

STATE OF MINNESOTA
COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT

Bonnie Berthiaume, Robert Berthiaume, Doris Burnham, Richard Burnham, Nancy Mayer-Gosz, Fletcher Lewis, and Carole Lewis,

Plaintiffs,

v.

Allianz Life Insurance Company of North America and Imeriti, Inc. d/b/a Imeriti Financial Network,

Defendants.

CASE TYPE: Civil Other/Misc.

COURT FILE NO.: 27-CV-17-15118

**ANSWER OF DEFENDANT ALLIANZ
LIFE INSURANCE COMPANY OF
NORTH AMERICA TO PLAINTIFFS'
AMENDED COMPLAINT**

Defendant Allianz Life Insurance Company of North America (“Allianz”), for its Answer to Plaintiffs’ Amended Complaint, states and alleges as follows:

Allianz denies each and every allegation of Plaintiffs’ Amended Complaint except as expressly admitted herein.

NATURE OF THE ACTION

1. Allianz admits that Sean M. Meadows (“Meadows”) is serving 25 years in federal prison after having been convicted of federal fraud charges that were brought after Allianz reported him to law enforcement authorities. Allianz further admits that Meadows was an independent agent authorized to sell certain annuities and insurance products issued by Allianz and other insurance companies. Allianz further admits that the Amended Complaint alleges claims against it for negligence, aiding and abetting fraud, and alleged violations of Minn. Stat. §§ 325F.67, 325F.69, 325D.44 and 325F.71, but denies that any of those causes of action states a proper cause of action against Allianz. Allianz denies all other allegations of paragraph 1 insofar

as they relate to Allianz. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 1 and therefore denies them.

2. Allianz denies the allegations of paragraph 2.

THE PARTIES

3. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 3 and therefore denies them.

4. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 4 and therefore denies them.

5. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 5 and therefore denies them.

6. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 6 and therefore denies them.

7. Allianz denies that it was founded in 1969 but admits the remaining allegations of paragraph 7.

8. Allianz admits that Imeriti agreed to conduct business related to its agreement with Allianz ethically, honestly, fairly and professionally, and in compliance with Allianz's Compliance Guide, that Imeriti agreed to distribute or make available to its agents or consumers material related to Allianz's products, including advertising, only if such material is approved by Allianz. Allianz denies that it provided Imeriti with marketing, sales, or administrative support, and that agents associated with Imeriti received higher commission percentages when selling Allianz products than they would without Imeriti. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 8 and therefore denies them.

JURISDICTION AND VENUE

9. Allianz admits that it is organized under the laws of Minnesota and subject to personal jurisdiction in this Court and states that no further response is required to the legal conclusions in paragraph 9. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 9 and therefore denies them.

10. Allianz admits that this court has jurisdiction over the claims asserted in this matter.

11. Allianz admits that it conducts business in Hennepin County, that its headquarters are located in Hennepin County and that venue is proper in Hennepin County. Allianz states that no further response is required to the legal conclusions in paragraph 11. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 11 and therefore denies them.

STATEMENT OF THE FACTS

I. Annuities Generally

12. Allianz admits that annuities are contracts between insurance companies and annuity owners and that the language of those contracts establish the specific terms of each annuity. Allianz denies that all annuities are the same and refers to the specific terms of any Allianz annuity contracts for an accurate description of those products. Allianz denies the remaining allegations of paragraph 12.

13. Allianz states that the Allianz annuities referenced in Plaintiffs' Amended Complaint are fixed-indexed annuities and refers to the specific terms of Plaintiffs' Allianz annuity contracts for an accurate description of the features of those products. Allianz denies the remaining allegations of paragraph 13.

II. Meadows Background and Relationships Between Parties

14. Allianz admits that Meadows held a license to sell life insurance products in Minnesota from February 1997 through April 2014, that he was an independent agent authorized to sell annuities and insurance products issued by various life insurance companies including Allianz, and that Allianz provided Meadows with information and training relating to its products. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 14 and therefore denies them.

15. Allianz admits that Meadows was affiliated with American Financial Marketing, LLC, which was a field marketing organization for Allianz, and that Meadows sold deferred annuities issued by Allianz while he was affiliated with American Financial Marketing, LLC. Allianz denies that Meadows received a higher commission from Allianz based on his relationship with American Financial Marketing, LLC. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 15 and therefore denies them.

16. Allianz admits that American Financial Marketing, LLC is currently owned indirectly by Allianz, and that Allianz paid Meadows commissions, including between 8% and 10% of the initial value of some of the financial products issued by Allianz that he sold. Allianz denies that that Meadows received a higher commission from Allianz based on his relationship with American Financial Marketing, LLC. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 16 and therefore denies them.

17. Allianz admits that Meadows pled guilty to a charge of illegal betting relating to blackjack in Scott County on June 9, 2005, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 17 and therefore denies them.

18. Allianz admits that Meadows opened and operated Meadows Financial Group, LLC, that Meadows sold annuities issued by Allianz in 2005 and 2006, and that the Minnesota Attorney General filed a civil action against Allianz in January 2007. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 18 and therefore denies them.

19. Allianz admits RZ Financial and Imeriti were and are independent marketing organizations, and that RZ Financial merged with Imeriti in 2012. Allianz admits that RZ Financial and Imeriti were compensated according to Schedules and Guidelines set by Allianz based on cash premiums for policies paid to Allianz. Allianz denies the third sentence of paragraph 19. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 19 and therefore denies them.

