Facsimile: 405.516.7859

rwhitten@whittenburrage.com

mburrage@whittenburrage.com

bsonne@whittenburrage.com

hwhitten@whittenburrage.com

jsanders@whittenburrage.com

jdenne@whittenburrage.com

ATTORNEYS FOR PLAINTIFF

***ATTORNEYS' LIEN CLAIMED
JURY TRIAL DEMANDED***



KERLEY SCHAFFER LLP

1939 Harrison Street, Suite 900
Oakland, California 94612
t 510.379.5801 | f 510.228.0350

December 27, 2023

Honorable Alex G. Tse
United States Magistrate Judge
Oakland Courthouse, Courtroom A – 15th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

Re: *Wise et al. v. State Farm General Ins. Co.*
United States District Court Case No. 23-cv-00163-HSG-AGT

Dear Judge Tse:

The Parties submit the following joint letter regarding a discovery dispute.

Plaintiffs' Position

In January 2022, the Wise family suffered damage to the first floor of their home when a plumbing fixture below their kitchen sink failed, flooding the home. State Farm never inspected the house, or hired a plumber, contractor, engineer, or construction forensic expert to investigate. Instead, State Farm assigned a fraud investigator who had never investigated a water loss to conduct its coverage inquiry. After its brief investigation State Farm denied the loss, asserting it was excluded under the policy.

The Wise loss was denied based on two exclusions in the policy relating to (a) seepage and leakage of water over a period of time and (b) wear and tear of the plumbing fixture. That in mind, in September 2023, Plaintiff served requests for production which sought guidelines and training materials relating to the investigate and adjusting of water losses specifically aimed at understanding how State Farm investigates and decides coverage.¹

Such documents are indisputably relevant and discoverable in an insurance bad faith case, without regard for whether the personnel at issue in any given claim reviewed or relied on the materials during the Wise claim.² Plaintiffs also sought training transcripts for the relevant claims handlers and supervisors.³ On October 30, 2023, State Farm responded with boilerplate objections, but promised to produce “the relevant

¹ **Exhibit A** (requests 20-24); State Farm’s responses are **Exhibit B**.

² *Miranda v. First Reliance Standard Life Ins. Co.*, 2011 WL 2441762, at *4 (N.D.Cal.,2011); *Zewdu v. Citigroup Long Term Disability Plan*, 264 F.R.D. 622, 628 (N.D. Cal., 2010); *McCurdy v. Metropolitan Life Ins. Co.*, 2007 WL 915177, *4 (E.D. Cal. March 23, 2007); *Glenfed Development Corp. v. Superior Court*, 53 Cal.App.4th 1113, 1118 (1997).

³ Exhibit A, Requests 28-35.

sections of the Operation Guides along with the Standard Claim Processes applicable and in effect on the date of loss.”⁴ State Farm gave Plaintiffs no reason to conclude that the documents described in the State Farm responses were not the sum of documents responsive to the requests.

State Farm waited until November 27, 2023, twenty-eight days, to produce portions of its Operation Guides, along with the training transcripts. The transcript for Mackey Campbell, the claim manager responsible for the denial, included a reference to a course called “Water Skill Review.” State Farm did not produce any documents relating to the course itself.

We immediately sought production of documents relating to the “Skill Review” course. Over the next several weeks, through November and December, in multiple emails, we reminded State Farm of the request. State Farm’s counsel never objected or argued that the “Skill Review” documents are not discoverable; rather, it sat on its hands.

Finally, with the key Rule 30(b)(6) depositions set for the last two days of the discovery period (December 28 and 29), **on December 21, 2023**, State Farm produced a 10-page *Water Loss Skills Review*, a test given to participants in the Water Skill Review course. The next day, **Friday December 22, 2023**, in the late afternoon before the Christmas break, State Farm produced the study guide upon which the test relies, with the heading “Water Loss Skill Review Answer Key and Resources” (Answer Key).

The Answer Key contains myriad references to other “resources” available to claims staff to assist them to investigate and estimate water losses, analyze coverage, and apply the exclusions at issue, *i.e.*, precisely the training/guidelines Plaintiffs had sought months earlier. A list of the withheld materials is attached as **Exhibit C, Documents 1-30**.

Relatedly, but entirely distinct from the categories of documents described in the prior paragraph, in December we discovered that in very recent depositions in other suits, State Farm employees described the existence of what is known at State Farm as the “Water Loss Initiative.” In one case, the carrier described the initiative as an “effort[] in California beginning in or around 2017 to help ensure consistency in the handling of water claims in California. Claims handling personnel were provided training that focused on reinforcing existing principles relating to proper investigation and documentation of water loss claims. Topics included the quality first contact, gathering the facts of loss, plumbing issues, additional investigation, determining coverage, estimates, and damage evaluation. In 2020, the settlement authority of claims handlers on water loss claims was temporarily reduced. During that period, team managers reviewed claims specialists’ water loss claims for conformance with quality claim handling expectations.”⁵ In that case, State Farm also described a large number of

⁴ Exhibit B, Responses to Requests 20-24.

⁵ *Jacobs v. State Farm General Insurance Company*, Case No. 22STCV23445, Los Angeles Superior Court (responses to interrogatories).

documents relating to the Water Initiative and related training. A list of those documents, also withheld in this lawsuit, is attached as **Exhibit C, Documents 31-40**.

Although Plaintiffs' document requests nos. 20-24 plainly encompass the training materials related to the "Water Initiative," State Farm has produced nothing. Its counsel and witnesses have remained silent, never mentioning the Water Loss Initiative. Plaintiffs only became aware of the names and/or categories of documents relating to State Farm's "Water Initiative" in the last week through State Farm's own description of the documents in its responses to interrogatories in the *Jacobs* matter. Those are also listed in **Exhibit C**.

As appears, State Farm has been for months engaged in discovery abuse. In response to the requests for discoverable training and guidelines, State Farm agreed to a production which left Plaintiffs to conclude the carrier had searched for and would produce responsive documents. State Farm dragged its feet for weeks and finally made its initial production, which revealed the existence of the "Water Skills" course. Plaintiffs immediately sought production of the Skills course, and followed up multiple times over many weeks, but it was not until December 21 and 22, respectively, that State Farm produced the test and Answer Key.

But far more troubling, State Farm's delay in producing those documents now seem to have been intended to conceal the existence of myriad guidelines and training materials referenced in the Answer key. To be clear, none of these seem to be related to the Water Initiative. Of course, State Farm has also withheld all of the Water Initiative-related documents it identified in the *Jacobs* case (Exhibit C, Documents 31-40).

As a result of this concealment, Plaintiffs have been deprived of the opportunity to review and consider the documents, question multiple witnesses about the substance of the documents that bear on the primary issue in the case or to provide the documents to their experts. Plaintiffs have been deprived of the opportunity to examine company witnesses meaningfully and fully on topics in the concealed training, guidelines and the Water Loss Initiative documents.

Given State Farm's expansive and well-known obligations as relates to discovery requests, responses, and the production of documents, Plaintiffs request that the Court impose the following orders, or in the alternative set this matter for an evidentiary hearing after providing Plaintiffs an opportunity to question company witnesses about the search for and production of documents:

- Order production within ten days of documents on Exhibit C;
- Extend the discovery deadline for 60 days to permit Plaintiffs an opportunity to:
 - reopen three relevant depositions of claims personnel: Thiago Desouza, Mackey Campbell, and Tyria Veras;
 - after Plaintiffs have reviewed the documents, allow two additional depositions, including Rule 30(b)(6) witnesses on (a) the preservation,

search for, and production of documents responsive to the requests at issue here and (b) the substance of the documents themselves; and

- litigate further disputes relating to the foregoing issues considering State Farm's delay and concealment of the Exhibit C materials.

State Farm's Position

At a few minutes before 5 p.m. on the Friday before the Christmas Holiday, plaintiffs' counsel sent State Farm's counsel an email advising that they would be moving to reopen discovery and demanding production of an additional 42 groups of documents identified without dates or references. Counsel followed up this email with a joint discovery letter sent on Christmas Eve demanding State Farm's counsel respond by noon on Tuesday, December 26th. As requested, State Farm's counsel (who has been out of the office since Friday) has done so.

This appears to have been prompted by another State Farm litigation matter—not one this firm is handling. Nor were any specifics about the other suit provided—including when the loss occurred and what the time frame was for the handling of that claim. That is important because State Farm's homeowners policy for California was revised in 2020. Moreover, State Farm claim handling training is regularly updated.

Notably, the only time reference provided in Plaintiffs' discussion of the "water initiative" is to 2017—five years before the claim at issue here which occurred in January 2022. Moreover, the list attached as Exhibit C is not part of a discovery response. The list of 40 new categories of "documents" was compiled by Plaintiffs' counsel. The list contains no time references or explanations of why the purported documents are relevant. The scope of these documents is also extremely overbroad, including topics not connected to this claim in any way. (See #11, 17-19, 25 etc.). Many of the descriptions are also extremely vague and encompass a wide range of potentially responsive documents. (See #7, #17, 28). Most importantly, this last-minute request for additional documents deprives State Farm of the opportunity to object or even meet and confer regarding these newly requested documents.

