IN THE UNITED STATES DISTRICT COURT

FOR THE EASTER	RN DISTRICT OF VIRGINIA andria Division
PAUL SHAO,	-)
Plaintiff,	) Civil Action No.
V.	) ) ) ; 56 ; 56 ; 56 ; 56 ; 57 ; 58 ; 58 ; 58 ; 58 ; 58 ; 58 ; 58
ALLSTATE INSURANCE COMPANY,	) Removed from the Circuit Court for ) County of Fairfax, Case No. 2021-03802
Defendant	

#### **NOTICE OF REMOVAL**

Defendant Allstate Insurance Company ("Allstate"), reserving all rights, defenses, objections and claims, hereby removes this civil action from the Circuit Court for the County of Fairfax, Virginia under 28 U.S C. §§ 1441, 1446, and 1332. In support of this notice and consistent with section 1446(a), Allstate states its "short and plain statement of the grounds for removal" as follows:

## I. <u>BACKGROUND</u>

- 1. Plaintiff Paul Shao ("Shao") filed a Complaint and Request for Trial by Jury ("Complaint") against Allstate on or about March 15, 2021, designated Case No. 2021-03802, in the Circuit Court for the County of Fairfax, Virginia. A true and correct copy Shao's Complaint is attached as Exhibit 1.
- 2. Allstate's registered agent in the State of Virginia, CT Corporation System, 4701 Cox Road, Suite 285, Glen Allen, Virginia 23060, was formally served with a copy of the Complaint on March 19, 2021. (Ex. 1 at p. 1.)
- 3. Shao's Complaint asserts two claims against Allstate, styled "Failure to Pay Full TPP Amount" and "Failure to Pay the Portion of the Book, Written by Employee Salespersons."

(See Ex. 1 at p. 13, ¶ 27 - p. 14, ¶ 32.) These claims stem from Shao's former relationship with Allstate as an Allstate Exclusive Agent. (See generally id.) Allstate's affiliate Allstate Finance Company had loaned Shao \$250,000 to purchase an Allstate Exclusive Agency. (Id at p. 10, ¶ 15.) Shao was able to sell Allstate products and services out of his Allstate Exclusive Agency pursuant to the terms of his R3001 Exclusive Agency Agreement ("EA Agreement") with Allstate until Allstate terminated the agreement, effective September 1, 2020. (See id. at p. 7, ¶ 1; p. 12, ¶ 19.)

Shao alleges that Allstate owes him \$70,313.33 in post-termination payments and unpaid commissions under the EA Agreement. (*Id* at p. 11, ¶ 18; p. 13, ¶ 28 - p. 14, ¶ 29.) He also seeks a declaratory judgment that "Shao now owes no sum of money to Defendant Allstate," (*id* at p. 15, Prayer for Relief), despite his outstanding loan balance of \$129,973.21. (*See id.* at p. 11, ¶ 17; pp. 13-14, ¶ 28.)

## II. <u>TIMELINESS OF REMOVAL</u>

5. This notice of removal is timely filed as it is filed less than one year from the date this action was commenced and within thirty days of service upon Allstate. 28 U.S.C. § 1446(b); Murphy Bros., Inc. v Michetti Pipe Stringing, Inc., 119 S Ct. 1322, 1329 (1999) (thirty-day deadline to remove commences upon service of the summons and complaint); see also Fed R. Civ. P. 6(a)(1)(C) (if last day of time period is Saturday, Sunday, or legal holiday,

<sup>&</sup>lt;sup>1</sup> The undersigned tried to file on April 19, 2021, but the Court's CM/ECF server was down, causing the undersigned to file instead on April 20, 2021. Pursuant to the section found in VAED E-Filing Policies and Procedures Manual, Civil Federal Rule 6(a)(3), and Criminal Federal Rule 45; VAED filing deadlines were automatically extended until April 20, 2021. As a result, this filing should be backdated to April 19, 2021 or otherwise treated as timely filed as of April 20, 2021.

period of time continues to run until the end of the next day that is not a Saturday, Sunday, or legal holiday).

#### III. <u>DIVERSITY JURISDICTION</u>

- 6. Removal of this action is proper under 28 U.S.C. § 1441(a), which provides in pertinent part that "any civil action brought in a State court of which the district courts of the United States have original jurisdiction, may be removed by the defendant or the defendants, to the district court of the United States for the district and division embracing the place where such action is pending" and 28 U.S.C. § 1441(b), which indicates that "a civil action is removable on the basis of the jurisdiction under section 1132(a)"
- 7. This Court has original jurisdiction over this action on the basis of diversity jurisdiction. 28 U.S.C. § 1332(a) provides, in pertinent part, that this Court has "original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between (1) citizens of different States."
- 8. Complete diversity exists in a case or controversy between a citizen of a State and a member of a different State. Here, where Shao is a citizen of Virginia and Defendant is a citizen of Illinois for the purposes of jurisdictional analysis, complete diversity exists.