20. Allianz admits that certain of Meadows' clients directed partial or full surrender of Allianz annuity products at various times, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in the first sentence of paragraph 20 and therefore denies them. Allianz denies the allegations in the second sentence of paragraph 20.

21. Allianz admits that it provided Meadows with marketing materials, contracts, and applications for certain of its financial products, that Allianz intended for its customers to rely on the representations it made in the marketing materials, contracts, and applications in purchasing financial products issued by Allianz, and states that those materials speak for themselves. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 21 and therefore denies them.

22. Allianz admits that it reviewed and screened its customers' purchases of policies for suitability, compliance with applicable laws and regulations, and compliance with Allianz's

internal policies and guidelines. Allianz admits that it investigated issues relating specifically to Meadows twice, once in 2012, and the other starting in 2013 and into 2014. Allianz denies any remaining allegations in paragraph 22.

23. Allianz denies the allegations of the first sentence of paragraph 23. Allianz states that the second sentence of paragraph 23 includes legal conclusions to which no response is required. To the extent a response is required, Allianz denies the allegations contained in the second sentence of paragraph 23.

24. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Imeriti's responsibilities and therefore denies them. Allianz denies the remaining allegations of paragraph 24.

25. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 25 and therefore denies them.

26. Allianz admits that surrender charges, if any, were imposed with respect to certain of the Allianz policies owned by Plaintiffs in accordance with their annuity contracts, but deny the remaining allegations of paragraph 26.

27. Allianz admits that its annuity policies purchased by Plaintiffs were suitable for them based on the information they disclosed to Allianz, and that Meadows was appointed as an agent to sell Allianz products. Allianz denies the remaining allegations of paragraph 27.

28. Allianz admits that Meadows was indicted in August of 2014 on counts of mail fraud, wire fraud, money laundering, and transactions involving fraud proceeds, stemming from a Ponzi scheme Meadows operated independent of any relationship he had with Allianz. Allianz denies the remaining allegations of paragraph 28.

29. Allianz admits the allegations of paragraph 29.

III. Churning and Early Surrenders

30. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Meadows' state of mind and Imeriti's knowledge and therefore denies them. Allianz denies the remaining allegations of paragraph 30.

31. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 31 and therefore denies them.

32. Allianz admits that some of the Allianz annuities purchased by Plaintiffs provided for certain fully-disclosed surrender charges in the event the annuities were prematurely surrendered in whole or in part. Allianz denies the remaining allegations of paragraph 32.

33. Allianz admits that Plaintiffs incurred surrender charges when they chose to prematurely surrender certain Allianz annuities in whole or in part, but denies that it benefited from such premature surrenders and states that it discourages its customers from prematurely surrendering annuity contracts and, generally, Allianz is financially harmed, not benefitted, by early surrenders. Allianz states that the remaining allegations of paragraph 33 are so vague and general, without identifying any time period, that it lacks knowledge or information sufficient to form a belief as to the truth of those allegations and therefore denies them.

34. Allianz admits that the term "churning" is used to refer to excessive sales to generate commission income from the sale of new products when the benefit of the new product does not outweigh the cost of surrendering the first product and may not be suitable for the customer. Allianz admits that gains in an annuity contract could be subject to tax upon withdrawal. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 34 relating to communications between Meadows and his clients and therefore denies them. Allianz denies the remaining allegations in paragraph 34.

35. Allianz admits that Plaintiffs purchased and surrendered certain annuities issued by Allianz and that all surrender charges imposed were consistent with the fully disclosed terms of those annuity contracts. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 35 relating to communications between Meadows and his clients and their dealings with Aviva and therefore denies them. Allianz denies the remaining allegations in paragraph 35.

36. Allianz denies the allegations of paragraph 36.

37. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 37 and therefore denies them.

38. Allianz admits that Meadows was recognized for his sales production. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Imeriti in paragraph 38 and therefore denies them. Allianz denies the remaining allegations in paragraph 38.

39. Allianz admits that Meadows pled guilty to criminal charges relating to the misappropriation of funds from his clients after Allianz discovered evidence of his misconduct and reported him to law enforcement authorities. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 39 and therefore denies them.

40. Allianz admits that surrender charges were imposed with respect to certain of its annuity products in accordance with the fully disclosed terms of those annuity contracts when those customers prematurely surrendered their annuities in whole or in part. Allianz states that paragraph 40 does not identify the product or time period relating to the chart depicted in paragraph 40 and that a more specific response to that allegation is therefore not possible.

Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Imeriti in paragraph 40 and therefore denies them. Allianz denies the remaining allegations in paragraph 40.

41. Allianz admits that surrender charges were imposed with respect to certain of its annuity products in accordance with the fully disclosed terms of those annuity contracts when those customers prematurely surrendered their annuities in whole or in part. Allianz denies that it benefits, much less earns significant profits, from early surrenders. Allianz further states that it discourages its customers from surrendering their annuity contracts. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Meadows' directions to his clients. Allianz denies the remaining allegations in paragraph 41.

42. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 42 and therefore denies them.

43. Allianz admits that the chart depicted in paragraph 43 is an accurate depiction of part of a cash commissions chart used at one time by Allianz but states that paragraph 43 fails to identify a date for the chart and that a more specific response is therefore not possible. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 43 and therefore denies them.