In this matter, State Farm produced 2,736 pages of institutional documents on November 27, 2023. Those included various reference materials available to claims personnel as well as the training transcripts of the State Farm personnel involved in this claim.

From those transcripts, plaintiffs' counsel identified just three training courses for which they wanted documents. Those are the subject of Plaintiffs' Request for Production, Set Three—whose response is due on December 29th. (Attached as Exhibit D). Despite the still pending due date, State Farm has already provided the documents it located for those three courses.

Moreover, plaintiffs have had the opportunity to depose the individuals who handled this claim—including Mr. Jerrell Campbell Mackey; Mr. Thiago Glora Desouza, and Ms. Tyria Veras. Those depositions were not restricted in any way, and questions regarding handling of water claims—including training, claims approaches or other subjects were all topics that counsel did or could have covered.

Waiting until this late date to make a demand to retake depositions and for a large number of vaguely described documents without serving a request for documents is not consistent with the discovery rules. State Farm opposes plaintiffs' attempt to end-run the discovery requirements and asks that the Court decline plaintiffs' various proposed orders.⁶

Date: December 26, 2023

Kerley Schaffer LLP

/S/
Dylan Schaffer
Counsel for Plaintiffs

Date: December 27, 2023

Pacific Law Partners, LLP

/S/
Sandra E. Stone
Counsel for Defendant

⁶ State Farm notes that Judge Tse has already made clear that he cannot extend the discovery cut-off.

EXHIBIT C

EXHIBIT C

EXHIBIT C

Each of the courses, videos, guidelines, and other related documents listed below are named by State Farm as resources for its claims staff in the "Answer Key" recently produced by State Farm (1-30), or were identified by State Farm in the Jacobs case, in response to interrogatories, as documents pertaining to the carrier's "Water Initiative" (30-40).

1. Water Damage Coverage Analysis (HW-2100 Series) Workday
2. Water Damage Coverage Analysis (HW-2100 Series) course in Workday
3. Water Coverage Introduction and QFC VOD
4. Water Coverage Investigation VOD
5. Introduction to Water Losses VOD
6. Water Coverage – Plumbing
7. TIPP
8. Water Loss Scenarios course in Workday
9. Fill-Up Water Loss VOD
10. Water Classes and Categories Job Aid
11. Quality First Contact Guide – Fire [Note: At State Farm, "Fire" is a reference to non-auto policies, including those like the policy at issue here which cover some water losses]
12. Water Mitigation- Xactimate Codes and Pricing VOD
13. Water Mitigation- Drying Equipment Calculations VOD
14. FAQs on Water Mitigation Summary Report Workflow
15. Fire Property Water Mitigation Training Support Guide – JA
16. Water Mitigation Estimate Review Job Aid
17. Estimating Topics - All
18. Xactimate- Changing a Component Price Job Aid
19. Reparability of Solid Wood Floor Coverings- Video on Demand
20. Water mitigation claim Handling Refresher
21. Water mitigation Job Aid
22. Water Category and Class
23. Wood Floor Damage Job Aid
24. Flooring Course in Workday
25. Masking Job Aid
26. Drywall/Paint/Insulation/Trim/Cabinets/Countertops in Workday
27. Water Claim Handling Estimatics Considerations
28. Xactimate – All Topics
29. Fire Property Water Mitigation Training Support Guide – JA
30. Residential Interior Floor Coverings course in Workday
31. "Water Initiative" Power Point(s) or other presentation materials.
32. California Fire Claims Discussion Resources
33. Claim Folder Claim Level – Claim Details – all topics
34. Quality Claim Handling Expectations – all topics
35. Plumbing System Fill-ups and Sewer Backups – Defined;
36. Homeowners Policy, Section I Property, Coverage Model;
37. California Fire Claims Discussion Agenda;
38. Q4 2021 Water Estimate Writing and Reconciliation;
39. Water Forum Coverage Mini Session;
40. Water Forum PowerPoint.

EXHIBIT 2

Request 26-356

 Open

3 of 4



Dates

Received

August 25, 2026 via web

Request

All contracts, agreements, and modifications or amendments to all contracts and agreements between the State of Oklahoma, including but not limited to, the Oklahoma Office of the Attorney General, and Whitten Burrage entered between November 1, 2025 and August 24, 2026.

Requester

 Caleb Evans

 cevans@gablelaw.com

 499 W. Sheridan Ave., Suite 2200, Oklahoma City, OK, 73102

 (405) 235-5513

 GableGotwals

Additional information

Type of requestor

Law firm/Attorney

Purpose of request

Timeline

Documents

Message to requester ^

Requester + Staff

Hello,

This message acknowledges your request for records in accordance with Oklahoma's Open Records Act, Okla. Stat. tit. 51, §§ 24A.1-24A.40. The Act provides individuals with access to records while authorizing an agency to employ reasonable procedures to protect the integrity and organization of the records and to prevent excessive disruption of the agency's essential functions. Okla. Stat. tit. 51, § 24A.5(5).

The office will review your request and will search for responsive records. Our review process includes an initial intake, records search, legal review, and redaction of privileged or confidential records. Although the Oklahoma Open Records Act generally presumes that all records are open, there are exemptions and exceptions to this general rule, including an exemption that authorizes our office to maintain the confidentiality of our litigation and investigation files. Okla. Stat. tit. 51, § 24A.12. If your request is overly broad or is not reasonably specific, it may take the office additional time to review and fulfill your records request.

August 25, 2026, 12:07pm

Request opened

Anyone with access to this request

EXHIBIT 3

FEE AGREEMENT FOR PROFESSIONAL SERVICES

This Fee Agreement entered into this 31st day of July, 2026, between Gentner Drummond in his official capacity as Attorney General of the State of Oklahoma ("AG") and Whitten Burrage, LLP ("WB").

There is a certain action pending entitled "*Before the Insurance Commissioner of the State of Oklahoma, In Re: Hearing Pursuant to 36 O.S. § 984 As to Whether the Oklahoma Homeowners Insurance Market is Noncompetitive, Case No. 26-0820-TRN.*" (the "Action").

The AG of the State of Oklahoma is entitled to participate in the Action pursuant to 74 O.S. § 186(22) to represent and protect the collective interests of insurance consumers of the State on rate-related proceeding before the Insurance Commissioner.

The AG retains the law firm of WB, as special counsel to the Office of Attorney General of the State of Oklahoma in the above Action to act on behalf of the AG and the insurance consumers of the State of Oklahoma.

WB Fee and expenses will be as follows:

- (1) \$350.00 per hour for partners of the firm, Reggie Whitten and Michael Burrage;
- (2) \$285.00 per hour for associates of the WB firm;
- (3) \$75.00 per hour for legal assistants of the WB firm;
- (4) WB will be reimbursed for expenses in the Action such as any filing fees, deposition costs, transcript costs, experts needed for the Action and any other expenses approved by the AG.

The legal services to be provided to the AG pursuant to this Agreement will be preparing any pleadings or legal documents to be filed in the Action, preparing witness and experts necessary for the Action, attending and conducting any hearings or proceedings in the Action, consulting with the AG with regard to all aspects of the Action. The AG retains control over the Action and will have the final decisions over all issues and proceedings in the Action.

This Agreement can be terminated by either party upon fifteen (15) days written notice. Any attorney fee and expenses will be paid that are due and owing as of the termination date of this Agreement.

This Agreement will be subject to Oklahoma law.



Gentner Drummond, Attorney General for
The State of Oklahoma

Whitten Burrage, LLP

By: 
Partner



Office of the Oklahoma Attorney General

CONTRACT FOR LEGAL SERVICES BILLABLE- HOUR BASED

This Contract (the "Contract") for Legal Services is entered into and made effective this 28th day of July, 2026, by and between the Office of the Oklahoma Attorney General ("Attorney General"), on behalf of the State of Oklahoma ("State"), and Whitten Burrage, LLP ("Law Firm").

WHEREAS, the Attorney General is the chief law officer of the State and is vested with the constitutional and statutory authority, obligation, and responsibility to represent the interests of the State and its instrumentalities and offices in any and all proceedings and matters. The Attorney General of the State of Oklahoma is entitled to participate in the Action pursuant to 74 O.S. § 186(22) to represent and protect the collective interests of insurance consumers of the State on rate-related proceeding before the Insurance Commissioner;

WHEREAS, on review, the Attorney General determined that Law Firm's proposal provided the State is the most economical and most competent;

WHEREAS, Law Firm represents that it has the necessary expertise and experience to perform its obligations hereunder; and

WHEREAS, the Attorney General believes it to be in the best interest of the State and/or the people of the State that the Attorney General retain and the Law Firm to assist and supplement the Attorney General's efforts on behalf of the State relating to the matters described in Appendix A;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

SECTION I DUTIES AND RESPONSIBILITIES OF LAW FIRM

1. Services. Law Firm shall provide services for the Attorney General as described in Appendix A. Law Firm will perform all services in a professional and workmanlike manner in accordance with applicable professional standards and shall re-perform at no cost any work not in compliance with this warranty brought to its attention within a reasonable time after the work is performed. The Attorney General may request the replacement of any individuals assigned to this Contract in the event the Attorney General is dissatisfied with the work product or working relationship.

