

**VIRGINIA: IN THE CIRCUIT COURT FOR THE COUNTY OF FAIRFAX**

**PAUL SHAO,**

**Plaintiff,**

**v.**

**Case No.: 2021-03802**

**Jury Trial Demanded**

**ALLSTATE INSURANCE COMPANY,**

**Defendant.**

**FILED**  
**CIVIL PROCESSING**  
**2022 SEP 16 A 11:13**  
**JOHN T. FREY**  
**CLERK, CIRCUIT COURT**  
**FAIRFAX, VA**

**PLAINTIFF PAUL SHAO'S ANSWER TO DEFENDANT ALLSTATE INSURANCE COMPANY'S FIRST SET OF REQUESTS FOR ADMISSIONS**

**REQUEST FOR ADMISSIONS NO. 1:**

Admit that the EA Agreement is a valid and enforceable agreement.

**RESPONSE:**

I admit that the EA Agreement is a valid and enforceable agreement if lawful. However, the following characteristics of the said agreement should be observed:

The Allstate R3001 Exclusive Agency Agreement (Main, 12 pages) and accompanying integrated documents, which are as follows: Exclusive Agency Independent Contractor Manual ("Manual," 47 pages, revised 38 times at the time of 4/1/2021), the Supplement for the R3001 Agreement ("Supplement," 264 pages, revised 79 times at the time of 6/1/2021), and Exclusive Agency Independent Contractor Reference Guide ("Guide," 99 pages, revised 13 times at the time of 7/11/2016). The total contract consists of 422 pages and Allstate has the sole power to alter the terms of the contract – in this case, 130 times. It is, in short, a one-sided/impairity employment contract. The three accompanying integrated documents are usually described and classified as the rules and regulations of the employing company. The 12-page agreement is the main contract between Allstate and the agent. The EA Agreement under question is an adhesion-like contract and Its Paragraph I.C allows Allstate to amend freely without accommodating the principle of meeting of the minds of the contract law. This "fluid" one-sided nature of the contract should be executed under the scrutiny of the Federal and State law which imbues in all contracts the obligation of good faith and fair dealing. There are several characteristics of the present contract to be delineated as follows:

1. The EA Agreement is an IC (Independent Contractor) contract. IRS's principle of can-not-be-controlled by an employer should be applicable here. There is the norm and tradition of Independent Agent ("IA"), which was predated before 1999, when Allstate had introduced to the world the EA Agreement and started the program of IA force. It is reasonable to assume that Allstate will observe and follow the norm and tradition of IA in the insurance industry. For example, it would not listen into agent's conversation with his/her customers to monitor his/her ways of conducting business. And it would respect agent's property right of the economic interest of the book of business just as it would on the IA agent's ownership of the policy.
2. In addition to being an IC contract, it is also an exclusive agent (commonly known as "captive agent" or "exclusive captive agent") contract, which is entitled, "Allstate R3001S Exclusive Agency Agreement," and which should follow the norm and tradition of this type of agencies, the exclusive agency, in the insurance industry. In exchange for being exclusive or captive, the employer/captor has the moral obligation to follow the moral principle of reciprocity, or, in the legal context, the doctrine of consideration. To put it in an everyday context, should a spouse who demands faithfulness from his/her partner be faithful himself/herself. In the context of the insurance industry, in exchange for the restriction imposed by the employing/captor company to selling only the brand of the employer, would the employer be required to refrain from opening a super mega agency to sell its products and distributing to non-captive independent agencies to sell its products, as the obligation of good faith and fair dealing demand of both parties of the contract?
3. Are Allstate's criteria and execution for termination in line with the other companies who also have exclusive captive agents? The title of the contract indicates that Allstate should.
4. Are Allstate's procedures, in terms of due process of resolving disputes and grievances, in line with the other companies who also have exclusive captive agents? The title of the contract indicates that Allstate should.
5. An additional relevant point should be made about the ownership of insurance policies. The IA agent (say, Travelers) owns the policies. The traditional EA agent (say, State Farm) has no ownership of policies whatsoever; however, the employing/captor company grants tenure-ship<sup>1</sup> to the agent by promising that it would not institute production quota to the agent so that he/she is independent from the threat of termination because of production quota requirement to guarantee his/her IC status, as IRS demands. Allstate made a