44. Allianz admits that Plaintiffs and other customers of Meadows surrendered certain of their Allianz annuity contracts but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 44 and therefore denies them.

45. Allianz admits that it was aware of surrenders of annuities it issued, and that surrender charges were imposed with respect to certain of its annuity products in accordance with the fully disclosed terms of those annuity contracts when those customers prematurely

surrendered their annuities in whole or in part. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Imeriti in paragraph 45 and therefore denies them. Allianz denies the remaining allegations in paragraph 45.

A. The Burnhams

46. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning the amount the Burnhams lost as a result of their independent dealings with Meadows and therefore denies them. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Imeriti in paragraph 46 and therefore denies them. Allianz denies the remaining allegations in paragraph 46.

47. Allianz admits that it received an annuity application for Richard Burnham on or about December 1, 2004, that the premium for the annuity was paid from an account with Transamerica Life Insurance Company, that Allianz created policy number *6564 for the annuity, that Burnham selected a MasterDex 10TM annuity, and that Allianz paid Meadows a commission of \$13,552.09 in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 47 and therefore denies them.

48. Allianz admits that it received an annuity application for Richard Burnham on or about December 28, 2004, that the \$10,590.21 premium for the annuity was paid from accounts with Putnam Investments and Charles Schwab, that Allianz created policy number *6564 for the annuity, that Burnham selected a MasterDex 10TM Annuity, and that Allianz paid Meadows a commission in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 48 and therefore denies them.

49. Allianz admits that it received an annuity application for Doris Burnham on or about December 28, 2004, that the \$9,217.00 premium for the annuity was paid from accounts with Putnam Investments and Charles Schwab, that Allianz created policy number *9166 for the annuity, that Burnham selected a MasterDex 10™ Annuity, and that Allianz paid Meadows a commission in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 49 and therefore denies them.

50. Allianz admits the allegations in paragraph 50.

51. Allianz admits that on or about March 27, 2008, Richard Burnham requested a free withdrawal of \$13,552.09 from policy *6564, and on or about March 2, 2009, Burnham requested a full surrender of the policy for net cash value, and that Burnham checked “Certificate of lost contract.” Allianz denies the remaining allegations in paragraph 51.

52. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 52 and therefore denies them.

53. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 53 and therefore denies them.

54. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 54 and therefore denies them.

55. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 55 and therefore denies them.

56. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 56 and therefore denies them.

57. Allianz admits that it received an annuity application for Doris Burnham on or about December 31, 2009, that Burnham submitted a cash premium of \$74,673.57 with the application, that Allianz created policy number *8803 for the annuity, that Burnham selected a MasterDex X[®] annuity, and that Allianz paid Meadows a commission of \$5,227.15 in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 57 and therefore denies them.

58. Allianz admits that it received an annuity application for Richard and Doris Burnham on or about December 31, 2009, that the Burnhams submitted a cash premium of \$138,290.28 with the application, that Allianz created policy number *8820 for the annuity, that the Burnhams selected a MasterDex X[®] annuity, and that Allianz paid Meadows a commission in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 58 and therefore denies them.

59. Allianz admits that it received an annuity application for Richard Burnham on or about February 16, 2010, that Burnham submitted a cash premium of \$111,772.05 with the application, that Allianz created policy number *7035 for the annuity, that Burnham selected a MasterDex X[®] annuity, and that Allianz paid Meadows a commission in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 59 and therefore denies them.

60. Allianz admits that it received an annuity application for Richard Burnham, along with an authorization to transfer funds from Aviva Life and Annuity Company on or about May 14, 2011, that on or about August 22, 2011, it received a check for \$119,176.29 from Aviva along with a letter stating that Aviva was charging \$8,152.57 in “surrender penalties,” that Allianz created policy number *8340 for the annuity and applied the \$119,176.29 as a premium,

and that Allianz paid Meadows a commission of \$8,342.34 in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 60 and therefore denies them.

61. Allianz admits that it received an annuity application for Doris Burnham on July 15, 2011, that Burnham submitted a cash premium of \$88,021.49 with the application, that Burnham selected a MasterDex X[®] annuity, and that Allianz paid Meadows a commission in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 61 and therefore denies them.

62. Allianz admits that, on February 4, 2014, it received via facsimile a Withdrawal Request Form signed by Richard and Doris Burnham on January 24, 2014, requesting a partial surrender of \$80,000 from policy number *8820, that Allianz processed the request and transferred the funds to the Burnhams' bank account at TCF National Bank as requested by the Burnhams, that a surrender charge was imposed in connection with this partial surrender, and that the Burnhams had held policy number *8820 for less than five years in February 2014. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 62 and therefore denies them.

63. Allianz admits that, on February 4, 2014, it received via facsimile a Withdrawal Request Form signed by Richard Burnham on January 24, 2014, requesting a partial surrender of \$70,000 from policy number *7035, that Allianz processed the request and transferred the funds to Burnham's bank account at TCF National Bank as requested by Burnham, that a surrender charge was imposed in connection with this partial surrender, and that Burnham had held policy number *7035 for about four years in February 2014. Allianz lacks knowledge or information

sufficient to form a belief as to the truth of the remaining allegations in paragraph 63 and therefore denies them.