2. **Standard of Care.** Law Firm shall discharge its duties under this Contract with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent professional acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, and in accordance with the provisions of this Contract.

3. **Timely Performance of Services.** Law Firm shall provide timely updates for the Attorney General to participate in significant decisions regarding legal strategy. The Attorney General must be provided sufficient time to review drafts of all significant documents, including pleadings, motions, and briefs that may be provided to third parties on the State's behalf. Law Firm shall seek and receive approval from the Attorney General for all significant documents, including pleadings, motions, and briefs before they are provided to third parties on the State's behalf.

4. **Consultation.** Law Firm shall consult with and keep the State fully informed as to the progress of all matters covered by the Contract, including regular status meetings as requested by the Attorney General. Law Firm shall consult and cooperate with, and shall be responsible directly to, the Attorney General and other officials as designated by the Attorney General on all matters of strategy and tactics. The duty of Law Firm shall be to advise, counsel, and recommend actions to the State through the Attorney General, the Office of the Attorney General, or the other officials designated by the Attorney General, and to carry out its directions to the best of its ability. Law Firm will not file suit, or make any offer, settlement, or compromise without the written consent of the Attorney General. Law Firm shall offer the Attorney General or his designee(s) the opportunity to review and revise court documents and briefs prior to filing same. Law Firm shall promptly furnish the Attorney General with copies of all correspondence and all court documents and briefs prepared in connection with the services rendered under the Contract and such additional documents as may be requested by the Attorney General. Law Firm shall make its entire work product prepared in connection with the services rendered under this Contract, and other parties' pleadings, discovery, correspondence, and other relevant documents and materials, available to the Attorney General in .pdf or other format acceptable to the Attorney General.

5. **Availability of Records & Audit.** Law Firm shall keep and maintain appropriate books and records reflecting the services performed and costs and expenses incurred, disbursements, charges, credits, underlying receipts and invoices, and other financial transaction documents in connection with its performance of the services for a period of five (5) years from the ending date of this Contract. All files and records created or maintained in Law Firm's representation of the State are property of the Attorney General, though the Law Firm may retain a copy of the files and records as part of its client file. Upon reasonable notice, the Attorney General, the State Auditor & Inspector's Office, the State Purchasing Directors, or their representatives, shall be entitled to access any books, records, and other documents and items directly pertaining to charges to the State hereunder for purpose of audit and examination, at Law Firm's premises during normal business hours. Law Firm further agrees to provide appropriate access by the aforementioned parties to any sub-contractor's associated records. Additionally, and as provided in Appendix B, Law Firm shall maintain detailed contemporaneous time records for the attorneys and any paralegals or legal assistants on the matter and shall promptly provide such records on request by the Attorney General. In the event any audit, litigation, or other action involving these pertinent records is started before the end of the five (5) year period, Law Firm agrees to retain these records until all issues arising out of the action are resolved or until the end of the five (5) year period,

whichever is later.

6. Professional Conduct Certification. Law Firm is aware of and certifies it will follow the Oklahoma Rules of Professional Conduct set forth in Appendix 3-A of Title 5 of the Oklahoma Statutes.

7. License to Appear. Law Firm, by signing this Contract, warrants that all attorneys involved in the representation are now, or are eligible to become, duly licensed before the judicial forum, court, board, or tribunal before which they will appear on behalf of the State.

SECTION II DUTIES AND RESPONSIBILITIES OF THE ATTORNEY GENERAL

1. Access to Records and Availability of Staff. Unless otherwise prohibited by law, the Attorney General agrees to forward or cause to be forwarded records or information that may be necessary to perform any of Law Firm's duties pursuant to the provisions of this Contract. The Attorney General shall make its staff available during normal business hours to answer any questions or inquiries of Law Firm provided adequate notice is given of the time, content, and requested form of response.

2. Compensation. The Attorney General agrees to compensate for the services contracted in accordance with the provisions of Appendix B of this Contract. No taxes will be billed to the Attorney General on fees and expenses incurred.

3. Invoicing in Non-contingent Fee Matters. Law Firm shall keep detailed records of the time involved in each matter and submit claims for fees for such services provided to the Attorney General. Claims or invoices should be sent at the end of each month for services performed during that month. The claim must show a detailed, itemized fee billing indicating, on a daily basis, the appropriate time, description of services performed, and hourly rate for each professional performing services on behalf of the State. In the event of any dispute with regard to a portion of an invoice, the undisputed portion shall be paid as provided herein. Payment shall be made within forty-five (45) days of receiving correct and accurate claims or invoices. All payments are made in arrears, and no payments shall be made in advance.

4. Reimbursement of Expenses. All out-of-pocket expenses, such as photocopies, telephone charges, on-line computer assisted legal research, and other appropriate items will be identified and charged to the State as they are incurred. No mark-up will be allowed on reimbursable charges. Law Firm agrees to limit its requests for reimbursement of any expenses incurred in travel in accordance with the provisions of the State Travel Reimbursement Act, 74 O.S.2021, § 500.1 *et seq.* Law Firm may be reimbursed for travel expenses authorized by the Attorney General pursuant to the State Travel Reimbursement Act, 74 O.S.2021, §§ 500.1–500.37. Law Firm shall obtain prior approval from the Attorney General or its authorized staff person before incurring fees for investigative services and expert witness fees or before incurring any unusual or extraordinary expense, including but not limited to electronic deposition transcript costs, expedited deposition transcript costs, videotape deposition costs, real time deposition and court proceeding transcript costs, court reporter out-of-town travel expenses, court room technology costs, and travel costs

related to sending more than one Law Firm representative to any witness interview, deposition, hearing, conference, or trial appearance. Law Firm shall retain, and upon the request of the Attorney General provide, all necessary documentation to support all non-labor costs incurred pursuant to the performance of the Contract.

5. Settlement Authority. Law Firm shall immediately communicate any settlement offer to the Attorney General. The Attorney General has exclusive authority to accept or reject any settlement offer received.

6. Control of Litigation. Law Firm agrees to the following conditions relating to the Attorney General's control over any litigation:

- A. The Attorney General shall retain complete control over the course and conduct of the case;
- B. The Attorney General or his designee shall be personally involved in oversight of the case;
- C. The Attorney General or his assistants as he may authorize shall retain veto power over any decision made by Law Firm related to the case;
- D. The Attorney General has the right to communicate directly with any party in the case without having to confer first with Law Firm;
- E. The Attorney General or his designee shall attend all settlement conferences; and
- F. Decisions regarding settlement, as outlined in paragraph 5 directly above, shall be reserved exclusively to the discretion of the Attorney General.

SECTION III TERM AND TERMINATION

1. Term of Contract. The Contract shall commence on the day it is executed by both parties and shall continue until terminated by the parties, or until the legal matter for which Law Firm is providing representation is concluded, whichever is earlier.

2. Termination of Contract. Either party may terminate this Contract at any time, with or without cause, upon written notice to Law Firm, such termination being effective immediately upon Law Firm's receipt of notice, provided Law Firm's termination of the Contract shall not unduly prejudice the Attorney General. Upon any termination prior to any monetary recovery, Law Firm shall not be entitled to any payment from Attorney General. Provided, as provided in Appendix B, Law Firm shall be reimbursed for all reasonable, actual, ordinary and necessary direct non-labor costs incurred in fulfilling the terms of the Contract. Further, upon termination, Law Firm shall provide the Attorney General, upon request, with any and all records, including drafts, relating to the Law Firm's representation of the Attorney General. The Attorney General is free to

terminate Law Firm's representation of the State at any time unless judicial approval is required for Law Firm to withdraw, in which event Law Firm agrees not to oppose such withdrawal. Upon completion of the matter to which this Contract applies, or the earlier termination of the representation, the attorney-client relationship will end unless Law Firm agrees to continue the representation on other matters. Law Firm shall have no continuing obligation to advise the State on any matter unless Law Firm otherwise agrees in writing.

SECTION IV GENERAL PROVISIONS

1. **Independent Contractor.** Law Firm is an independent contractor and is not to be deemed an employee of the Attorney General. The Attorney General retains the right to exercise full control and supervision of the services and work to be provided under this Contract.

2. **Attorney-Client Relationship.** Execution of this Contract creates an attorney-client relationship between Law Firm and the Attorney General. All communications between the parties shall be deemed privileged, and all work product shall be protected from disclosure.

