

IN THE CHANCERY COURT FOR KNOX COUNTY, TENNESSEE
AT KNOXVILLE

2009 DEC 11 PM 4:32

1107063
ALBERT HAYNESWORTH, III,)
Plaintiff, 73419)

JOHN G. HOGAN

v.)

No. 176657-1
Jury Trial Demand

1107064
JOHN S. VERBLE and MORGAN)
STANLEY SMITH BARNEY, LLC, 1107065)
Defendants.)

COMPLAINT

Plaintiff Albert Haynesworth, III brings this case seeking just compensation for damages he has suffered and will continue to suffer as the result of Defendants' failure to secure for him adequate liability insurance in accordance with their representations, and for cause of action herein states:

1. Albert Haynesworth is a citizen and resident of Knox County, Tennessee.
2. Defendant John S. Verble is a citizen and resident of Tennessee and may be served with process at [REDACTED]
3. Defendant Morgan Stanley Smith Barney, LLC ("Smith Barney") is a Delaware limited liability company authorized to do business in Tennessee, with its principal place of business in Purchase, New York. Smith Barney may be served with process through its registered agent, CT Corporation System, 800 Gay Street, Suite 2021, Knoxville, Tennessee 37929.
4. At all times material to this Complaint, Defendant John S. Verble was employed by and was an agent of Smith Barney or its predecessor in interest, doing business out of its Knoxville, Tennessee office.

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5. Venue is appropriate in this Court pursuant to T.C.A. § 20-4-101 and T.C.A. § 20-4-104 because Defendant Smith Barney maintains an office and does business in Knox County, Tennessee, and the principal events giving rise to Plaintiff's cause of action occurred in Knox County, Tennessee.

FACTS

6. Plaintiff Albert Haynesworth was introduced to Defendant John S. Verble by a football coach when Mr. Haynesworth was a freshman student playing football at the University of Tennessee. At the time, it was believed that Mr. Haynesworth had the talent and ability to eventually become a successful professional football player. Mr. Verble was aware of the widely held belief concerning Mr. Haynesworth's prospects for a professional football career and intentionally cultivated a close personal relationship with Mr. Haynesworth with the intention of eventually handling Mr. Haynesworth's financial affairs. Mr. Haynesworth's confidence and trust in Mr. Verble was enhanced by the fact that he had been introduced to Mr. Verble by one of his football coaches.

7. Mr. Haynesworth did become a professional football player and engaged Mr. Verble, and Smith Barney or its predecessor in interest, to handle his financial affairs and to advise him with respect to financial matters.

8. Because of the close personal relationship Mr. Verble had cultivated with Mr. Haynesworth since Mr. Haynesworth's early days as a college athlete, Mr. Verble was intimately familiar with Mr. Haynesworth's financial and personal affairs, and Mr. Haynesworth routinely turned to Mr. Verble for both financial and personal advice and to manage his financial affairs.

9. On information and belief, Mr. Verble cultivated and publicized his close relationship with Mr. Haynesworth not only to secure Mr. Haynesworth's business, but to use the

relationship as a marketing tool for himself to increase his visibility and notoriety as a financial advisor to athletes and celebrity figures with a high net worth.

10. During the time Mr. Verble was serving as Mr. Haynesworth's financial advisor, Mr. Haynesworth became interested in increasing his liability insurance coverage. Specifically, Mr. Haynesworth wanted a sizeable umbrella policy because he had heard he could be exposed to significant personal liability if he was involved in an accident and had not increased his insurance coverage.

11. Mr. Haynesworth initially tried to increase his insurance coverage through his regular insurance carrier. However, when he was informed that his regular insurance carrier would not give him a significant umbrella policy because of his celebrity status, Mr. Haynesworth sought the help of his trusted friend and financial adviser, Mr. Verble.

12. Mr. Verble knew Mr. Haynesworth had a high net worth. Mr. Verble also knew Mr. Haynesworth's liability policy was inadequate (indeed, that it was worth less than some of the cars Mr. Haynesworth drove) and that Mr. Haynesworth faced significant personal exposure if he were involved in an accident and had not significantly increased his liability coverage or obtained an umbrella policy.

13. When Mr. Haynesworth sought Mr. Verble's advice about the insurance situation, Mr. Verble indicated he would take care of finding or providing adequate insurance for Mr. Haynesworth relative to his net worth and led Mr. Haynesworth to believe he did not need to take any further steps to secure additional coverage on his own.

14. Mr. Haynesworth relied on Mr. Verble's representation that he would take care of Mr. Haynesworth's insurance needs because Mr. Verble was his trusted financial adviser and had

previously procured insurance for him with respect to another matter. Accordingly, Mr. Haynesworth did not take any further action to secure additional insurance coverage on his own.