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<sup>1</sup> A potential agent is employed as an employee-captive agent, who had to meet very tough production quotas in order to be "graduated" or vested or tenured in 1-3 years to become an independent contractor-captive agent, a "tenured" agent, with no production quotas to be imposed on him/her. While he/she receives commissions from his tenured book, he/she cannot sell his/her tenure-ship on the book. Therefore, when the contract between captor and captee is terminated, the tenure-ship ceases to exist, and the agent shall cease to receive commission from the Captor on his/her tenured book.

marriage between the two by creating the concept of the economic interest of a book of insurance policies, which is, an agent does not own the policy itself but has an ownership of a percentage of the commission received by the Captor-company; and the agent pays a sum of money as much as the ownership of the policy paid by an IA to acquire this economic interest. It is a leasehold interest of the commission of a policy, which is as expensive as the ownership of the policy itself. Is this leasehold interest ownership sacred? Can Allstate forfeit/appropriate/null this sacred ownership at will?

**REQUEST FOR ADMISSIONS NO. 2:**

Admit that you are bound by the terms set forth in the EA Agreement.

**RESPONSE:**

I admit but the terms of the contract must be qualified by the principle that a contract must be legal; and the execution of it must be carried out in good faith and fair dealing. See my answer to Request No. 1.

**REQUEST FOR ADMISSIONS NO. 3:**

Admit that the terms of the EA Agreement governed your relationship with Allstate during your tenure as an Allstate Exclusive Agent.

**RESPONSE:**

I admit but the terms of the contract must be qualified by the principle that a contract must be legal; and the execution of it must be carried out in good faith and fair dealing. See my answer to Request No. 1.

**REQUEST FOR ADMISSIONS NO. 4:**

Admit that you had an opportunity to review the EA Agreement prior to signing it.

**RESPONSE:**

I deny the assertion that I “had an opportunity to review the EA Agreement prior to signing it.”

I have given the reasons of why I did not have an opportunity to review the EA Agreement prior to signing it in my Complaint of 3-15-21. Let me reiterate what I stated there, “Shao had a three-week training session that (2015) summer at the Allstate Regional Center in Chantilly, Virginia. Suddenly, on 6-3-2015, all students (who were to become agents) were given a blank form of the main contract to sign and were told that the entire contract could be found at the computer Gateway platform, which students could not access at that time due to having no access code to the said platform. Yet, Shao together with the other students were required

to sign the blank forms at that time.” (§21.) The contract form was handed out by the instructor. There was no representative from Allstate present to explain the contract. The entire signing ritual lasted about 15 minutes.

**REQUEST FOR ADMISSIONS NO. 5:**

Admit that Allstate offered you access to the full EA Agreement, including the EA Supplement, prior to you signing the EA Agreement.

**RESPONSE:**

I denied emphatically that “Allstate offered you access to the full EA Agreement, including the EA Supplement, prior to you signing the EA Agreement. The reason was given under Request No. 4. We student-agents signed the form on 6-3-15 and Allstate ratified the contract on 8-5-15. There was two months and 3 days lead time for student-agents to review the entire contract and to return it at a reasonable time frame, if the entire contract was given on that day. Allstate did not give student-agents the entire set of the EA contract on 6-3-15. Nor Allstate give enough time to review or to ask questions with an Allstate representative about the entire contract, which consisted of 422 pages. I must say it was intentionally on Allstate’s part to hide the entire contract from the signees. It was by design rather than out of negligence.

**REQUEST FOR ADMISSIONS NO. 6:**

Admit that Allstate offered you the opportunity to ask questions about the contents of the EA Agreement prior to you signing the EA Agreement.