### Shao's Citizenship

- 9. Shao is an individual residing at 9233 Lee Masey Drive, Lorton, Fairfax County, Virginia 22079. (See Ex. 1 at p. 7, ¶ 1.)
- 10. Upon information and belief, Shao not only resides in the State of Virginia, but he is domiciled in the State of Virginia and is a United States citizen. See Axel Johnson, Inc. v. Carroll Carolina Oil Co., Inc., 145 F.3d 660, 663 (4th Cir. 1998) (explaining that allegations of

mere residence, standing alone, will not be sufficient to demonstrate citizenship for diversity purposes without allegations regarding U.S. citizenship and domicile).

- 11. "Domicile requires physical presence, coupled with an intent to make the State a home." Johnson v. Advance Am., 549 F.3d 932, 937 n. 2 (4th Cir. 2008). Here, Shao has alleged that he managed an insurance business in the State of Virginia between 2015 and 2020, and references what he calls "his community" surrounding the business. (Ex. 1 at p. 7, ¶ 1; p. 9, ¶ 10.) He alleges celebrating holidays in the State of Virginia (see, e.g., id. at p. 8, ¶ 7). Finally, Shao intentionally sought relief in a forum in the State of Virginia, signing his Complaint with his home address in Virginia. (Id. at p. 15.)
- 12. Shao has not alleged any intent to leave his home in the State of Virginia, nor that he is not a U.S. citizen. (See generally Ex. 1.)
- 13. Therefore, the facts as alleged by Shao support a finding that Shao is a citizen of Virginia for the purpose of evaluating diversity jurisdiction.

#### Defendant's Citizenship

- 14. Allstate is now, and was at the time of the filing of this action, a citizen of a State other than Virginia within the meaning of 28 U.S.C. § 1332(c)(1).
- 15. Pursuant to 28 U.S.C. § 1332(c)(1), "a corporation shall be deemed to be a citizen of any State by which it has been incorporated and of the State where it has its principal place of business."
- 16. The United States Supreme Court in *The Hertz Corp v. Friend* held that a corporate entity's "principal place of business" for determining its citizenship is its "nerve center":

We conclude that "principal place of business" is best read as referring to the place where a corporation's officers direct, control, and coordinate the

corporation's activities. It is the place that Courts of Appeals have called the corporation's "nerve center." And in practice it should normally be the place where the corporation maintains its headquarters — provided that the headquarters is the actual center of direction, control, and coordination, i.e., the "nerve center." ....

559 U.S. 77, 92-93 (2010) (emphasis added).

- 17. Allstate is an Illinois corporation with its principal place of business in Northbrook, Illinois. (See Ex. 1 at p. 8, ¶ 2.)
- 18. Allstate's corporate headquarters is located in the State of Illinois and the majority of its executive and administrative functions take place in Illinois. Allstate's high-level management is based in Illinois and conducts its business from its Northbrook headquarters, which is located outside of Chicago, Illinois. (See Ex. 1 at p. 10, ¶ 13 (referencing "the central administration at Allstate's Chicago headquarters").) Therefore, Allstate is a citizen of Illinois pursuant to the "nerve center" test.

#### Amount in Controversy

- 19. Shao's complaint includes several different claims for relief, including a claim alleging he is owed post-termination payments and unpaid commissions in the amount of "at least" \$70,313.33. (Ex. 1 at p. 14, ¶ 29; p. 15, Prayer for Relief.) This includes \$17,293.90 in unpaid commissions and \$50,019.43 in post-termination payments he claims he is owed on top of the \$129, 973.21 in post-termination payments Allstate has agreed to pay him. (*See id* at p. 11, ¶ 17; p. 14, ¶ 28.) Shao claims these amounts are owed to him under the terms of the EA Agreement, which Allstate disputes.
- 20. In addition, Shao seeks a "declaration that Shao now owes no sum of money to Defendant Allstate." (*Id.* at p. 15, Prayer for Relief.) This claim is essentially seeking loan forgiveness from Allstate in the amount of \$129,973 21.