15. Mr. Verble did not secure an umbrella policy, or any increased coverage, for Mr. Haynesworth. On information and belief, Mr. Verble never even attempted to obtain an umbrella policy or increased coverage for Mr. Haynesworth. Alternatively, if Mr. Verble took any steps toward obtaining appropriate coverage for Mr. Haynesworth, he failed to exercise due care in attempting to obtain an umbrella policy or increased coverage.

16. Mr. Verble never informed Mr. Haynesworth that he had failed to obtain an umbrella policy or increased insurance coverage for Mr. Haynesworth.

17. On or about December 13, 2008, Mr. Haynesworth was involved in a serious automobile accident for which he may be found liable in an amount that exceeds his liability insurance limits. A lawsuit is currently pending in Williamson County, Tennessee, as a result of this accident.

18. Mr. Verble did not secure additional insurance coverage for Mr. Haynesworth by the time of the December 13, 2008 automobile accident. Additionally, Mr. Haynesworth did not personally obtain additional insurance coverage before the accident because he relied on Mr. Verble's assurance that he would secure adequate insurance coverage for Mr. Haynesworth.

19. Mr. Haynesworth was not aware that Mr. Verble had failed to secure sufficient coverage to protect his financial interests until the Williamson County lawsuit was filed and he learned of his potential exposure above and beyond his policy limits. Given his history and relationship with Mr. Verble, Mr. Haynesworth had no reason to question whether Mr. Verble would follow through on his commitment to secure the insurance coverage they had discussed.

20. Mr. Haynesworth faces the possibility of significant personal liability above and beyond his policy limits because he relied on Mr. Verble's representations and did not obtain additional insurance coverage prior to the accident. Moreover, because of the possibility of significant personal exposure, Mr. Haynesworth has been required to retain his own attorneys to protect his interests in the lawsuit stemming from the accident.

21. Mr. Haynesworth would not face such significant personal exposure in the pending lawsuit, nor would he have had to hire his own attorneys, if Mr. Verble had done what he promised to do and competently performed his services as a trusted personal financial adviser.

22. Smith Barney is vicariously liable for Mr. Verble's failure to follow through on his promise to secure appropriate insurance coverage for Mr. Haynesworth because Mr. Verble acted as an employee and agent of Smith Barney in the course of his dealings with Mr. Haynesworth.

Count I
Promissory Estoppel

23. Plaintiff hereby incorporates by reference the allegations contained in Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

24. Mr. Verble represented to Mr. Haynesworth that he would take care of securing an umbrella policy or increased insurance coverage sufficient to protect Mr. Haynesworth's financial interests.

25. Mr. Haynesworth forbore seeking increased insurance coverage in reliance on Mr. Verble's promise to secure adequate insurance for his needs.

26. Mr. Haynesworth's reliance was reasonable and justifiable given that Mr. Verble was his trusted financial advisor and had helped procure insurance coverage for him in the past.

27. Mr. Verble did not secure an umbrella policy or increased insurance coverage in accordance with his promise.

28. Mr. Haynesworth has incurred substantial loss, and is at risk of incurring even greater loss, because he forbore seeking increased insurance coverage in reliance on Mr. Verble's promise.

29. Smith Barney is vicariously liable for Mr. Verble's promise and his failure to secure appropriate insurance for Mr. Haynesworth relative to his net worth.

Count II
Breach of Contract

30. Plaintiff hereby incorporates by reference the allegations contained in Paragraphs 1 through 29 of this Complaint as if fully set forth herein.

31. Pursuant to his agreement with Mr. Haynesworth to provide comprehensive financial services for Mr. Haynesworth, Mr. Verble undertook the obligation to secure an umbrella policy or increased insurance coverage sufficient to protect Mr. Haynesworth's financial interests.

32. Mr. Verble did not secure an umbrella policy or increased insurance coverage in accordance with his promise to do so and in accordance with his obligations as Mr. Haynesworth's personal financial adviser and under his agreement to provide comprehensive financial services for Mr. Haynesworth.

33. Mr. Haynesworth has incurred substantial loss, and is at risk of incurring even greater loss, because Mr. Verble did not secure an umbrella policy or increased insurance coverage.

34. Smith Barney is vicariously liable for Mr. Verble's failure to secure appropriate insurance for Mr. Haynesworth relative to his net worth in accordance with Mr. Verble's agreement and in accordance with his obligations as Mr. Haynesworth's personal financial adviser.

Count III
Breach of Fiduciary Duty

35. Plaintiff hereby incorporates by reference the allegations contained in Paragraphs 1 through 34 of this Complaint as if fully set forth herein.

36. Mr. Verble was Mr. Haynesworth's personal financial adviser and investment adviser. Additionally, Mr. Verble had cultivated a close personal relationship with Mr. Haynesworth ever since Mr. Haynesworth was a freshman student athlete at the University of Tennessee.