**RESPONSE:**

I again denied emphatically that “Allstate offered you the opportunity to ask questions about the contents of the EA Agreement prior to you signing the EA Agreement.” There was no representative of Allstate on 6-3-15 present at the classroom where the main contract form (12 pages) was handed out. So, perhaps, Allstate wanted us to ask questions about the contents of the EA Agreement to the Ghost/Spirit of Allstate as in a prayer and to receive an answer in the night in a dream?

**REQUEST FOR ADMISSIONS NO. 7:**

Admit that Allstate terminated the EA Agreement because you did not meet Allstate’s required business objectives.

**RESPONSE:**

You mean Agency Business Objectives (“ABO”). Yes, this is the excuse used by Allstate to appropriate my ownership of the economic interest of the book of business and many, many other agents.

ABO, which is a production quota for termination, if not met. There is no production quota in the Manual prior to 2013, when and when only a vague reference of ABO was put inside the Manual. The requirements were rather vague term in 2013 and not acted upon in the sense that no notice was sent to agents of this requirement and there was no report of agent being terminated because of ABO. But the quota system was executed with specific details and rigid timeline since 4-2019 in an unprecedented blanket manner. It meant to terminate a vast number of agents. Hundreds of agents became casualty or carnage of this act of Allstate.

The title of our contract is: “Allstate R3001S Exclusive Agency Agreement.” Which means that Allstate announces to world that it is going to follow the norm and tradition of EA practices, which have had at least 70-80 years of history prior to Allstate adopted the practice of EV concept. State Farm exemplifies the norm and tradition of exclusive agency in the industry. State Farm does not have P&C production quotas from 1920s Farm Bureau period to the present, a one-hundred-year tradition. This characteristic of EA norm and tradition guarantees that the independent status of EA agents from the fear of being terminated due to production quota and meets IRS’s requirements of can-not-be-controlled by an employer/captor principle. Allstate violates the norm and tradition of EA practices. Allstate violates IRS’s can-not-be-controlled by an employer/captor principle. It is thus unlawful for Allstate to do so.

ABO is a principal term of the EA Agreement because it means that one may lose one’s life savings, if not met the requirement. On the one hand, Allstate declares to the world that it would following the norm and tradition of EA practices of no production quota in the title of the Agreement; on the other hand, it sneaks into and buries inside the Devil/Quota-Monster the rules and regulations section of the Agreement, which does not require the meeting of the minds, a practice which contradicts the very concept of the EA norm and tradition. Should such a contract term be given in the main contract, which is supposedly to require the meeting of the minds. Is Allstate being deceptive? Is deception in a contract unlawful?

**REQUEST FOR ADMISSIONS NO. 8:**

Admit that Allstate acted within its rights under the EA Agreement in terminating the EA Agreement.

**RESPONSE:**

I denied your statement because Allstate did not observe and follow the norm and tradition of EA practices, as I outline above under Request No. 1 and No. 7. The title of the

contract is: "Allstate R3001S Exclusive Agency Agreement." Which means that Allstate announces to world that it is going to follow the norm and tradition of EA practices, which has had at least 70-80 years of history prior to Allstate adopted the term in 1999. There should be no production quota for an EA (Exclusive Agent), which is the very definition of an EA in that tradition.

**REQUEST FOR ADMISSIONS NO. 9:**

Admit that you have not alleged in your Complaint that Allstate's termination of the EA Agreement was unlawful.

**RESPONSE:**

I neither admit nor deny your above statement because I only implied in the Complaint that Allstate's termination of the EA Agreement lacked good faith and fair dealing. I shall file an amended complaint, which will incorporate the views of the EA Agreement I have stated under the Request No. 1 and will state clearly that Allstate has acted unlawfully because of the lack of good faith and fair dealing. Therefore, I did not state explicitly in the Complaint that some of the terms in the EA Agreement were unlawful. And I would in my upcoming amended complaint.