3. **Confidential Relationship.** All information furnished by the Attorney General to Law Firm hereunder, including their respective agents and employees, shall be treated as confidential ("Confidential Information") and shall not be disclosed to third parties except as required by law or authorized in writing. Any Confidential Information of the Attorney General may be used by Law Firm only in connection with the services performed pursuant to this Contract. Law Firm agrees to protect the confidentiality of any Confidential Information in the same manner that it protects the confidentiality of its own proprietary and confidential information. Access to the Confidential Information shall be restricted to those of Law Firm's personnel engaged under this Contract. All Confidential Information made available hereunder, including copies thereof, shall be returned upon completion of services or request by the Attorney General, whichever occurs first. Law Firm, subject to its obligations of confidentiality, may retain one copy of documents containing Confidential Information for archival purposes and to defend its work product. The restrictions set forth in this section shall not apply to information that is or becomes in the public domain through no fault of Law Firm, is independently developed by Law Firm, is provided to Law Firm by a third party who is not subject to a duty of confidentiality or is required to be disclosed pursuant to law or legal process.

4. **Conflicts of Interest.** Law Firm certifies and represents that it does not have any interest, direct or indirect and that it shall not acquire any such interest during its tenure that would conflict with the full and complete performance of this Contract ("Conflict of Interest"). Conflict of Interest includes but is not limited to any professional relationships, friendships, family, or social relationships past or present, with an individual or company, parent or subsidiary related to the services provided under this Contract. Furthermore, unless Law Firm has told the Attorney General otherwise, Law Firm does not now represent another client in the specific matter in which the State has retained Law Firm. It is possible that Law Firm currently represents, or in the future may be asked to represent, in some other matter unrelated to the specific matter in which the State has engaged Law Firm, some person or entity whose interests are actually or potentially adverse to the State's interests in this or other matters, including in negotiations, bankruptcy proceedings, or

litigation. Law Firm agrees that it will not undertake any such representation if the subject of the other representation is directly adverse to the specific matter or interests in which Law Firm currently represents the State. Should Law Firm intend to engage in the representation of a client or interest that is adverse to the Attorney General, Law Firm agrees to immediately notify the Attorney General of its intention to engage in such representation. In its discretion, the Attorney General may object to Law Firm's representation of a client or interest that is adverse to the Attorney General, and such objection may be grounds for immediate termination of this Contract.

In the course of representing the State, and in order fully to satisfy Law Firm's professional obligations, Law Firm may from time to time need to consult with the lawyers in its firm responsible for advising the firm on ethical issues, including issues that may implicate the State's interests. The parties acknowledge and agree that, notwithstanding this potential for conflict in consideration of Law Firm's professional obligations, Law Firm is free to consult with its own internal counsel on such matters without the State's consent and that such consultations are privileged and confidential.

5. Inability to Perform. Law Firm agrees that if, because of death or any other occurrence beyond the control of Law Firm, it becomes impossible for any principal or principals, and in particular the principals assigned to this project, to render the services set forth in this Contract, neither Law Firm nor the surviving principals shall be relieved of their obligations to complete performance hereunder. Law Firm shall, with respect to any replacement principal proposed to be assigned to this matter, must timely consult with the Attorney General upon becoming aware of the possible need for replacement principal. The Attorney General's consent to the proposed replacement is required but may not be withheld unreasonably.

6. Outside Communications. The parties agree that neither Law Firm, nor any partner, associate, employee, or any other person assisting with the services to be performed under this Contract, shall publish any material, including on-line publications, or speak to or otherwise communicate with any representative of a television station, radio station, newspaper, magazine, website, or any other media outlet concerning the work outlined or contemplated by this Contract without first obtaining approval of the Attorney General, the Attorney General's Communications Director, or their designee.

Law Firm shall not state or imply in any manner, including in commercial advertising, that its services are endorsed by the Attorney General. The Attorney General may not be used as a reference for Law Firm without the Attorney General's prior approval.

7. Additional Counsel, Subcontracting, Key Personnel, Experts, and Consultants. Any retention of experts or consultants, subcontracting, or assignment of services and work covered by this Contract shall be subject to the terms and conditions of this Contract, which shall apply to, and bind the party or parties to whom such work is subcontracted or assigned as fully and completely as Law Firm is hereby bound and obligated, including obligations with respect to confidentiality, conflicts of interest, and outside communications. In furtherance of the services described in Appendix A, Law Firm may recommend to the State subcontractors, experts, consultants, or assignment of services and work as Law Firm believes necessary. Law Firm, with respect to any retention, assignment, or subcontracting of any of the services provided under this

8. **Notices.** Any notice required to be given pursuant to the terms and provisions of this Contract shall be in writing, postage prepaid and shall be sent by First Class Mail or by courier or electronic transmission with delivery confirmation, to the respective party as set forth below. The notice shall be effective on the date indicated on the postmark.

Bradley Clark, *General Counsel*
OKLAHOMA OFFICE OF THE ATTORNEY GENERAL
313 NE 21st Street
Oklahoma City, OK 73105
Bradley.Clark@oag.ok.gov
Contracts@oag.ok.gov

Reggie Whitten, Senior Managing Partner
Michael Burrage, Managing Partner
WHITTEN BURRAGE
512 North Broadway Avenue, Ste 300
Oklahoma City, OK 73102
rwhitten@whittenburrage.com
mburrage@whittenburrage.com

10. Indemnification. Law Firm shall indemnify and hold harmless the Attorney General, the State, its employees and agents, from and against any and all claims, damages, losses, liabilities, suits, costs, charges, expenses (including, but not limited to reasonable attorney fees and court costs), judgments, fines, and penalties, of any nature whatsoever, to the extent attributable to any bad faith, negligence, willful misconduct, improper or unethical practice, infringement of intellectual property rights, breach of trust, breach of confidentiality, breach of contract, or violation of any duty or requirement by Law Firm acting in connection with this Contract. This indemnification shall survive any termination or expiration of this Contract.

11. Maintaining Insurance. For the duration of this Contract, Law Firm shall provide and maintain, at its own expense, professional liability insurance covering all negligent acts, errors and omissions as well as insurance against claims for injuries to person or damages to property which may arise from or in connection with the performance of the work under this Contract, including general liability coverage, automobile liability coverage, and worker's compensation insurance. The Law Firm's professional liability insurance is intended to indemnify, subject to certain terms, exclusions and limitations, the Law Firm in respect of any claim made by its clients by reason of alleged Law Firm act, error or omission, breach of contract for professional services, breach of duty, libel, or slander in connection with the representation of its clients, and related causes of action in connection with its representation of its clients. The Law Firm and its partners are also bound by the applicable rules of professional conduct and other legal, regulatory, and professional obligations. Proof of the Law Firm's insurance shall be provided upon request to the Attorney General.

12. Material Breach. Nothing in this Contract shall be construed to limit either party's remedies at law or in equity in the event of a material breach of this Contract.

13. Performance Suspension. Performance may be suspended by either party for any of the following: a presidentially or gubernatorially declared emergency or disaster; inability to obtain fuel, power, labor, or transportation; national defense requirements; war, riots, fire, explosion, strike, injunction, or accident; or any cause beyond the control of such party, which prevents the performance of such party. An alleged breach of this Contract by Law Firm shall be grounds for immediate suspension of this Contract.

14. Dispute Resolution. The Attorney General and Law Firm agree that their authorized representatives will timely meet and negotiate in good faith to resolve any problems or disputes that may arise in performance of the terms and provisions of this Contract.

15. Assignment. This Contract and any of the rights, duties or obligations of the parties hereunder shall not be assigned, transferred, or delegated by Law Firm without the express written consent and approval of the State. Any attempted assignment, transfer or delegation thereof without such consent shall be void.

16. Entire Agreement. This Contract, together with addenda and appendices, constitutes the entire agreement between the parties hereto relating to the rights granted and the obligations assumed by the parties hereunder. No agent, representative, employee, or officer of either the Attorney General or the Law Firm has authority to make, or has made, any statement, agreement, oral or written, in connection with the Contract, which in any way can be deemed to modify, add to, or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Contract. No modifications, alternations, changes, or waivers to the Contract or any of its terms shall be valid or binding unless the Contract is amended as described in paragraphs 17-18 below.

17. Modification or Changes. The Attorney General, with approval of Law Firm, may make

modifications to this Contract at any time during the term of this Contract or any renewals or extensions thereof. Changes in the statement of work within the general scope of work and changes which do not increase the total reimbursement to Law Firm under this Contract may be accomplished by a letter of mutual consent signed by the Attorney General and Law Firm. A change in the scope of work or an increase in the total reimbursement under this Contract must be incorporated into a formal written amendment to the Contract, signed by the State and the Law Firm, and executed in the same manner as this original Contract and in accordance with applicable law.

18. Amendment. This Contract and the tasks and scope of the engagement may be amended at any time during the term of the Contract by mutual written consent of the parties hereto.

19. Headings. Titles of parts or sections of this Contract are inserted for convenience only and shall be disregarded in construing or interpreting its provisions.

20. Governing Law and Venue. This Contract shall be construed and enforced in accordance with the laws of the State of Oklahoma, without regard to conflict of law principles. Should either party initiate a lawsuit or other dispute resolution proceeding over any matter relating to or arising out of this Contract, such lawsuit or other proceeding shall be filed and conducted in Oklahoma County, State of Oklahoma.