64. Allianz admits that, on February 4, 2014, it received via facsimile a Withdrawal Request Form signed by Richard Burnham on January 24, 2014, requesting a partial surrender of \$70,000 from policy number *8340, that Allianz processed the request and transferred the funds to Burnham's bank account at TCF National Bank as requested by Burnham, that a surrender charge was imposed in connection with this partial surrender, and that Burnham had held policy number *8340 for less than three years in February 2014. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 64 and therefore denies them.

65. Allianz admits that, on February 4, 2014, it received via facsimile a Withdrawal Request Form signed by Doris Burnham on January 24, 2014, requesting a partial surrender of \$70,000 from policy number *8803, that Allianz processed the request and transferred the funds to Burnham's bank account at TCF National Bank as requested by Burnham, that a surrender charge was imposed in connection with this partial surrender, and that Burnham had held policy number *8803 for about five years in February 2014. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 65 and therefore denies them.

66. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning how and when Richard and Doris "first learned about Meadows' fraud," and therefore denies them. Allianz denies the remaining allegations in paragraph 66.

67. Allianz admits that the Burnhams still have money invested in Allianz annuities, and denies the remaining allegations in paragraph 67.

B. The Berthiaumes

68. Allianz denies the allegations in paragraph 68.

69. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 69 and therefore denies them.

70. Allianz admits that it received an annuity application for Robert Berthiaume, along with an authorization to transfer funds from Aviva on or about April 7, 2010, that on or about April 30, 2010, it received a check for \$135,626.46 from Aviva along with a letter stating that Aviva was charging \$10,526.16 in “surrender penalties,” that Allianz created policy number *9167 for the annuity and applied the \$135,626.46 as a premium, and that Allianz paid Meadows a commission in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 70 and therefore denies them.

71. Allianz admits that, on May 3, 2011, it received via facsimile a Withdrawal Request Form signed by Robert Berthiaume and dated May 7, 2011, requesting a partial surrender of \$55,000 from policy number *9167, that Allianz processed the request and transferred the funds to Berthiaume’s bank account at Northern States Power St. Paul Credit Union as requested by Berthiaume, and that a surrender charge of \$4,925.27 was imposed in connection with this partial surrender. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 71 and therefore denies them.

72. Allianz admits that on January 22, 2013, it received via facsimile a Withdrawal Request Form signed by Robert Berthiaume on January 18, 2013, requesting a partial surrender of \$5,000 from policy number *9167, that Allianz processed the request and transferred the funds to Berthiaume’s bank account at Northern States Power St. Paul Credit Union as requested by Berthiaume. Allianz denies that Bonnie Berthiaume immediately notified Allianz that

Meadows had taken money from her husband's annuity without permission and states that Bonnie Berthiaume was advised in a telephone call with an Allianz customer service representative on January 23, 2013 that the \$5,000 in funds from the partial surrender could be returned from their credit union account to the annuity if so directed by Robert Berthiaume. Allianz admits that, after January 23, 2013, it did not alert any other customers as to the communication with Bonnie Berthiaume and that it continued to process surrenders for customers who had purchased annuities through Meadows when proper surrender documentation was submitted to Allianz. Allianz denies the remaining allegations in paragraph 72.

73. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 73 and therefore denies them.

74. Allianz admits that, on December 23, 2014, it sent a letter to Robert Berthiaume informing him that Meadows was no longer contracted with Allianz and no longer authorized to provide ongoing service related to Berthiaume's Allianz contract. Allianz denies any remaining allegations in paragraph 74.

C. The Lewis Family

75. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 75 and therefore denies them.

76. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 76 and therefore denies them.

77. Allianz admits that on or about September 13, 2010, it received an annuity application for Fletcher Lewis, that Lewis paid a premium of \$90,668.05, that Allianz created policy number *5009 for the annuity, and that Lewis selected a MasterDex X[®] annuity. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 77 and therefore denies them.

78. Allianz admits that, on June 18, 2012, it received via facsimile a Withdrawal Request Form signed by Fletcher Lewis on June 12, 2012, requesting a partial surrender of \$75,000 from policy number *5009, and that Lewis had held policy number *5009 for less than two years in June 2012. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 78 and therefore denies them.

79. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 79 and therefore denies them.

80. Allianz admits the allegations of paragraph 80.

81. Allianz admits that Lewis still has money invested in Allianz annuities, and denies the remaining allegations in paragraph 81.

82. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 82 and therefore denies them.

D. Nancy Mayer-Gosz

83. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 83 and therefore denies them.

84. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 84 and therefore denies them.

85. Allianz admits that on or about May 7, 2010, it received an annuity application for Nancy Mayer-Gosz, that Mayer-Gosz paid a premium of \$90,000.00, that Allianz created policy number *7119 for the annuity, and that Allianz paid a commission of \$6,300.00 to Meadows in connection with this transaction. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 85 and therefore denies them.

86. Allianz admits that, on January 13, 2011, it received via facsimile a Withdrawal Request Form signed by Nancy Mayer-Gosz on January 13, 2011, requesting a partial surrender

of \$10,000 from policy number *7119, that a surrender charge of \$1,033.36 was imposed in connection with this partial surrender, and that Mayer-Gosz had held policy number *7119 for less than one year in January 2011. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 86 and therefore denies them.