**REQUEST FOR ADMISSIONS NO. 10:**

Admit that Allstate was not a party to the purchase agreement governing your purchase of the economic interest in Brent Elliot's Allstate Book of Business.

**RESPONSE:**

Admit.

**REQUEST FOR ADMISSIONS NO. 11:**

Admit that the sale price you paid Brent Elliot for the economic interest in his Allstate Book of Business was negotiated freely and fairly between you and Brent Elliot.

**RESPONSE:**

Admit.

**REQUEST FOR ADMISSIONS NO. 12:**

Admit that Allstate was not involved in the calculation of the purchase value of the economic interest in Brent Elliot's Book of Business.

**RESPONSE:**

Not directly but Allstate created the milieu to set the market value of Allstate Books of Business. In its agency computer platform Gateway, there was a platform page which taught agents how to evaluate the market value of Allstate Books of Business. The page was available in

2015, when I wanted to buy one and available in 2019, when I wanted to sell mine. I was first shown by a prospective seller, with whom I had an interview and who was introduced to me by Toni Shaner, who served both as an administrator and an agent in marketing agencies. She had said that I could have review the Gateway info on market value of agencies with agent Jeff Shi, who introduced me to Toni. I would say that Allstate had set the standard for calculating the value of agencies.

While Toni did not interfere with the negotiation between me and Brent. She wanted to know every detail of our negotiation in a motherly way.

**REQUEST FOR ADMISSIONS NO. 13:**

Admit that Allstate does not provide Exclusive Agents with a standard formula through which to calculate the purchase value of the economic interest in an Allstate Exclusive Agency on the open market.

**RESPONSE:**

Deny. The formula was used in the Gateway Page I mentioned under Request N. 12. Furthermore, the Formula is universal in the sense that everyone in the industry uses the formula to calculate the value of a book of insurance policies. When one says multiplier x, one refers to this formula. Allstate use multiplier 1.5 for TPP.

**REQUEST FOR ADMISSIONS NO. 14:**

Admit that Allstate did not require you to purchase the economic interest in Brent Elliott's Book of Business on any particular date.

**RESPONSE:**

Do not quite understand the question. There was a schedule for one to become an Allstate agent. I was told by Toni Shaner that, if I wanted to attend the Allstate University, say, 6-9-2015, I needed to attend the local training for, I think, the first one of the 3 weeks (which was divided into two parts: one week-University-two weeks) and had committed by signing a contract to purchase the economic interest of Brent Elliott's book before 6-9-2015.

**REQUEST FOR ADMISSIONS NO. 15:**

Admit that Allstate did not require you to purchase the economic interest in Brent Elliott's Book of Business within any certain time frame of you signing the EA Agreement.

**RESPONSE:**

Same reply as Request No. 14.

**REQUEST FOR ADMISSIONS NO. 16:**

Admit that, pursuant to the terms of the EA Agreement, upon termination of the EA Agreement, you had the right to choose to either sell your economic interest in your Allstate Book of Business or to elect to take a termination payment known as “TPP.”

**RESPONSE:**

Deny. I disagree with you in using the term “right.” It is an obligation forced upon me by Allstate. I don’t consider an obligation is a right. I didn’t even have the right to appeal Allstate’s decision to an independent tribunal. Allstate had offered me an at-the-gun-point choice but definitely did not grant me a right. Allstate did not respect my right to the ownership of the property (the economic interest, which I paid a sum of \$339,787.91 to own), which, I believe, was sacred in this country.