- 21. Shao admits in the Complaint that he took out a loan in the amount of \$250,000 from Allstate Finance Company in order to purchase an Allstate Exclusive Agency. (*Id.* at p. 10, ¶ 15.) He alleges that the outstanding loan balance as of September 30, 2020 was \$143,332.74. (*Id.* at p. 11, ¶ 17.) He made two additional payments on the loan between October and December 2020 totaling \$13,359.53. (*Id.*)
- 22. Shao does not allege making any further payment on the balance. (See generally id.) Therefore, his outstanding balance at the time he filed his Complaint was \$129,973.21. Shao does not deny this in his pleading; in fact, he implicitly acknowledges it by alleging that the \$129,973.21 Allstate has said it owes him in post-termination payments under the EA Agreement should be "offset against" the \$129,973.21 loan balance in order to "cancel the loan." (Id. at p. 11, ¶ 17; pp. 13-14, ¶ 28.)
- 23. Allstate disputes that Shao's obligation on the loan is extinguished. (*Id.* at p. 14, ¶ 28.) It has agreed to pay Shao's post-termination payments in equal monthly installments of \$5,415.55 per month over 24 months subject to the terms of the EA Agreement, as opposed to in an upfront lump sum of \$129,973.21 that would immediately satisfy the outstanding loan balance. (*See id.*)
- 24. Shao does not allege that he has refused Allstate's \$5,415.55 monthly payments between termination in September 2020 and filing of the Complaint in March 2021 (i.e., \$37,908.85 of the \$129,973.21 in post-termination payments promised), nor that this amount could or should be deducted from the total loan amount of \$129,973.21 he believes should be credited to him.
- 25. All of Shao's separate, smaller claims should be aggregated to reach the jurisdictional threshold. *Monton v. Am 's Servicing Co.*, No. 2:11CV678, 2012 WL 3596519, at

- \*4 (E.D. Va Aug 20, 2012). On the face of Shao's Complaint, Shao seeks a total of \$129,973.21 in loan credit plus \$70,313.33, far exceeding the jurisdictional minimum.
- 26. Even if the Court were to ultimately find that unpaid post-termination payments from Allstate should go toward paying off the outstanding loan amount, there is at least \$37,908.85 of the \$129,973 21 in claimed loan credit in dispute on top of the \$70,313.33 in additional commissions and post-termination payments Shao alleges he is owed.
- 27. In sum, the claim brought by Shao against Allstate satisfies the complete diversity and amount in controversy requirements of 28 U.S.C. § 1332. Therefore, the Court has original jurisdiction over Shao's claim based on diversity jurisdiction.

## IV. <u>VENUE</u>

28. Venue is proper in this Court under 28 U.S.C. § 1441(a) as the United States

District Court for the Eastern District is the district court embracing the Circuit Court for County

of Fairfax, Virginia.

## V. NOTICE TO OTHER PARTIES AND STATE COURT

29. Pursuant to 28 U.S.C. § 1446(d), a copy of this Notice of Removal will be filed with the Clerk of the Circuit Court for the County of Fairfax and served upon all parties of record.

#### VI. CONCLUSION

30. For the foregoing reasons, Allstate, by counsel, respectfully requests that this action be, and is hereby, removed to this Court, that this Court assume jurisdiction over this action, and that this Court enter such other and further orders as may be necessary to accomplish the requested removal and promote the ends of justice.

DATED: April 20, 2021

Respectfully submitted,

#### SEYFARTH SHAW LLP

By: /s/ Renée B. Appel

J. Scott Humphrey\*
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Facsimile: (202) 828-5393

<sup>\*</sup>seeking admission pro hac vice

# **CERTIFICATE OF SERVICE**

I certify that on April 20, 2021, a copy of the foregoing Notice of Removal was filed via ECF, emailed, and mailed, postage pre-paid, to Plaintiff at the following address:

Paul Shao 9233 Lee Masey Drive Lorton, Virginia 22079 paulyshao@gmail.com

/s/ Renée B. Appel
Renée B. Appel

JS 44 (Rev 10 20) Case 1:21-cv-00482 Decrept 20 VERS 120/21 Page 1 of 1 Page 1D# 10

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM)