87. Allianz admits that, on October 1, 2012, it received via facsimile a Withdrawal Request Form signed by Nancy Mayer-Gosz on September 25, 2012, requesting a full surrender of policy number *7119, that Allianz processed the request and transferred \$78,013.13 to Mayer-Gosz's bank account at Wells Fargo, that a surrender charge of \$5,852.42 was imposed in connection with the full surrender, and that Mayer-Gosz had held policy number *7119 over two years in October 2012. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 87 and therefore denies them.

88. Allianz admits that it did not communicate with Mayer-Gosz concerning Meadows' alleged fraud. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 88 and therefore denies them.

IV. Rewards Meadows Received from Allianz and Imeriti

89. Allianz states that this paragraph includes legal conclusions to which no response is required. To the extent a response is required, Allianz admits that it enters into written agent agreements with each agent authorized to sell its financial products, that Allianz requires its appointed agents to obtain licenses in all states in which they conduct business, including Minnesota, that it provides product training to its agents and reviews its agents' sales activities for suitability. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Imeriti's recruiting and hiring practices, and therefore denies them. Allianz denies any remaining allegations in paragraph 89.

90. Allianz states that this paragraph consists entirely of legal conclusions to which no response is required. To the extent a response is required, Allianz admits that Meadows was an independent agent appointed to sell certain Allianz insurance products until March 3, 2014. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Imeriti, and therefore denies them. Allianz denies all remaining allegations in paragraph 90.

91. Allianz states that this paragraph includes legal conclusions to which no response is required. To the extent a response is required, Allianz admits that it offers certain incentives to its agents in addition to commissions earned by agents. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Plaintiffs' knowledge, and therefore denies them. Allianz denies all remaining allegations in paragraph 91.

92. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 92 and therefore denies them.

93. Allianz denies the allegations of paragraph 93.

94. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first two sentences of paragraph 94 and therefore denies them. Allianz denies the remaining allegations in paragraph 94.

V. Aviva Investigation

95. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 95 and therefore denies them.

96. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 96 and therefore denies them.

97. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 97 and therefore denies them.

98. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 98 and therefore denies them.

VI. Allianz Customer Complaints and Investigation

99. Allianz admits that it had communications with counsel for Meadows in or around 2007-2008 in relation to an investigation by the Minnesota Attorney General of all Allianz agents in Minnesota regarding suitability of certain annuity sales. To the extent that paragraph 99 alleges that Allianz had knowledge of any improper conduct by Meadows, Allianz denies those allegations.

100. Allianz admits that it received information from one customer in October 2013 relating to an investment she and her husband made with Meadows. Allianz denies any remaining allegations in paragraph 100

101. Allianz admits that Bonnie Berthiaume called its customer service department on January 23, 2013 but denies that she notified Allianz that Meadows had withdrawn \$5,000 from her husband's annuity without authorization and states Bonnie Berthiaume was advised that the \$5,000 in funds from the partial surrender could be returned from their credit union account to the annuity if so directed by Robert Berthiaume, and Robert Berthiaume chose not to return the funds. Allianz denies any remaining allegations in paragraph 101.

102. Allianz admits that Lori Hansel contacted Allianz on or about October 22, 2013 and informed Allianz that Meadows had told her and her husband that withdrawing funds from Allianz annuities would be tax-free, and that when they discovered it was a taxable event, they asked to put the funds back into their annuities with Allianz, except for the free withdrawal amount of \$55,000. Allianz admits that Hansel told Allianz that she had invested her money with Meadows in bonds and that Meadows told her it would take some time to sell the bonds and get the funds back. Allianz admits that Hansel repeatedly asked Allianz to give her time to get

her money back from Meadows before Allianz contacted Meadows regarding the matter and that Allianz accommodated her request. Allianz admits that on December 18, 2013, Hansel told Allianz Meadows had returned \$400,000 she and her husband had invested with Meadows, and that Allianz thereafter told Hansel that it was too late to return funds to her Allianz contract. Allianz denies any remaining allegations in paragraph 102.

103. Allianz admits that it opened an inquiry relating to Meadows in October 2013 after it was contacted by the Hansels, that it reported Meadows to the Minnesota Department of Commerce on or about February 28, 2014, that it did not notify customers that Meadows was under investigation in relation thereto until the Department of Commerce said such notification could be made, and that it processed properly documented surrender requests submitted by Meadows' customers during 2014 and thereafter, both before and after he was indicted, as is required under its policies with its customers. Allianz denies any remaining allegations in paragraph 103.

104. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 104 and therefore denies them.

VII. History of State and Federal Lawsuits Against Defendant Allianz

105. Allianz admits that various civil actions have been commenced against it in the past based on various allegations relating to its annuity products, but denies any remaining allegations in paragraph 105.

106. Allianz admits that, on September 19, 2005, Vida Negrete sued Allianz on behalf of himself and a putative class in *Negrete v. Allianz Life Insurance Co. of North America*, in the United States District Court for the Central District of California, Case No. 2:05-cv-06838-CAS-MAN. Allianz states that the pleadings and other documents in that case speak for themselves

and denies any remaining allegations in paragraph 106 to the extent they are inconsistent with those pleadings and documents.