I don’t think Allstate has the right to force me to sell my agency. Let me explain why. There are two legal items: the EA agreement and my ownership of the economic interest of the book of business. Would the termination of the former immediately imply that my ownership of the latter is null and voided automatically? I am quite sure it is not, because Allstate must utilize TPP to nullify my ownership of the latter. But TPP is appropriation, which is unlawful. The lawful way to nullify my ownership is the concept of “buy back,” used by Allstate administrator such as Toni Shaner and agent leader such Ted Paris to describe TPP. (See discussion under Interrogatory No. 15.) A genuine “buy back” by paying the full market value on the “cut” of commission of the entire book will lawfully nullify my ownership. The termination of the EA Agreement does not relieve Allstate from paying me my “cut” of the commission, generated by my book of business. This view is expressed in the Amended Complaint by Attorney Mr. Anthony DellUniversita in *Nocella et al. v. Allstate et al.* (Case No. Case 2:18-cv-01995-ADS-AYS Doc. 7 at 655(E.D. NY 08/24/18)) by quoting N.Y. Ins. 3425 (j)(l)(D), which states, terminated agent or broker shall be entitled to receive commissions on accounts of all business continued or written, at the insurers prevailing commission rate. He declares, “Allstate’s intention to no longer compensate Nocella for his commission is a direct violation of N.Y. Ins. [Laws].” *Id.*

Allstate attorney counters with the argument that this N.Y. Ins, law is only applicable to IA, not EA, and Nocella is an EA. However, Nocella is a crossbreed between IA and EA due to the invention of the economic interest of a book of business by Allstate. A true-blue blood EA like a State Farm agent does not have an economic interest of his/her book of business. He or she only has a vested tenure-ship of his or her book. Once that tenure-ship is terminated, he or she is not entitled to receive any commission from the vested book. A true-bule blood IA like a Travelers agent does have a full ownership of the policies in his/her book of business. When Travelers terminates its contract with the IA, the said IA cannot sell Travelers’ products from the day onward after the termination of the contract. However, he/she may have some Travelers policies in his/her book of business. Travelers would take ownership of these policies; however, the N.Y.

Ins. Law 3425 states that insurance carrier must pay the ongoing “cut” of commission, generated from those said policies, which the said IA has owned. In fact, this law transfers the full ownership of policies to a leasehold-like economic interest of the policies under question, which the IA formerly had a full ownership. This leasehold-like economic interest is valid as long as the said policies are active. Nocella’s economic interest of his book of business is identical to that of the said Travelers IA, who gives up the full ownership of the policies in question but retain the “cut” of the commission as long as the policies are active. This N.Y. ins. Law validates the sacredness of the ownership of the private property; in this case, the leasehold-like economic interest of the book of business. The spirit of this law should validate Mr. DellUniversita’s claim that Allstate must compensate ex-agents of Allstate on their book of business.

**REQUEST FOR ADMISSIONS NO. 17:**

Admit that, pursuant to the terms of the EA Agreement, you were not required to sell the economic interest in your Allstate Book of Business to any particular purchaser.

**RESPONSE:**

Does not understand the question, which sounds to me rather naïve because what may be true in theory or on paper is not true in the real jungle world of day-to-day Allstate life. Let me cite you two cases from the complaint of *NAPAA et al. v. Allstate et al.* No. Civ. 21L7947 (Cook Cty IL 2021) below:

**A. Allstate’s Interference in the Sale of Agent Verborg’s Agencies**

1. After fifteen years as an Allstate employee, primarily in claims and leadership development, Plaintiff Verborg terminated his employee status and entered Allstate’s New Agent Training Program.
2. For ten years, Plaintiff Verborg built a robust Allstate book of business. Plaintiff invested money back into his growing business, hiring staff, training, and investing in aggressive marketing campaigns.
3. Plaintiff Verborg earned many Allstate achievement milestones, including: Inner Circle Elite, Leaders Forum, Top in Territory (new business auto), National Conference, Honor Ring, and Circle of Champions.
4. On or about August 4, 2020, Allstate terminated Plaintiff Verborg’s contracts for his agencies for

cause.