21. Severability. If any provision of this Contract or any portion thereof, or the application of any such provision or portion thereof, shall be held invalid, illegal, void or unenforceable in any respect by a court of competent jurisdiction or administrative authority, such invalidity, illegality, or unenforceability shall not affect any other provision hereof or the remaining portion thereof, and the validity of the entire Contract as a whole shall not be affected thereby.

22. Non-collusion. Pursuant to 74 O.S. § 85.22, Law Firm certifies the following:

- A. The undersigned representative of the Law Firm is the duly authorized agent of the Law Firm, for the purpose of certifying the facts pertaining to the existence of collusion among and between Law Firm and the Attorney General, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in connection with this Contract;
- B. The undersigned representative of the Law Firm is fully aware of the facts and circumstances surrounding the acquisition or making of the bid to which this statement relates and has been personally and directly involved in the events leading the Contract; and
- C. Neither the Law Firm nor the undersigned representative of the Law Firm has been a party:

1. to any collusion among bidders or suppliers in restraint of freedom of competition by agreement to bid or contract at a fixed price or to refrain from bidding or contracting,
2. to any collusion with any state official or employee as to quantity, quality or price in this Contract, or as to any other terms of this Contract,
3. to any discussions between bidders or suppliers and any state official concerning exchange of money or other thing of value for special consideration in connection with this Contract.

D. Neither the Law Firm nor the undersigned representative of the Law Firm has paid, given, or donated or agreed to pay, give or donate to any officer or employee of this state any money or other thing of value, either directly or indirectly, in procuring this Contract.

23. Certification Required by 25 O.S. § 1313 (E-Verify). Law Firm certifies that it and all proposed subcontractors, whether known or unknown at the time of this Contract is executed or awarded, are in compliance with 25 O.S.2021, § 1313, and participate in the Status Verification System. The Status Verification System is defined in 25 O.S.2021, § 1312 and includes, but is not limited to, the free Employee Verification Program (E-Verify) available at www.e-verify.gov.

24. Certification Required by 74 O.S. § 85.42(B). The parties to this Contract certify that no person who has been involved in any manner in the development of this Contract while employed by the State of Oklahoma will be employed to fulfill any of the services provided for under this Contract.

25. Certification Required by 74 O.S. § 582. By executing this Contract, Law Firm certifies that it does not boycott goods or services from Israel and will not boycott Israel during the term of this Contract.

26. Certification Required by 74 O.S. § 12005. By executing this Contract, Law Firm certifies that it does not boycott energy companies and will not boycott energy companies during the term of this Contract.

27. Certification required under 21 O.S. Supp. 2025, § 1289.31. By executing this Contract, Recipient certifies that it does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade associated during the term of the Contract.

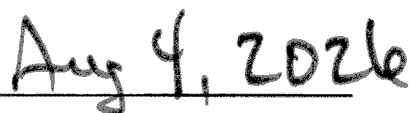
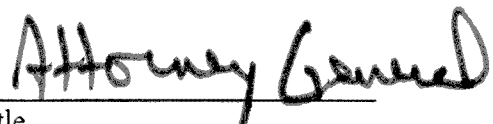
28. Certification required under 74 O.S. Supp. 2025, § 85.42(B). By executing this Contract, the undersigned certifies that no known officer or employee of the Attorney General who has any direct or indirect financial, pecuniary, or other personal interest in the contract has been involved in any manner in the development, approval or negotiation of the contract through influence, decision, recommendation or otherwise.

29. Execution in Counterparts. This Contract may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect as, an original signature.

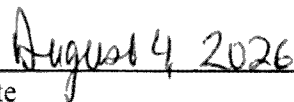
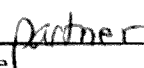
[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, the Attorney General and Law Firm have read and understand the foregoing terms of this Contract and do by their signatures below hereby agree to its terms.

ATTORNEY GENERAL:

 _____ Signature	 _____ Date
 _____ Printed Name	 _____ Title

LAW FIRM:

 _____ Signature	 _____ Date
 _____ Printed Name	 _____ Title

APPENDIX "A"**DESCRIPTION OF LEGAL SERVICES
TO BE PROVIDED BY LAW FIRM**

The Law Firm shall assist the Attorney General in There is a certain action pending entitled "*Before the Insurance Commissioner of the State of Oklahoma, In Re: Hearing Pursuant to 36 O.S. § 984 As to Whether the Oklahoma Homeowners Insurance Market is Noncompetitive, Case No. 26-0820-TRN.*" (the "Action").

The legal services to be provided to the Attorney General pursuant to this Contract will be preparing any pleadings or legal documents to be filed in the Action, preparing witness and experts necessary for the Action, attending and conducting any hearings or proceedings in the Action, consulting with the Attorney General with regard to all aspects of the Action. The Attorney General retains control over the Action and will have the final decisions over all issues and proceedings in the Action.

APPENDIX "B"**PROFESSIONAL SERVICE FEES
(Billable-hour cases)**

Law Firm will bill on an hourly basis, to the nearest 1/10th of an hour, based on the actual time engaged in performing the services. The hourly rate reflects a discount from the usual rates charged by Law Firm for the services of the professionals performing the services. The rates for this Contract are as follows:

ATTORNEY	RATE PER HOUR
Reggie Whitten	\$350.00
Michael Burrage	\$350.00
Associates	\$285.00
	\$

PARALEGAL OR LEGAL ASSISTANT	RATE PER HOUR
Legal Assistants	\$75.00
	\$
	\$
	\$

Professionals in addition to or as substitute for those described above *shall not* be utilized without first obtaining written approval from the Attorney General or his designee.

Total professional fees payable pursuant to this Contract shall not exceed the total sum of seventy-five thousand dollars (\$200,000.00).

In order to reduce the amount of attorneys' fees paid or due to Law Firm from any judgment, upon request of the Attorney General, Law Firm will seek to recover the State attorneys' fees from any defendant(s) pursuant to applicable statutes and legal doctrines in the event the State prevails in the litigation as described in Appendix A. In the event of a recovery by way of settlement or judgment, Law Firm shall prepare and submit to the State an itemized computation of the requested fees and costs and in a manner and form acceptable to the State in advance of any payment.

Law Firm will be reimbursed for expenses in the Action such as any filing fees, deposition costs, transcript costs, experts needed for the Action and any other expenses approved by the Attorney General.



Office of the Oklahoma Attorney General

CONTRACT FOR LEGAL SERVICES CONTINGENCY-FEE BASED

This Contract (the "Contract") for Legal Services is entered into and made effective this 31st day of July, 2026, by and between the Office of the Attorney General ("Attorney General"), on behalf of the State of Oklahoma ("State"), and Whitten Burrage, LLP ("Law Firm").

WHEREAS, the Attorney General is the chief law officer of the State and is vested with the constitutional and statutory authority, obligation, and responsibility to represent the interests of the State and its instrumentalities and offices in any and all proceedings and matters;

WHEREAS, on review, the Attorney General determined that Law Firm's proposal provided the State is the most economical and most competent;

WHEREAS, Law Firm represents that it has the necessary expertise and experience to perform its obligations hereunder; and

WHEREAS, the Attorney General believes it to be in the best interest of the State and/or the people of the State that the Attorney General retain and hire the Law Firm to assist and supplement the Attorney General's efforts on behalf of the State relating to the matters described in Appendix A;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

SECTION I DUTIES AND RESPONSIBILITIES OF LAW FIRM

1. Services. Law Firm shall provide services for the Attorney General as described in Appendix A. Law Firm will perform all services in a professional and workmanlike manner in accordance with applicable professional standards and shall re-perform at no cost any work not in compliance with this warranty brought to its attention within a reasonable time after the work is performed. The Attorney General may request the replacement of any individuals assigned to this Contract in the event the Attorney General is dissatisfied with the work product or working relationship.

2. Standard of Care. Law Firm shall discharge its duties under this Contract with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent professional acting in a like capacity and familiar with such matters would use in the conduct of an enterprise

of like character and with like aims, and in accordance with the provisions of this Contract.

3. Timely Performance of Services. Law Firm shall provide timely updates for the Attorney General to participate in significant decisions regarding legal strategy. The Attorney General must be provided sufficient time to review drafts of all significant documents, including pleadings, motions, and briefs, that may be provided to third parties on the State's behalf. Law Firm shall seek and receive approval from the Attorney General for all significant documents, including pleadings, motions, and briefs before they are provided to third parties on the State's behalf.