107. Allianz admits that, on December 22, 2005, Carolyn Healey sued Allianz on behalf of herself and a putative class in *Healey v. Allianz Life Insurance Co. of North America*, in the United States District Court for the Central District of California, Case No. 2:05-cv-08908-CAS-MAN. Allianz states that the pleadings and other documents in that case speak for themselves and denies any remaining allegations in paragraph 107 to the extent they are inconsistent with those pleadings and documents.

108. Allianz admits the allegations of paragraph 108.

109. Allianz admits that, on February 9, 2006, Linda Mooney sued Allianz on behalf of herself and a putative class in *Mooney v. Allianz Life Insurance Co. of North America*, in the United States District Court for the District of Minnesota, Case No. 06-CV-00545-ADM-FLN. Allianz states that the pleadings and other documents in that case speak for themselves and denies any remaining allegations in paragraph 109 to the extent they are inconsistent with those pleadings and documents.

110. Allianz admits that, on April 12, 2006, Anthony Iorio, among others, filed a third amended class action complaint against Allianz and others in *Iorio v. Asset Marketing Systems, Inc.*, in the United States District Court for the Southern District of California, Case No. 05-CV-0633-JLS-CAB, and that final judgment was entered in the case on March 3, 2011, after the parties settled. Allianz states that the pleadings and other documents in that case speak for themselves and denies any remaining allegations in paragraph 110 to the extent they are inconsistent with those pleadings and documents.

111. Allianz admits that, on January 9, 2007, the state of Minnesota filed a complaint against Allianz in *State of Minnesota v. Allianz Life Insurance Co. of North America*, in Hennepin County District Court, Case No. 27-CV-07-581, and that the parties agreed to settle the lawsuit in October 2007. Allianz states that the pleadings and documents filed in that case speak for themselves and denies any remaining allegations in paragraph 111 to the extent they are inconsistent with those pleadings and documents.

112. Allianz states that its settlement agreement with the state of Minnesota speaks for itself and denies any allegations in paragraph 112 to the extent they are inconsistent with that agreement.

VIII. Allianz Compliance Guide

113. Allianz states that this paragraph includes legal conclusions to which no response is required. Allianz admits that it is aware of its regulatory obligations and that paragraph 113 includes some accurate, but selective, quotations taken out of context from an unidentified version of its Compliance Guide. Allianz states that the remaining allegations of paragraph 113 are so vague and general, without identifying any time period, that it lacks knowledge or information sufficient to form a belief as to the truth of those allegations and therefore denies them.

IX. Class Action Allegations

114. Allianz admits that Plaintiffs are bringing this action on their own behalf and that they are seeking certification of a class under Rules 23.01 and 23.02(c) of the Minnesota Rules of Civil Procedure, but denies that Plaintiffs can satisfy the requirements of Rules 23.01 and 23.02(c) and denies any remaining allegations in paragraph 114.

115. Allianz admits that, under the class definition proffered by Plaintiffs in paragraph 114, all putative members of the class had accounts with Allianz and purchased Allianz annuities

or insurance products from Meadows. Allianz denies any remaining allegations in paragraph 115.

116. Allianz denies the allegations of paragraph 116.

117. Allianz denies the allegations of paragraph 117.

118. Allianz denies the allegations of paragraph 118.

119. Allianz denies the allegations of paragraph 119.

120. Allianz denies the allegations of paragraph 120.

STATEMENT OF THE CLAIMS

COUNT ONE VIOLATIONS OF MINN. STAT. § 325F.69 Minnesota Consumer Fraud Act (Against Allianz)

121. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

122. Allianz admits that it sold annuity products to the public, including Plaintiffs. Allianz denies the remaining allegations in paragraph 122.

123. Allianz states that its advertisements for annuities speak for themselves. Allianz lacks knowledge or information concerning the specific advertisements to which paragraph 123 refers and therefore denies them.

124. Allianz admits that paragraph 124 contains a selective quotation taken out of context from an advertising brochure for one of its financial products used in the past. Allianz denies any remaining allegations in paragraph 124.

125. Allianz states that its advertisements for annuities speak for themselves. Allianz lacks knowledge or information concerning the specific advertisements to which paragraph 125 refers and therefore denies them.

126. Allianz states that it no longer offers the MasterDex X[®] and MasterDex 10[™] annuities, denies that its website currently promotes the sale of those products, and denies all remaining allegations in paragraph 126.

127. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning members of the public and Plaintiffs' reliance on certain advertisements and therefore denies them. Allianz denies any remaining allegations in paragraph 127.

128. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Meadows' clients and Plaintiffs' reliance on statements made by Meadows, and therefore denies them. Allianz admits that paragraph 128 includes an accurate but selective, quotation taken out of context from an Allianz annuity application and that Meadows signed annuity applications that included the quoted language. Allianz denies any remaining allegations in paragraph 128.

129. Allianz admits that it is engaged in business through the United States but denies the remaining allegations of paragraph 129.

130. Allianz denies the allegations of paragraph 130.

131. Allianz denies the allegations of paragraph 131.

132. Allianz denies the allegations of paragraph 132.

133. Allianz denies the allegations of paragraph 133.

COUNT TWO
VIOLATIONS OF MINN. STAT. § 325F.67
Minnesota False Statement in Advertising Act
(Against Allianz)

134. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

135. Allianz admits that it sold annuity products to the public, including Plaintiffs. Allianz lacks knowledge or information sufficient to form a belief as to the truth of any remaining allegations in paragraph 135 and therefore denies them.