5. The fair market value of Plaintiff Verbarg's book of business was valued at \$ 1.6 million based upon commonly accepted agency valuation techniques.
6. Upon Allstate's notice of termination, Plaintiff Verbarg immediately started to seek buyers for his economic interest in two profitable Allstate agencies.
7. Within days of Plaintiff Verbarg's termination, he was contacted by four separate Allstate employees, who all inquired about purchasing his agencies.
8. One of the Allstate employees also mentioned that Greg Taphom, a seasoned Farmer's Insurance Agent, might be interested in purchasing Plaintiff Verbarg's agencies.
9. Over the course of the next several weeks, Plaintiff Verbarg and Mr. Taphom had detailed discussions on value of the agencies, terms of sale, and Plaintiff Verbarg provided Mr. Taphom with a significant amount of financial data to support the valuation of his economic interest in the agencies.
10. During Plaintiff Verbarg's negotiations with Mr. Taphom, various Allstate employees, including the Jeff Riley, Plaintiff Verbarg's Field Sales Leader ("FSL"), told Plaintiff Verbarg that Allstate would be very unlikely to approve the sale of both agencies to Mr. Taphom.
11. Around the same time, Ryan Owens, another Allstate FSL, expressed an interest in purchasing the agencies.
12. Mr. Owens also told Plaintiff Verbarg that Allstate would be unlikely to approve the sale of both agencies to Mr. Taphom.
13. Due to the uncertainty surrounding the sale of the agencies to Mr. Taphom, and given the short 90-day window to sell his economic interest, Plaintiff Verbarg began negotiating with Mr. Owens for the purchase of both agencies.
14. Plaintiff Verbarg's initial asking price for the sale to Mr. Owens was \$1.3 million.
15. Plaintiff Verbarg was aware that Mr. Owens had frequent conversations with Allstate's Field Vice President, Troy Hawkes. Mr. Owens and Mr. Hawkes had known each other for years, and had

- a personal friendship, as both had played college basketball.
16. Upon information and belief, Mr. Hawkes “coached” Mr. Owens on how to secure a more favorable deal for the sale, in direct violation of the EA Agreement.
  17. In large part due to Mr. Hawkes’ coaching, the agreed upon agency sale price between Plaintiff Verbarg and Mr. Owens was \$1,100,000, with \$900,000 paid at closing, and the remaining \$200,000 in the form of a promissory note whereby Mr. Owens agreed to pay Plaintiff Verbarg in 48 monthly installments. Mr. Owens’ payments on this promissory note are not scheduled to begin until November 2024. Under other circumstances, Plaintiff Verbarg would not have agreed to accept Mr. Owens’ promissory note under such terms, as the chances Plaintiff Verbarg will actually receive this money is lower. However, given the rapidly approaching deadline for the sale of his agencies and the circumstances underlying Mr. Owens’ negotiations, Plaintiff Verbarg thought he had no choice but to accept these terms.
  18. The EA Agreement is an enforceable contract, and Allstate has a clear duty under the EA Agreement to refrain from interfering in negotiations for agency sales. Allstate breached the contract when its employee, Mr. Hawkes interfered in the negotiations. Because of this material breach, Plaintiff Verbarg suffered damages in excess of \$500,000.

**B. Allstate’s Interference in the Sale of Plaintiff Ross Shales’ Agencies**

1. Plaintiff Shales owned four agencies in Louisiana—the “Mandeville Agency,” the “Metairie Agency,” the “New Orleans Agency,” and the “Clearview Agency.”
2. In late summer of 2019, Plaintiff Shales began negotiating with another EA, Brian Mustin, to purchase the Mandeville Agency. The starting price for the Mandeville Agency was \$ 1 million, but Plaintiff Shales believes he and Mr. Mustin would likely have settled for at least \$1.1 million after a review of the non-Allstate, brokered products.
3. Even though Mr. Mustin owns one of the largest books of business in Louisiana and has regularly performed at a high level, Allstate denied this sale. A little over four months

after denying Mr. Mustin's purchase of Plaintiff Shales' agency, Allstate then approved Mr. Mustin's purchase of other agencies,