[1] (2) PLAINTIEFS

I. (a) PLAINTIFFS			DEFENDANTS				
Paul Shao	Paul Shao			Allstate Insurance Company			
(b) County of Residence of First Listed Plaintiff Fairfax County, VA (EXCEPT IN U.S. PLAINTIFF CASES)			NOTE IN LAND CO	County of Residence of First Listed Defendant COOK County, IL  (IN U.S. PLAINTIFF CASES ONLY)  NOTE IN LAND CONDEMNATION CASES, USE THE LOCATION OF			
(C) Attorncys (Firm Name Addiess and Telephone Number)			THE TRACT OF LAND INVOLVED  Attorneys (If Known)				
Pro se				Seyfarth Shaw, 975 F : C 20004, 202-828-537			
II. BASIS OF JURISD	ICTION (Place an X' in One	Box Onh)			(Pluce an 'X" in One Box for Plaintiff		
US Government Plaintiff	3 Federal Question (U.S. Government Not a		(For Diversity Cases Only) P		and One Box for Defendant) PTF DEF rincipal Place 4 4		
2 US Government Defendant	# 4 Diversity (Indicate Citizenship of		Citizen of Another State	2 Incorporated and I of Business In /			
		_	Citizen or Subject of a Foreign Country	3 Foreign Nation	□ 6 □6		
IV. NATURE OF SUIT	(Place on X' in One Box Only)			Click here for Nature of S	Sun Code Descriptions		
CONTRACT	TORTS		FORFEITURE PENALTY	BANKRUPICY	OTHERSTALLIES		
110 Insurance   120 Marine   120 Marine   130 Miller Au   140 Negetable Instrument   150 Recovery of Overpayment & Enforcement of Judgment   151 Medicare Act   152 Recovery of Defaulted Student Loans (Excludes Veterans)   153 Recovery of Overpayment of Veteran's Benefits   160 Stockholders' Suits   190 Other Contract   195 Contract Product Liability   196 Franchise     REAL PROPERTY   210 Land Condemnation   220 Forcelosure   230 Rent Lease & Ejectment   240 Torts to Land   245 Tort Product Liability   290 All Other Real Property	310 Airplane   315 Airplane Product   Liability   320 Assault, Libel & Slander   330 Federal Employers'   Liability   340 Marine   345 Marine Product   Liability   PE   350 Motor Vehicle   355 Motor Vehicle   Product Liability   360 Other Personal Injury   360 Other Personal Injury   360 Personal Injury   441 Voting   441 Voting   441 Voting   441 Voting   441 Amer & Disabilities   5 Employment   445 Amer & Disabilities   5 Other   448 Education   5 5   5 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6	PERSONAL INJURY 365 Personal Injury - Product Liability 367 Health Care/ Pharmaceutical Personal Injury Product Liability 368 Asbestos Personal Injury Product Liability 368 Asbestos Personal Injury Product Liability 370 Other Fraud 371 Truth in Lending 380 Other Personal Property Damage 385 Other Personal Property Damage Product Liability  RISONER PETITIONN Habeas Corpus 363 Ahen Detainee 510 Motions to Vacate Sentence 530 General 535 Death Penalty Other: 540 Mandamus & Other 550 Civil Rights 555 Prison Condition 560 Civil Detainee - Conditions of Confinement	625 Drug Related Seizure of Property 21 USC 881 690 Other  LABOR 710 Fair Labor Standards Act 720 Labor/Management Relations 740 Railway Labor Act 751 Family and Medical Leave Act 790 Other Labor Litigation 791 Employee Retirement Income Security Act  LAMIGRATION 462 Naturalization Application Actions	422 Appeal 28 USC 158     423 Withdrawal   28 USC 157     PROPERTY RIGHTS     820 Copyrights   830 Patent   835 Patent   Abbreviated     840 Trademark   880 Defend Trade Secrets   Act of 2016     50CIAL SEC (RIT)     861 HIA (1395tf)   862 Black Lung (923)     864 SSID Title XVI   865 RSI (405(g))     1	375 False Claims Act 376 Qui Tain (31 USC 3729(a)) 400 State Reapportionment 410 Antitrust 430 Banks and Banking 450 Commerce 440 Deportation 470 Racketeer Influenced and Corrupt Organizations 480 Consumer Credit (15 USC 1681 or 1692) 485 Telephone Consumer Protection Act 490 Cable/Sat TV 850 Securities/Commodities/ Exchange 890 Other Statutory Actions 891 Agricultural Acts 893 Environmental Matters 895 Freedom of Information Act 896 Arbitration 899 Administrative Procedure Act Review or Appeal of Agency Decision 950 Constitutionality of State Statutes		
V. ORIGIN (Place an X'u	•						
	te Court Appe	ellate Court F	(specif)	District Litigation -	<b>L</b> 1		
<b></b>	28 U S C & 1441, 1446, pr	under which you are fill nd 1332	ng (Do not cite jurisdictional state	utes unless diversity)	<del></del>		
VI. CAUSE OF ACTIO	Brief description of cause		TPP Amount" & "Failure to Pay	the Portion of the Book, Written	hy Employee Salospersons *		
VII. REQUESTED IN COMPLAINT:	CHECK IF THIS IS A UNDER RULF 23, F	CLASS ACTION	DFMAND\$ \$70,313 33+		f demanded in complaint  Yes No		
VIII. RELATED CASE IF ANY	(See instructions)	XGE		DOCKET NUMBER			
DATE	S	SIGNATURE OF ATTORN	LY OF RECORD				
April 19, 2021	/s	s/Renee Appel					
FOR OFFICE USE ONLY			·				
RECEIPT# AM	IOUNT	APPLYING IFP	,UDGE	MAG JUD	GE		