4. Consultation. Law Firm shall consult with and keep the State fully informed as to the progress of all matters covered by the Contract, including regular status meetings as requested by the Attorney General. Law Firm shall consult and cooperate with, and shall be responsible directly to, the Attorney General and other officials as designated by the Attorney General on all matters of strategy and tactics. The duty of Law Firm shall be to advise, counsel, and recommend actions to the State through the Attorney General, the Office of the Attorney General, or the other officials designated by the Attorney General, and to carry out its directions to the best of its ability. Law Firm will not file suit, or make any offer, settlement, or compromise without the written consent of the Attorney General. Law Firm shall offer the Attorney General or his designee(s) the opportunity to review and revise court documents and briefs prior to filing same. Law Firm shall promptly furnish the Attorney General with copies of all correspondence and all court documents and briefs prepared in connection with the services rendered under the Contract and such additional documents as may be requested by the Attorney General. Law Firm shall make its entire work product prepared in connection with the services rendered under this Contract, and other parties' pleadings, discovery, correspondence, and other relevant documents and materials, available to the Attorney General in .pdf or other format acceptable to the Attorney General.

5. Availability of Records & Audit. Law Firm shall keep and maintain appropriate books and records reflecting the services performed and costs and expenses incurred, disbursements, charges, credits, underlying receipts and invoices, and other financial transaction documents in connection with its performance of the services for a period of five (5) years from the ending date of this Contract. All files and records created or maintained in Law Firm's representation of the State are property of the Attorney General, though Law Firm may retain a copy of the files and records as part of its client file. Upon reasonable notice, the Attorney General, the State Auditor & Inspector's Office, the State Purchasing Directors, or their representatives, shall be entitled to access any books, records, and other documents and items directly pertaining to charges to the State hereunder for purpose of audit and examination, at Law Firm's premises during normal business hours. Law Firm further agrees to provide appropriate access by the aforementioned parties to any sub-contractor's associated records. In the event any audit, litigation, or other action involving these pertinent records is started before the end of the five (5) year period, Law Firm agrees to retain these records until all issues arising out of the action are resolved or until the end of the five (5) year period, whichever is later.

6. Professional Conduct Certification. Law Firm is aware of and certifies it will follow the Oklahoma Rules of Professional Conduct set forth in Appendix 3-A of Title 5 of the Oklahoma Statutes.

7. **License to Appear.** Law Firm, by signing this Contract, warrants that all attorneys involved in the representation are now, or are eligible to become, duly licensed before the judicial forum, court, board, or tribunal before which they will appear on behalf of the State.

SECTION II DUTIES AND RESPONSIBILITIES OF THE ATTORNEY GENERAL

1. **Access to Records and Availability of Staff.** Unless otherwise prohibited by law, the Attorney General agrees to forward or cause to be forwarded records or information that may be necessary to perform any of Law Firm's duties pursuant to the provisions of this Contract. The Attorney General shall make its staff available during normal business hours to answer any questions or inquiries of Law Firm provided adequate notice is given of the time, content, and requested form of response.

2. **Compensation.** The Attorney General agrees to compensate Law Firm for the services contracted in accordance with the provisions of Appendix B of this Contract. No taxes will be billed to the Attorney General on fees and expenses incurred.

3. **Reimbursement of Expenses.** All out-of-pocket expenses, such as photocopies, telephone charges, on-line computer assisted legal research, and other appropriate items will be identified and charged to the State as they are incurred. No mark-up will be allowed on reimbursable charges. Law Firm may be reimbursed for travel expenses authorized by the Attorney General pursuant to the State Travel Reimbursement Act, 74 O.S.2021, §§ 500.1–500.37. Law Firm shall obtain prior approval from the Attorney General or its authorized staff person before incurring fees for investigative services and expert witness fees or before incurring any unusual or extraordinary expense, including but not limited to electronic deposition transcript costs, expedited deposition transcript costs, videotape deposition costs, real time deposition and court proceeding transcript costs, court reporter out-of-town travel expenses, court room technology costs, and travel costs related to sending more than one Law Firm representative to any witness interview, deposition, hearing, conference, or trial appearance.

4. **Settlement Authority.** Law Firm shall immediately communicate any settlement offer to the Attorney General. The Attorney General has exclusive authority to accept or reject any settlement offer received.

5. **Control of Litigation.** Law Firm agrees to the following conditions relating to the Attorney General's control over any litigation:

- A. The Attorney General shall retain complete control over the course and conduct of the case;
- B. The Attorney General or his designee shall be personally involved in oversight of the case;
- C. The Attorney General or his assistants as he may authorize shall retain veto

power over any decision made by Law Firm related to the case;

- D. The Attorney General has the right to communicate directly with any party in the case without having to confer first with Law Firm;
- E. The Attorney General or his designee shall attend all settlement conferences; and
- F. Decisions regarding settlement, as outlined in paragraph 4 directly above, shall be reserved exclusively to the discretion of the Attorney General.

SECTION III TERM AND TERMINATION

1. **Term of Contract.** The Contract shall commence on the day it is executed by both parties and shall continue until terminated by the parties, or until the legal matter for which Law Firm is providing representation is concluded, whichever is earlier.

2. **Termination of Contract.** Either party may terminate this Contract at any time, with or without cause, upon written notice to the other, such termination being effective immediately upon receipt of notice, provided Law Firm's termination of the Contract shall not unduly prejudice the Attorney General. Upon any termination prior to any monetary recovery, Law Firm shall not be entitled to any payment from the Attorney General. Provided, as provided in Appendix B, Law Firm shall be reimbursed for all reasonable, actual, ordinary, and necessary direct non-labor costs incurred in fulfilling the terms of the Contract. Further, upon termination, Law Firm shall provide the Attorney General, upon request, with any and all records, including drafts, relating to the Law Firm's representation of the Attorney General. The Attorney General is free to terminate Law Firm's representation of the State at any time unless judicial approval is required for Law Firm to withdraw, in which event Law Firm agrees not to oppose such withdrawal. Upon completion of the matter to which this Contract applies, or the earlier termination of the representation, the attorney-client relationship will end unless Law Firm agrees to continue the representation on other matters. Law Firm shall have no continuing obligation to advise the State on any matter unless Law Firm otherwise agrees in writing.

SECTION IV GENERAL PROVISIONS

1. **Independent Contractor.** Law Firm is an independent contractor and is not to be deemed an employee of the Attorney General. The Attorney General retains the right to exercise full control and supervision of the services and work to be provided under this Contract.

2. **Attorney-Client Relationship.** Execution of this Contract creates an attorney-client relationship between Law Firm and the Attorney General. All communications between the parties shall be deemed privileged, and all work product shall be protected from disclosure.

3. Confidential Relationship. All information furnished by the Attorney General to Law Firm hereunder, including their respective agents and employees, shall be treated as confidential ("Confidential Information") and shall not be disclosed to third parties except as required by law or authorized in writing. Any Confidential Information of the Attorney General may be used by Law Firm only in connection with the services performed pursuant to this Contract. Law Firm agrees to protect the confidentiality of any Confidential Information in the same manner that it protects the confidentiality of its own proprietary and confidential information. Access to the Confidential Information shall be restricted to those of Law Firm's personnel engaged under this Contract. All Confidential Information made available hereunder, including copies thereof, shall be returned upon completion of services or request by the Attorney General, whichever occurs first. Law Firm, subject to its obligations of confidentiality, may retain one copy of documents containing Confidential Information for archival purposes and to defend its work product. The restrictions set forth in this section shall not apply to information that is or becomes in the public domain through no fault of Law Firm, is independently developed by Law Firm, is provided to Law Firm by a third party who is not subject to a duty of confidentiality or is required to be disclosed pursuant to law or legal process.

4. Conflicts of Interest. Law Firm certifies and represents that it does not have any interest, direct or indirect and that it shall not acquire any such interest during its tenure that would conflict with the full and complete performance of this Contract ("Conflict of Interest"). Conflict of Interest includes but is not limited to any professional relationships, friendships, family, or social relationships past or present, with an individual or company, parent or subsidiary related to the services provided under this Contract. Furthermore, unless Law Firm has told the Attorney General otherwise, Law Firm does not now represent another client in the specific matter in which the State has retained Law Firm. It is possible that Law Firm currently represents, or in the future may be asked to represent, in some other matter unrelated to the specific matter in which the State has engaged Law Firm, some person or entity whose interests are actually or potentially adverse to the State's interests in this or other matters, including in negotiations, bankruptcy proceedings, or litigation. Law Firm agrees that it will not undertake any such representation if the subject of the other representation is directly adverse to the specific matter or interests in which Law Firm currently represents the State. Should Law Firm intend to engage in the representation of a client or interest that is adverse to the Attorney General, Law Firm agrees to immediately notify the Attorney General of its intention to engage in such representation. In its discretion, the Attorney General may object to Law Firm's representation of a client or interest that is adverse to the Attorney General, and such objection may be grounds for immediate termination of this Contract.

In the course of representing the State, and in order fully to satisfy Law Firm's professional obligations, Law Firm may from time to time need to consult with the lawyers in its firm responsible for advising the firm on ethical issues, including issues that may implicate the State's interests. The parties acknowledge and agree that, notwithstanding this potential for conflict in consideration of Law Firm's professional obligations, Law Firm is free to consult with its own internal counsel on such matters without the State's consent and that such consultations are privileged and confidential.