136. Allianz states that its advertisements for annuities speak for themselves. Allianz lacks knowledge or information concerning the specific advertisements to which paragraph 136 refers and therefore denies them.

137. Allianz admits that paragraph 137 contains an accurate but selective, quotation taken out of context from an advertising brochure for one of its financial products used in the past. Allianz denies any remaining allegations in paragraph 137.

138. Allianz states that its advertisements for annuities speak for themselves. Allianz lacks knowledge or information concerning the specific advertisements to which paragraph 138 refers and therefore denies them.

139. Allianz states that it no longer offers the MasterDex X[®] and MasterDex 10[™] annuities, denies that its website currently promotes the sale of those products, and denies all remaining allegations in paragraph 139.

140. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning members of the public and Plaintiffs' reliance on certain advertisements and therefore denies them. Allianz denies any remaining allegations in paragraph 140.

141. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Meadows' clients and Plaintiffs' reliance on statements made by Meadows, and therefore denies them. Allianz admits that paragraph 141 includes an accurate but selective, quotation taken out of context from an Allianz annuity application and that Meadows

signed annuity applications that included the quoted language. Allianz denies any remaining allegations in paragraph 141.

142. Allianz admits that it is engaged in business through the United States but denies the remaining allegations of paragraph 142.

143. Allianz denies the allegations of paragraph 143.

144. Allianz denies the allegations of paragraph 144.

145. Allianz denies the allegations of paragraph 145.

146. Allianz denies the allegations of paragraph 146.

COUNT THREE
VIOLATIONS OF MINN. STAT. § 325D.44
Minnesota Uniform Deceptive Trade Practices Act
(Against Allianz)

147. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

148. Allianz admits that it sold annuity products to the public, including Plaintiffs. Allianz lacks knowledge or information sufficient to form a belief as to the truth of any remaining allegations in paragraph 148 and therefore denies them.

149. Allianz denies the allegations of paragraph 149.

150. Allianz states that its advertisements for annuities speak for themselves. Allianz lacks knowledge or information concerning the specific advertisements to which paragraph 150 refers and therefore denies them.

151. Allianz admits that paragraph 151 contains an accurate but selective, quotation taken out of context from an advertising brochure for one of its financial products used in the past. Allianz denies any remaining allegations in paragraph 151.

152. Allianz states that its advertisements for annuities speak for themselves. Allianz lacks knowledge or information concerning the specific advertisements to which paragraph 152 refers and therefore denies them.

153. Allianz states that it no longer offers the MasterDex X[®] and MasterDex 10[™] annuities, denies that its website currently promotes the sale of those products, and denies all remaining allegations in paragraph 153.

154. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning members of the public and Plaintiffs' reliance on certain advertisements and therefore denies them. Allianz denies any remaining allegations in paragraph 154.

155. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Meadows' clients and Plaintiffs' reliance on statements made by Meadows, and therefore denies them. Allianz admits that paragraph 155 includes an accurate but selective, quotation taken out of context from an Allianz annuity application and that Meadows signed annuity applications that included the quoted language. Allianz denies any remaining allegations in paragraph 155.

156. Allianz denies the allegations of paragraph 156.

157. Allianz denies the allegations of paragraph 157.

158. Allianz denies the allegations of paragraph 158.

159. Allianz denies the allegations of paragraph 159.

160. Allianz denies the allegations of paragraph 160.

161. Allianz denies the allegations of paragraph 161.

162. Allianz denies the allegations of paragraph 162.

COUNT FOUR
VIOLATIONS OF MINN. STAT. § 325F.71
Deceptive Trade Acts Perpetrated Against Senior Citizens and Disabled Persons
Senior Citizens and Disabled Persons Subclass
(Against Allianz)

163. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

164. Allianz states that this paragraph consists of legal conclusions to which no response is required. To the extent a response is required, Allianz denies the allegations of paragraph 164.

165. Allianz states that this paragraph contains legal conclusions to which no response is required. Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Nancy Mayer-Gosz's health and therefore denies them. Allianz denies any remaining allegations of paragraph 165.

166. Allianz admits that it maintains records for its customers, and that these records include some biographical data, including reported birth dates. Allianz denies any remaining allegations of paragraph 166.

167. Allianz denies the allegations of paragraph 167.

168. Allianz denies the allegations of paragraph 168.

COUNT FIVE
NEGLIGENCE
(Against Allianz)

169. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

170. Allianz admits that, at certain points of time, Plaintiffs have owned annuities issued by Allianz. Allianz denies any remaining allegations of paragraph 170.

171. Allianz denies the allegations of paragraph 171.

172. Allianz denies the allegations of paragraph 172.

173. Allianz admits that it has been aware of various laws and regulations governing its operations and that it was subject to those laws and regulations which speak for themselves. Allianz denies any remaining allegations in paragraph 173.

174. Allianz states that this paragraph consists of legal conclusions to which no response is required. To the extent that any response is required, Allianz denies the allegations of paragraph 174.

175. Allianz denies the allegations of paragraph 175.

176. Allianz denies the allegations of paragraph 176.

**COUNT SIX
NEGLIGENCE
(Against Imeriti)**

177. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

178. Count Six asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz admits that, at certain points of time, Plaintiffs have owned annuities issued by Allianz and states that it lacks knowledge or information sufficient to form a belief as to the truth of any remaining allegations in paragraph 178 and therefore denies them.