4. In September of 2019, Plaintiff Shales and Paul Caro began negotiating for Mr. Caro's purchase of the Mandeville Agency, for a similar price. Once again, Allstate would not approve Mr. Caro's purchase. Three months later, Mr. Caro's agency would finish the year rated as the 15th best agent for performance in the five-state region.
5. Upon information and belief, Allstate wanted a specific agent, Ms. Nazha Hadi, to purchase Plaintiff Shales' Mandeville Agency and denied the other agents' offers to purchase so that Ms. Hadi would have the opportunity to negotiate a purchase of the Mandeville Agency.
6. Plaintiff Shales and Ms. Hadi began negotiations for her purchase of the Mandeville Agency, but she would present incredibly low offers to Plaintiff Shales. Plaintiff Shales and Ms. Hadi did not reach an agreement for purchase of the Mandeville Agency.
7. In early 2020, Paul Caro was approved to buy the Mandeville Agency. However, Allstate had made a major compensation change since the previous negotiations, which impacted the economic value. Plaintiff Shales and Mr. Caro arrived at a sales price and a purchase agreement, and Mr. Caro moved forward with his loan application. The sale date was set for May 1, 2020.
8. As May 1 approached, Plaintiff Shales contacted Mr. Caro to confirm the sale was moving forward. Mr. Caro informed Plaintiff Shales that their FSL, Doug Caminita, called Mr. Caro about another agency for sale for substantially less than the agreed upon price for the Mandeville Agency. Subsequent to receiving this call from FSL Caminia, Mr. Caro dropped out of the deal for the Mandeville Agency and entered negotiations with another selling agent.
9. On or about April 21, 2020, Allstate terminated Plaintiff Shales' contracts for his agencies, and agreed to give him until August 1, 2020, to sell his economic interests in his agencies.
10. Plaintiff Shales owned four and Allstate informed him that it would only allow him to sell

the largest agency, the Metairie Agency, if it was split into two separate agencies. This meant that Plaintiff Shales had to achieve five agency sales in approximately 100 days.

11. Allstate only presented six eligible buying agents for these five sales and made it clear no one else would be approved to purchase the agencies.
12. Allstate limited the pool of potential buyers for five agencies to only six people, which interfered with Plaintiff Shales' ability to sell all of his agencies. Plaintiff Shales was able to sell the Metairie Agency in two parts and the Mandeville Agency. Plaintiff Shales could not sell the New Orleans Agency or the Clearview Agency and was forced to take TPP on these agencies. Because of the nature of the Clearview Agency, Agent Shales ended up receiving virtually nothing in compensation for the Clearview Agency.
13. Generally, when EAs sell their agencies, they require the buying agent to assume the remainder of any lease, if applicable, for the agency in question. Because Allstate limited Plaintiff Shales' selling options so drastically, he was left with the prospect of paying rent or lease buyout costs at three locations.
14. The EA Agreement is an enforceable contract, and Allstate has a clear duty under the
15. EA Agreement to refrain from interfering in negotiations for agency sales. Allstate breached the contract when it denied otherwise eligible buyers in order to direct negotiations toward Ms. Hadi. Allstate breached the contract when it interfered with the negotiations between Plaintiff Shales and Mr. Caro by directing Mr. Caro to another, less expensive agency. Allstate breached the contract when it presented a limited pool of buyers for Plaintiff Shales' four agencies, forced him to split one agency into two, and made it clear no other buyers would be approved. Because of Allstate's material breach, Plaintiff Shales suffered damages in excess of \$500,000.

**REQUEST FOR ADMISSIONS NO. 18:**

Admit that you were never required to sell the economic interest in your Allstate Book of Business to Maurice Springer.

**RESPONSE:**

Does not understand the question, which sounds to me rather naïve because what may be true in theory or on paper is not true in the real jungle world of day-to-day Allstate life. I feared for my health and wrote to CEO Mr. Wilson on 9-3-19 for help. About my fear for my health and the letter see Interrogatory No. 3.