# EXHIBIT 1



Service of Process Transmittal 03/19/2021 CT Log Number 539243593

TO:

Jenna Shelley

Allstate Insurance Company - Richmond MCO

8801 PARK CENTRAL DR STÉ 500 RICHMOND, VA 23227-1165

RE: Process Served in Virginia

FOR: Allstate Insurance Company (Domestic State: IL)

#### ENCLOSED ARE COPIES OF LEGAL PROCESS RECEIVED BY THE STATUTORY AGENT OF THE ABOVE COMPANY AS FOLLOWS:

TITLE OF ACTION:

PAUL SHAO, PLTF. vs. ALLSTATE INSURANCE COMPANY, DFT.

DOCUMENT(S) SERVED:

Summons, Complaint, Cover Sheet(s)

COURT/AGENCY:

Fairfax County Circuit Court, VA

Case # CL20210003802

ON WHOM PROCESS WAS SERVED:

C T Corporation System, Glen Allen, VA

DATE AND HOUR OF SERVICE:

By Process Server on 03/19/2021 at 14:20

JURISDICTION SERVED:

Virginia

APPEARANCE OR ANSWER DUE:

Within 21 days after such service (Document(s) may contain additional answer

dates)

ATTORNEY(S) / SENDER(S):

Paul Shao

9233 Lee Masey Drive Lorton, VA 22079 202-290-6300

**ACTION ITEMS:** 

CT has retained the current log, Retain Date: 03/22/2021, Expected Purge Date:

03/27/2021

Image SOP

Email Notification, Elois Bracey ch4b3@allstate.com
Email Notification, Judy Starke cgv49@allstate.com
Email Notification, Jenna Shelley jwaup@allstate.com

REGISTERED AGENT ADDRESS:

CT Corporation System 4701 Cox Road Suite 285 Glen Allen, VA 23060

877-564-7529 MajorAccountTeam2@wolterskluwer.com

The information contained in this Transmittal is provided by CT for quick reference only. It does not constitute a legal opinion, and should not otherwise be relied on, as to the nature of action, the amount of damages, the answer date, or any other information contained in the included documents. The recipient(s) of this form is responsible for reviewing and interpreting the included documents and taking appropriate action, including consulting with its legal and other

# 



**Service of Process Transmittal** 03/19/2021 CT Log Number 539243593

TO:

Jenna Shelley Allstate Insurance Company - Richmond MCO 8801 PARK CENTRAL DR STE 500 RICHMOND, VA 23227-1165

**Process Served in Virginia** RE:

FOR: Allstate Insurance Company (Domestic State: IL)

advisors as necessary CT disclaims all liability for the information contained in this form, including for any omissions or inaccuracies that may be contained therein



# **PROCESS SERVER DELIVERY DETAILS**

Date:

Fri, Mar 19, 2021

Server Name:

**Drop Service** 

Entity Served	ALLSTATE INSURANCE COMPANY	
Agent Name	C T CORPORATION SYSTEM	
Case Number	CL20210003802	
Jurisdiction	VA	



SPS '

**COMMONWEALTH OF VIRGINIA** CIRCUIT COURT OF FAIRFAX COUNTY 4110 CHAIN BRIDGE ROAD **FAIRFAX, VIRGINIA 22030** 703-691-7320 (Press 3, Press 1)

Paul Shao vs. Alistate Insurance Company

CL-2021-0003802

.... TO:

Allstate Insurance Company Serve: CT Corporation System, Registered Agent 4701 Cox Road Suite 285 Glen Allen VA 23060

#### SUMMONS - CIVIL ACTION

The party upon whom this summons and the attached complaint are served is hereby notified that unless within 21 days after such service, response is made by filing in the Clerk's office of this Court a pleading in writing, in proper legal form, the allegations and charges may be taken as admitted and the court may enter an order, judgment or decree against such party either by default or after hearing evidence.

APPEARANCE IN PERSON IS NOT REQUIRED BY THIS SUMMONS.

Done in the name of the Commonwealth of Virginia, on March 16, 2021.

JOHN T. FREY, CLERK

Plaintiff's Attorney: Pro Se