179. Count Six asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 179 and therefore denies them.

180. Count Six asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information

sufficient to form a belief as to the truth of any the allegations in paragraph 180 and therefore denies them.

181. Count Six asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 181 and therefore denies them.

182. Count Six asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 182 and therefore denies them.

183. Count Six asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 183 and therefore denies them.

**COUNT SEVEN
AIDING AND ABETTING FRAUD
(Against Allianz)**

184. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

185. Allianz states that this paragraph consists of legal conclusions to which no response is required. To the extent a response is required, Allianz lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 185 and therefore denies them.

186. Allianz denies the allegations of paragraph 186.

187. Allianz denies the allegations of paragraph 187.

188. Allianz denies the allegations of paragraph 188.

189. Allianz denies the allegations of paragraph 189.

190. Allianz denies the allegations of paragraph 190.

COUNT EIGHT
AIDING AND ABETTING FRAUD
(Against Imeriti)

191. Allianz re-alleges and incorporates by reference all of the foregoing allegations as if fully set forth herein.

192. Count Eight asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 192 and therefore denies them.

193. Count Eight asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 193 and therefore denies them.

194. Count Eight asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 194 and therefore denies them.

195. Count Eight asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 195 and therefore denies them.

196. Count Eight asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 196 and therefore denies them.

197. Count Eight asserts no claim against Allianz and therefore no response is required. To the extent a response is required, Allianz states that it lacks knowledge or information sufficient to form a belief as to the truth of any the allegations in paragraph 197 and therefore denies them.

PLAINTIFFS' REQUEST FOR RELIEF

Allianz denies all of the allegations in the Request for Relief, and denies that Plaintiffs are entitled to any of the relief that they seek.

AFFIRMATIVE DEFENSES

Without admitting any of the facts alleged in the Amended Complaint, Allianz hereby alleges the following separate and distinct affirmative defenses, without prejudice to Allianz's right to argue that Plaintiffs bear the burden of proof as to one or more of these defenses. Furthermore, all such defenses are pleaded in the alternative and do not constitute an admission of liability or an admission that Plaintiffs are entitled to any relief whatsoever. Allianz may have additional affirmative defenses of which it is not currently fully aware and reserves the right to assert additional affirmative defenses after they are ascertained.

1. The Amended Complaint, and each and every purported cause of action alleged therein, fails to state a claim against Allianz upon which relief can be granted.

2. The claims asserted in the Amended Complaint are barred, in whole or in part, by the applicable statutes of limitation.

3. The claims asserted in the Amended Complaint are barred, in whole or in part, under the doctrine of laches.

4. Although Allianz denies that Plaintiffs or the putative class members have suffered any harm as alleged in the Amended Complaint, to the extent that they have, Plaintiffs and the putative class members are barred, in whole or in part, from recovering the damages they seek because they have failed to take reasonable steps to mitigate, alter, reduce, or otherwise diminish the damages, if any, which they may have suffered.

5. The claims asserted in the Amended Complaint are barred, in whole or in part, by the doctrine of estoppel.

6. The claims asserted in the Amended Complaint are barred, in whole or in part, by the doctrine of waiver.

7. Any relief to Plaintiffs or the putative class members would unjustly enrich them at Allianz's expense.

8. The claims asserted in the Amended Complaint are barred, in whole or in part, by the doctrine of accord and satisfaction.

9. The claims asserted in the Amended Complaint are barred, in whole or in part, by principles of comparative fault based on the conduct of Plaintiffs and putative class members and the conduct of other persons and entities for whom Allianz is not responsible.

10. Any recovery is barred or must be reduced by monies owed to Allianz or money paid by Allianz to Plaintiffs, putative class members, or their privies.

11. The claims asserted in the Amended Complaint are barred, in whole or in part, because Plaintiffs and putative class members knew about the risk, and voluntarily undertook the risk that led to the losses complained of in this case.

12. The claims asserted in the Amended Complaint are barred, in whole or in part, because Plaintiffs and putative class members agreed to, and participated in, those actions which Plaintiffs claim to have caused the losses complained of in this case.

13. The claims asserted in the Amended Complaint are barred, in whole or in part, because Plaintiffs and putative class members lack standing to raise them.

14. Allianz reserves the right to amend or supplement its affirmative defenses to include additional defenses that may be applicable to members of the putative class.

15. Allianz reserves the right to amend or supplement its affirmative defenses to include any defenses of which it is not presently aware.

REQUEST FOR RELIEF

WHEREFORE, Allianz prays for judgment as follows:

1. That Plaintiffs take nothing by reason of their Amended Complaint;
2. That judgment be entered in favor of Allianz and against Plaintiffs;
3. That Plaintiffs' Amended Complaint be dismissed with prejudice;
4. That Plaintiffs' request for class certification be denied;
5. That Allianz be awarded its costs and fees; and
6. For such other relief as the Court deems just and proper.

Dated: May 2, 2018

FAEGRE BAKER DANIELS LLP

s/ Jeffrey D. Hedlund

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ACKNOWLEDGMENT

The undersigned hereby acknowledges that sanctions may be imposed under Minn. Stat. § 549.211.

Dated: May 2, 2018

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