5. Inability to Perform. Law Firm agrees that if, because of death or any other occurrence beyond the control of Law Firm, it becomes impossible for any principal or principals, and in particular the principals assigned to this project, to render the services set forth in this Contract, neither Law Firm nor the surviving principals shall be relieved of their obligations to complete performance hereunder. Law Firm shall, with respect to any replacement principal proposed to be assigned to this matter, must timely consult with the Attorney General upon becoming aware of the possible need for replacement principal. The Attorney General's consent to the proposed replacement is required but may not be withheld unreasonably.

6. Outside Communications. The parties agree that neither Law Firm, nor any partner, associate, employee, or any other person assisting with the services to be performed under this Contract, shall publish any material, including on-line publications, or speak to or otherwise communicate with any representative of a television station, radio station, newspaper, magazine, website, or any other media outlet concerning the work outlined or contemplated by this Contract without first obtaining approval of the Attorney General, the Attorney General's Communications Director, or their designee.

Law Firm shall not state or imply in any manner, including in commercial advertising, that its services are endorsed by the Attorney General. The Attorney General may not be used as a reference for Law Firm without the Attorney General's prior approval.

7. Additional Counsel, Subcontracting, Key Personnel, Experts, and Consultants. Any retention of experts or consultants, subcontracting, or assignment of services and work covered by this Contract shall be subject to the terms and conditions of this Contract, which shall apply to, and bind the party or parties to whom such work is subcontracted or assigned as fully and completely as Law Firm is hereby bound and obligated, including obligations with respect to confidentiality, conflicts of interest, and outside communications. In furtherance of the services described in Appendix A, Law Firm may recommend to the State subcontractors, experts, consultants, or assignment of services and work as Law Firm believes necessary. Law Firm, with respect to any retention, assignment, or subcontracting of any of the services provided under this Contract and/or replacement of key personnel assigned to this matter (which shall include attorneys, paralegals, investigators, experts, and consultants) shall consult with and obtain the consent of the Attorney General. The hourly rates, fees, or other compensation to be paid to such subcontractors, consultants and/or experts shall be subject to the written approval of the Attorney General.

8. Notices. Any notice required to be given pursuant to the terms and provisions of this Contract shall be in writing, postage prepaid, and shall be sent by First Class Mail or by courier or electronic transmission with delivery confirmation, to the respective party as set forth below. The notice shall be effective on the date indicated on the postmark.

ATTORNEY GENERAL:

Bradley Clark, *General Counsel*
OKLAHOMA OFFICE OF THE ATTORNEY GENERAL
313 NE 21st Street
Oklahoma City, OK 73105
Bradley.Clark@oag.ok.gov
Contracts@oag.ok.gov

LAW FIRM:

Reggie Whitten, Senior Managing Partner
Michael Burrage, Managing Partner
WHITTEN BURRAGE
512 North Broadway Avenue, Ste 300
Oklahoma City, OK 73102
rwhitten@whittenburragelaw.com
mburrage@whittenburragelaw.com

9. Material Changes. Law Firm shall immediately notify the Attorney General of any of the following changes, and obtain the Attorney General's approval to the extent approval is required, if: (a) Law Firm becomes aware that any of the representations, warranties and covenants set forth herein cease to be materially true at any time during the term of this Contract; (b) there is any material change in Law Firm's personnel assigned to perform services under this Contract; or (c) Law Firm becomes aware of any other material change in its business organization, including, but not limited to the filing of bankruptcy relief or other legal suits or actions.

10. Indemnification. Law Firm shall indemnify and hold harmless the Attorney General, the State, its employees and agents, from and against any and all claims, damages, losses, liabilities, suits, costs, charges, expenses (including, but not limited to reasonable attorney fees and court costs), judgments, fines, and penalties, of any nature whatsoever, to the extent attributable to any bad faith, negligence, willful misconduct, improper or unethical practice, infringement of intellectual property rights, breach of trust, breach of confidentiality, breach of contract, or violation of any duty or requirement by Law Firm acting in connection with this Contract. This indemnification shall survive any termination or expiration of this Contract.

11. Maintaining Insurance. For the duration of this Contract, Law Firm shall provide and maintain, at its own expense, professional liability insurance covering all negligent acts, errors and omissions as well as insurance against claims for injuries to person or damages to property which may arise from or in connection with the performance of the work under this Contract, including general liability coverage, automobile liability coverage, and worker's compensation insurance. The Law Firm's professional liability insurance is intended to indemnify, subject to certain terms, exclusions and limitations, the Law Firm in respect of any claim made by its clients by reason of alleged Law Firm act, error or omission, breach of contract for professional services, breach of duty, libel or slander in connection with the representation of its clients, and related causes of action in connection with its representation of its clients. The Law Firm and its partners are also

bound by the applicable rules of professional conduct and other legal, regulatory, and professional obligations. Proof of the Law Firm's insurance shall be provided upon request to the Attorney General.

12. Material Breach. Nothing in this Contract shall be construed to limit either party's remedies at law or in equity in the event of a material breach of this Contract.

13. Performance Suspension. Performance may be suspended by either party for any of the following: a presidentially or gubernatorially declared emergency or disaster; inability to obtain fuel, power, labor, or transportation; national defense requirements; war, riots, fire, explosion, strike, injunction, or accident; or any cause beyond the control of such party, which prevents the performance of such party. An alleged breach of this Contract by Law Firm shall be grounds for immediate suspension of this Contract.

14. Dispute Resolution. The Attorney General and Law Firm agree that their authorized representatives will timely meet and negotiate in good faith to resolve any problems or disputes that may arise in performance of the terms and provisions of this Contract.

15. Assignment. This Contract and any of the rights, duties or obligations of the parties hereunder shall not be assigned, transferred, or delegated by Law Firm without the express written consent and approval of the State. Any attempted assignment, transfer, or delegation thereof without such consent shall be void.

16. Entire Agreement. This Contract, together with addenda and appendices, constitutes the entire agreement between the parties hereto relating to the rights granted and the obligations assumed by the parties hereunder. No agent, representative, employee, or officer of either the Attorney General or the Law Firm has authority to make, or has made, any statement, agreement, oral or written, in connection with the Contract, which in any way can be deemed to modify, add to, or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Contract. No modifications, alternations, changes, or waivers to the Contract or any of its terms shall be valid or binding unless the Contract is amended as described in paragraphs 17-18 below.

17. Modification or Changes. The Attorney General, with approval of Law Firm, may make modifications to this Contract at any time during the term of this Contract or any renewals or extensions thereof. Changes in the statement of work within the general scope of work and changes which do not increase the total reimbursement to Law Firm under this Contract may be accomplished by a letter of mutual consent signed by the Attorney General and Law Firm. A change in the scope of work or an increase in the total reimbursement under this Contract must be incorporated into a formal written amendment to the Contract, signed by the Attorney General and the Law Firm, and executed in the same manner as this original Contract and in accordance with applicable law.

18. Amendment. This Contract and the tasks and scope of the engagement may be amended at any time during the term of the Contract by mutual written consent of the parties hereto.

19. Headings. Titles of parts or sections of this Contract are inserted for convenience only and shall be disregarded in construing or interpreting its provisions.

20. Governing Law and Venue. This Contract shall be construed and enforced in accordance with the laws of the State of Oklahoma, without regard to conflict of law principles. Should either party initiate a lawsuit or other dispute resolution proceeding over any matter relating to or arising out of this Contract, such lawsuit or other proceeding shall be filed and conducted in Oklahoma County, State of Oklahoma.

21. Severability. If any provision of this Contract or any portion thereof, or the application of any such provision or portion thereof, shall be held invalid, illegal, void or unenforceable in any respect by a court of competent jurisdiction or administrative authority, such invalidity, illegality, or unenforceability shall not affect any other provision hereof or the remaining portion thereof, and the validity of the entire Contract as a whole shall not be affected thereby.

22. Non-collusion. Pursuant to 74 O.S. § 85.22, Law Firm certifies the following:

- A. The undersigned representative of the Law Firm is the duly authorized agent of the Law Firm, for the purpose of certifying the facts pertaining to the existence of collusion among and between Law Firm and the Attorney General, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in connection with this Contract;
- B. The undersigned representative of the Law Firm is fully aware of the facts and circumstances surrounding the acquisition or making of the bid to which this statement relates and has been personally and directly involved in the events leading the Contract; and
- C. Neither the Law Firm nor the undersigned representative of the Law Firm has been a party:
 - 1. to any collusion among bidders or suppliers in restraint of freedom of competition by agreement to bid or contract at a fixed price or to refrain from bidding or contracting,
 - 2. to any collusion with any state official or employee as to quantity, quality, or price in this Contract, or as to any other terms of this Contract,
 - 3. to any discussions between bidders or suppliers and any state official concerning exchange of money or other thing of value for special consideration in connection with this Contract.

- D. Neither the Law Firm nor the undersigned representative of the Law Firm has paid, given, or donated or agreed to pay, give, or donate to any officer or employee of this state any money or other thing of value, either directly or indirectly, in procuring this Contract.