37. As a result of the close relationship Mr. Verble had carefully cultivated with Mr. Haynesworth, Mr. Haynesworth reposed a special trust and confidence in Mr. Verble, particularly with respect to financial matters. Mr. Verble knew that, because of this relationship, he had the ability to influence and even control Mr. Haynesworth's financial decisions.

38. Because of his roles as financial adviser and investment adviser, and because of the special trust and confidence he knew Mr. Haynesworth placed in him, Mr. Verble owed a fiduciary duty to look out for and protect Mr. Haynesworth's financial interests.

39. Mr. Verble had a fiduciary obligation to ensure that Mr. Haynesworth had appropriate insurance coverage relative to his net worth, particularly after Mr. Verble represented that he would take care of Mr. Haynesworth's insurance issues and secure the insurance coverage that Mr. Haynesworth wanted and needed.

40. Mr. Verble did not obtain appropriate insurance coverage for Mr. Haynesworth relative to his net worth, or otherwise fulfill his fiduciary obligation to ensure that Mr. Haynesworth had appropriate insurance coverage.

41. Mr. Haynesworth has incurred substantial loss, and is at risk of incurring even greater loss, as a result of Mr. Verble's failure to secure appropriate insurance coverage for Mr. Haynesworth, in breach of his fiduciary duties to Mr. Haynesworth.

42. Smith Barney is vicariously liable for Mr. Verble's breach of fiduciary duty to Mr. Haynesworth.

Count IV
Negligent Misrepresentation in a Business Transaction

43. Plaintiff hereby incorporates by reference the allegations contained in Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

44. Mr. Verble was engaged as Mr. Haynesworth's personal financial adviser.

45. In connection with his role as a personal financial adviser, Mr. Verble told Mr. Haynesworth that he would take care of Mr. Haynesworth's personal insurance needs, including securing an umbrella policy and/or increased liability coverage for Mr. Haynesworth.

46. Mr. Verble failed to exercise reasonable care when he told Mr. Haynesworth that he would take care of his personal insurance needs.

47. Mr. Haynesworth relied on Mr. Verble's representation that he would secure adequate insurance for Mr. Haynesworth. Mr. Haynesworth's reliance was reasonable and justifiable given that Mr. Verble was his trusted financial advisor and had helped procure insurance coverage for him in the past.

48. Mr. Verble did not secure appropriate insurance coverage for Mr. Haynesworth relative to his net worth. He did not obtain an umbrella policy and/or increased liability coverage for Mr. Haynesworth, either because he was unable to do so, failed to exercise reasonable care to do so, or never attempted to do so.

49. Mr. Haynesworth has incurred substantial loss, and is at risk of incurring even greater loss, because Mr. Haynesworth relied on Mr. Verble's erroneous representation that he would secure adequate insurance coverage for Mr. Haynesworth's needs.

50. Smith Barney is vicariously liable for Mr. Verble's negligent misrepresentation to Mr. Haynesworth.

Count V
Negligence

51. Plaintiff hereby incorporates by reference the allegations contained in Paragraphs 1 through 50 of this Complaint as if fully set forth herein.

52. As Mr. Haynesworth's trusted personal financial adviser, and as a result of his close personal relationship with Mr. Haynesworth, Mr. Verble owed a duty to exercise reasonable care in providing financial services for and giving financial advice to Mr. Haynesworth.

53. Mr. Verble failed to exercise reasonable care when he told Mr. Haynesworth that he would take care of his personal insurance needs, including getting an umbrella policy and/or increased liability coverage.

54. On information and belief, Mr. Verble did not exercise reasonable care in attempting to secure adequate insurance coverage for Mr. Haynesworth.

55. In reliance upon Mr. Verble's representations, Mr. Haynesworth forbore seeking increased insurance coverage.

56. As a direct and proximate result of Mr. Verble's failure to secure increased insurance coverage, Mr. Haynesworth did not have appropriate insurance coverage relative to his net worth at the time of the December 13, 2008 auto accident.

57. Mr. Haynesworth has incurred substantial loss, and is at risk of incurring even greater loss, as a result of Mr. Verble's failure to secure increased insurance coverage for Mr. Haynesworth.

58. Smith Barney is vicariously liable for the Mr. Verble's negligence.

WHEREFORE, premises considered, Plaintiff respectfully demands the following:

1. That proper process issue and be served upon Defendants and that Defendants be required to appear and answer this Complaint within the time required by law;
2. That a jury of twelve be empanelled to hear this cause;
3. That Plaintiff be awarded a judgment against Defendants, jointly and severally, for compensatory damages in an amount sufficient to compensate him for his damages;
4. That Plaintiff be awarded a judgment against Defendants for punitive damages in an amount sufficient to adequately punish Defendants for their misconduct and to deter Defendants and others similarly situated from ever engaging in similar misconduct again; and
5. That Plaintiff be awarded such other and further general relief to which the Court may deem him entitled.