**REQUEST FOR ADMISSIONS NO. 19:**

Admit that you were never required to attend the January 4, 2019, meeting with Ann Smith and Maurice Springer referenced in Paragraph 9 of the Complaint.

**RESPONSE:**

Same as my response to No. 18.

**REQUEST FOR ADMISSIONS NO. 20:**

Admit Allstate granted you an extension of time before termination of your EA Agreement was ultimately effective.

**RESPONSE:**

I do not understand the expression "ultimately effective." Please explain.

**REQUEST FOR ADMISSIONS NO. 21:**

Admit that Allstate was not required to grant you an extension of time before termination of your EA Agreement was ultimately effective.

**RESPONSE:**

I do not understand the expression "ultimately effective." Please explain.

**REQUEST FOR ADMISSIONS NO. 22:**

Admit that pursuant to the terms of the EA Agreement, Allstate retains the right to approve or disapprove of a buyer for an EA's economic interest in his or her Allstate Book of Business.

**RESPONSE:**

Admit.

**REQUEST FOR ADMISSIONS NO. 23:**

Admit that Allstate did not deny approval to Catherine Lee to purchase your economic interest in your Allstate Book of Business.

**RESPONSE:**

Deny. Allstate created roadblock in the vetting procedure, which had prevented Catherine Lee to move forward.

**REQUEST FOR ADMISSIONS NO. 24:**

Admit that Amy Ho did not meet Allstate's qualifications to purchase your economic interest in your Allstate Book of Business.

**RESPONSE:**

Admit.

**REQUEST FOR ADMISSIONS NO. 25:**

Admit that Ahmed Taha did not meet Allstate's qualifications to purchase your economic interest in your Allstate Book of Business.

**RESPONSE:**

Not sure. Ahmed Taha told me that he was not allowed to go forward with purchasing my agency by his leader Toni Shaner.

**REQUEST FOR ADMISSIONS NO. 26:**

Admit that you did not hire any new employees to help you run your Allstate Exclusive Agency after Maggie Wang's departure.

**RESPONSE:**

Admit. Tried but not successful.

**REQUEST FOR ADMISSIONS NO. 27:**

Admit that you are not seeking more than \$75,000 in damages in this case.

**RESPONSE:**

Admit.

**REQUEST FOR ADMISSIONS NO. 28:**

Admit that you have continued to collect TPP payments during the pendency of this

lawsuit.

**RESPONSE:**

Admit.

**REQUEST FOR ADMISSIONS NO. 29:**

Admit that your TPP payments have been applied against your loan balance during the pendency of this lawsuit.

**RESPONSE:**

Admit.

Dated: September 16, 2022.

**PAUL SHAO,**

*Pro se litigant*

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small flourish.

Paul Shao

9233 Lee Masey Drive,

Lorton, Virginia 22079

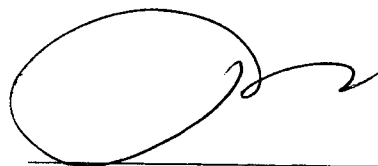
(202) 290-6300 Telephone

[paulyshao@gmail.com](mailto:paulyshao@gmail.com)

## CERTIFICATE OF SERVICE

I certified that on September 16, 2022, a copy of the foregoing PLAINTIFF PAUL SHAO'S ANSWER TO DEFENDANT ALLSTATE INSURANCE COMPANY'S FIRST SET OF REQUESTS FOR ADMISSIONS was filed with the clerk's office of the Court, emailed, and mailed to Defendant at the following address:

Bret C. Marfut  
[bmarfut@sayfarth.com](mailto:bmarfut@sayfarth.com)  
SEYFARTH SHAW LLP  
975 F Street, N.W.  
Washington, DC 20004-1454

A handwritten signature in black ink, consisting of a large, stylized loop followed by a few horizontal strokes.

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Paul Shao