23. Certification Required by 25 O.S. § 1313 (E-Verify). Law Firm certifies that it and all proposed subcontractors, whether known or unknown at the time of this contract is executed or awarded, are in compliance with 25 O.S.2021, § 1313, and participate in the Status Verification System. The Status Verification System is defined in 25 O.S.2021, § 1312 and includes, but is not limited to, the free Employee Verification Program (E-Verify) available at www.e-verify.gov.

24. Certification Required by 74 O.S. § 85.42(B). The parties to this Contract certify that no person who has been involved in any manner in the development of this Contract while employed by the State of Oklahoma will be employed to fulfill any of the services provided for under this Contract.

25. Certification Required by 74 O.S. § 582. By executing this Contract, Law Firm certifies that it does not boycott goods or services from Israel and will not boycott Israel during the term of this Contract.

26. Certification Required by 74 O.S. § 12005. By executing this Contract, Law Firm certifies that it does not boycott energy companies and will not boycott energy companies during the term of this Contract.

27. Certification required under 21 O.S. Supp. 2025, § 1289.31. By executing this Contract, Recipient certifies that he does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade associated during the term of the Contract.

28. Certification required under 74 O.S. Supp. 2025, § 85.42(B). By executing this Contract, the undersigned certifies no known officer or employee of the Attorney General who has any direct or indirect financial, pecuniary, or other personal interest in the contract has been involved in any manner in the development, approval or negotiation of the contract through influence, decision, recommendation or otherwise.

28. Execution in Counterparts. This Contract may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect as, an original signature.

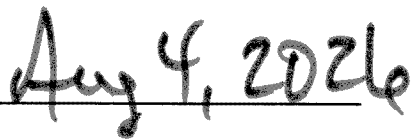
[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, the Attorney General and Law Firm have read and understand the foregoing terms of this Contract and do by their signatures below hereby agree to its terms.

ATTORNEY GENERAL:



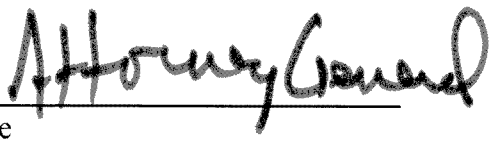
Signature



Date



Printed Name

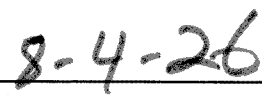


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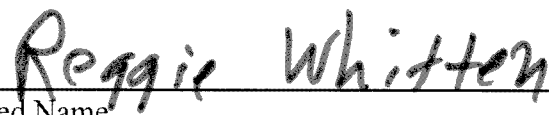
LAW FIRM:



Signature



Date



Printed Name



Title

APPENDIX "A"

DESCRIPTION OF LEGAL SERVICES TO BE PROVIDED BY LAW FIRM

The Law Firm shall assist the Attorney General in the Investigation and litigation into State Farm's Insurance Company's Storm Claims Handling Practices Defrauding Oklahoman Insureds. Specifically, the Law Firms shall;

- 1. Investigation planning and evidence assessment.** Develop a prioritized investigative plan; identify factual gaps; organize existing evidence; and recommend the sequence of records requests, witness examinations, data analysis, expert work, and third-party discovery.
- 2. Civil investigative demands and compulsory process.** Draft targeted demands for documents, interrogatory responses, testimony, and other evidence; assist in negotiating compliance; evaluate objections and privilege claims; and support enforcement proceedings. Where the statutory predicates are satisfied, this work may include civil investigative demands authorized by Oklahoma Statutes.
- 3. Witness and corporate discovery.** Identify and prepare examinations of current and former State Farm personnel, affiliated-company personnel, adjusters, reviewers, vendors, engineers, inspectors, and other participants with knowledge of the relevant practices.
- 4. Claims-data and damages analysis.** Work with the Office and approved experts to identify affected claims, test recurring patterns, quantify consumer harm and unjust gains, and develop defensible methodologies for restitution, disgorgement, penalties, and other relief.
- 5. Pleadings, motion practice, and trial preparation.** Draft and revise pleadings, discovery, motions, briefs, expert materials, demonstratives, and trial examinations; preserve a clear evidentiary record; and prosecute authorized claims in the forum selected by the Attorney General.
- 6. Resolution and consumer relief.** Evaluate settlement proposals, structure potential restitution and injunctive terms, and provide recommendations to the Attorney General, while recognizing that the Attorney General retains exclusive authority over settlement and the course of the litigation

APPENDIX "B"

COMPENSATION AND REIMBURSEMENT FOR SERVICES

1. The State has determined that hiring private counsel on a contingency fee basis is in the best interests of the State to ensure adequate resources and expertise in the subject matter are available to prosecute any cases or claims falling within the provisions of Appendix A. The State has also determined that Law Firm is on the list of private attorneys under 74 O.S.2021, § 20i and that Law Firm has met the requirements for being retained as private counsel under section 20i. Law Firm shall be paid a contingency fee based on recovery obtained by the State through settlement or judgment from any action or matter contemplated by this contract. Pursuant to 74 O.S.Supp.2022, § 20i(D), the contingency fee shall not exceed as follows:

Recovery	Percentage
Less than \$10,000,000.00	20%
\$10,000,000.01-\$15,000,000.00	Plus 16% of any amount in this range
\$15,000,000.01-\$20,000,000.00	Plus 12% of any amount in this range
\$20,000,000.01-\$25,000,000.00	Plus 8% of any amount in this range
\$25,000,000.01 or more	Plus 4% of any amount in this range

Notwithstanding the above recovery fee schedule, the total contingency fee payable shall not exceed \$50,000,000.00, excluding any costs and expenses provided by the contract and actually incurred by Law Firm, and regardless of the number of actions or proceedings or number of retained attorneys involved.

2. Law Firm agrees to limit its requests for reimbursement of any expenses incurred in travel in accordance with the provisions of the State Travel Reimbursement Act, 74 O.S.2021, § 500.1 *et seq.*
3. In order to reduce the amount of attorneys' fees due to Law Firm from any judgment, Law Firm will seek to recover the State attorneys' fees from any defendant(s) pursuant to applicable statutes and legal doctrines in the event the State prevails in the litigation as described in Appendix A. If the State receives such an award of fees from the defendant(s), any amount awarded shall be deducted from any fees otherwise due to Law Firm under paragraph 1 of this Appendix.
4. Law Firm shall receive no compensation or cost reimbursement if there is no recovery. Nor shall Law Firm receive additional compensation for any legal action taken or other services rendered to accomplish the collection of any recovery. The Attorney General, in his sole discretion, may agree to settlement of the Litigation that provides only for non-monetary relief. If such a settlement is obtained, the Attorney General agrees to make reasonable efforts to recover an award of attorneys' fees and costs but is in no way obligated to condition settlement

upon payment of costs, fees, or any other monetary recovery. The Attorney General shall have sole discretion as to the amount of fees sought and his decision in that regard will be final.

The State and Law Firm will make reasonable efforts to petition the court where the litigation is pending for an order requiring that Law Firm's costs, including non-labor, experts, consultants, and other reimbursable costs, be paid by the defendant(s). Should such an order not be issued, Law Firm's costs shall be reimbursed from the recovery obtained by the State.

If no settlement or award is obtained, whether it be due to dismissal at the direction of the State, a settlement based on non-monetary relief or an adverse result at trial, Law Firm will not be entitled to reimbursement for costs of any kind, except in accordance with this Appendix. In no event shall the State be responsible to advance any of the costs or expenses of the Litigation.

5. Law Firm shall advance, and subject to the limitations of this Appendix, shall be reimbursed for all reasonable, actual, ordinary, and necessary direct non-labor costs incurred in fulfilling the terms of the Contract. Non-labor costs include, but are not limited to, costs associated with photocopies, telephone charges, on-line computer assisted legal research, courier delivery services, facsimiles, mileage, transportation costs, court filing fees, service of process fees, deposition costs, and witness fees. No mark-up will be allowed for non-labor costs. Law Firm shall retain, and upon the request of the Attorney General provide, all necessary documentation to support all non-labor costs incurred pursuant to the performance of the Contract.
6. Reimbursement of costs and expenses of another law firm retained by Law Firm shall be the responsibility of Law Firm and not the State. Law Firm agrees to indemnify, defend, and hold harmless the State against any claim for reimbursement of costs or expenses asserted by other law firm(s) retained by Law Firm.
7. The State shall not be liable to reimburse Law Firm for any costs or expenses advanced or incurred by Law Firm in fulfilling the terms of the Contract unless there is a recovery as described in this Appendix from which such reimbursement may be made or in the event the Attorney General recovers expenses and/or costs as part of any non-monetary relief as described in this Appendix. The State shall not be responsible to advance any of the costs or expenses of the Litigation.
8. In the event of a recovery by way of settlement or judgment, Law Firm shall prepare and submit to the State an itemized computation of the requested fees and costs and in a manner and form acceptable to the State in advance of any payment.