

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA**

ACE AMERICAN INSURANCE COMPANY	:	
	:	
Plaintiff,	:	
	:	
v.	:	Civil Action No.
	:	
ONEBEACON U.S. HOLDINGS, INC.	:	
	:	
Defendant.	:	
	:	

COMPLAINT

Plaintiff ACE American Insurance Company (“ACE”) brings this Complaint against Defendant OneBeacon U.S. Holdings, Inc. (“OneBeacon”) based upon its misappropriation of trade secrets, aiding and abetting duty of loyalty violations, and tortious interference. More specifically, OneBeacon conspired with eight ACE employees to steal ACE trade secrets while they were still employed by ACE and deliver them to OneBeacon upon their coordinated resignations from ACE. Knowing the wrongfulness of their conduct, the eight employees made extensive efforts to cover up their wrongdoing.

JURISDICTION AND VENUE

1. Jurisdiction is appropriate in this matter under 28 U.S.C. § 1332(a) because the matter in controversy exceeds \$75,000 and is between citizens of different states.
2. Venue is appropriate in this District Court pursuant to 28 U.S.C. § 1391(b).

PARTIES

3. Plaintiff ACE American Insurance Company (“ACE”) is a Pennsylvania corporation with its principal place of business located at 436 Walnut Street, Philadelphia, PA 19106.

4. Defendant OneBeacon U.S. Holdings, Inc. (“OneBeacon”) is a Delaware corporation with principal place of business at 601 Carlson Parkway, Suite 600, Minnetonka, Minnesota 55305.

FACTS

5. ACE is an insurance company and is part of the ACE Group of Companies, which provide commercial and personal property insurance, casualty insurance, personal accident insurance, supplemental health insurance, reinsurance, and life insurance to a diverse group of clients.

6. Until July 30, 2012, Chad A. Anderson, Joe L. Bowman, Jr., Miguel J. Ferreira, John C. Guglielmo, Michael P. Kubis, Jr., Michael J. McCue, Michael D. Seff, and Patrick Stevens Tucker (collectively “Surety Employees”) were ACE employees working for ACE’s surety department. In fact, these eight Surety Employees were the only employees in ACE’s East Coast Surety Department.

7. On July 30, 2012, between 2:00 p.m. and 2:16 p.m., each of the Surety Employees sent an email to ACE tendering their resignations. In fact, several of the Surety Employees resigned to one another.

8. OneBeacon is a competitor of ACE and is engaged in a substantially similar business.

9. Prior to July 30, 2012, no surety department existed at OneBeacon.

10. After resigning from ACE on the same day within 16 minutes of one another, all of the Surety Employees were hired by OneBeacon, and in fact became OneBeacon’s surety department.

11. OneBeacon's surety department is largely or exclusively comprised of the Surety Employees.

12. After the Surety Employees' resignations, ACE examined their company-owned electronic devices and discovered that while still employed with ACE, the Surety Employees deleted a substantial amount of e-mail that would have showed their activities and that may have contained proprietary information relating to ACE.

13. Chad A. Anderson ("Mr. Anderson") was in charge of the ACE East Coast Surety Department, and thereby supervised the other seven Surety Employees, directly or indirectly.

14. Mr. Anderson once commented that if he were going to leave ACE, he would take the entire East Coast Surety Department with him, because it would be the best way to leave ACE unable to retain clients.

15. OneBeacon used the services of Craig Richards of David Brooke Associates, Inc. to recruit the Surety Employees for employment with OneBeacon.

16. The commercial surety business is increasingly competitive. Success or failure of an organization is based on its use of information—about clients, underwriting, reinsurance, rating, and pricing. ACE took reasonable steps under the circumstances to safeguard the secrecy of the information about strategic planning, clients, underwriting, reinsurance, rating, and pricing. Yet, OneBeacon, through the Surety Employees, coordinated an employee raid to obtain and use ACE's trade secrets. OneBeacon and the Surety Employees are now using ACE's trade secrets to, among other things, solicit ACE clients (including broker-referral sources).

17. Mr. Anderson, as the supervisor of the ACE East Coast Surety Department, had a duty of loyalty to advise his superiors of matters they would want to know, including possible resignations by his subordinates. Instead of fulfilling this duty, Mr. Anderson did just the

opposite—he coordinated the concealment of the planned departures, and went further to eliminate the “paper trail” that would disclose the conspiracy.

18. OneBeacon agreed to pay the Surety Employees compensation well above market rates for comparable employees and comparable positions, suggesting further that OneBeacon’s purpose was to cripple or destroy ACE’s East Coast Surety group and to misappropriate ACE’s trade secrets.

19. The success of the ACE Surety Group is important to the success of the ACE Group of Companies.

COUNT I
Injunction

20. The preceding and succeeding paragraphs are incorporated herein by reference as if set forth at length.

21. OneBeacon has undertaken wrongful actions with the plain purpose of interfering with and causing substantial harm to the business interests of ACE.

22. OneBeacon must be enjoined from continuing its campaign to steal ACE’s clients and to make use of ACE’s confidential and proprietary business information.

23. An injunction is necessary to prevent immediate and irreparable harm which could not be compensated by damages. Greater injury would result by refusing it than by granting it. An injunction properly restores the parties to their status as it existed immediately prior to the alleged wrongful conduct. The activity sought to be restrained is actionable and an injunction is reasonably suited to abate that activity.

WHEREFORE, ACE respectfully requests that this Honorable Court enter preliminary and permanent injunctive relief in its favor and against OneBeacon enjoining it from making use of or publishing the confidential and proprietary business information of ACE, from further

solicitation of ACE's clients, and for other relief as ACE may seek and as the Court may deem appropriate.

COUNT II
Misappropriation of Trade Secrets

24. The preceding and succeeding paragraphs are incorporated herein by reference as if set forth at length.

25. The information being used by OneBeacon and the Surety Employees in competing with ACE—including, but not limited to, client information, strategic planning information, pricing information, underwriting information, rating information, and reinsurance information—constitutes trade secrets within the meaning of various state laws, including the Pennsylvania Uniform Trade Secrets Act.

26. The confidential status of this information was acknowledged in writing by the Surety Employees, and ACE took reasonable steps under the circumstances to safeguard the secrecy of this information, which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

27. Prior to their employment with ACE, the Surety Employees had no knowledge of ACE's trade secrets and other proprietary information.

28. During their employment and upon their departure from ACE, the Surety Employees misappropriated trade secrets and other proprietary information, which are invaluable assets developed over time as the result of a significant expenditure of ACE's money and other resources.

29. The Surety Employees misappropriated these trade secrets at the direction of and for the benefit of OneBeacon for use in the formation of OneBeacon's new surety department.

30. OneBeacon has used these trade secrets in violation of the Pennsylvania Uniform Trade Secrets Act.

31. By reason of OneBeacon's bad acts, ACE has been deprived of its trade secrets and other confidential and proprietary information, for which ACE expended substantial sums of money and devoted significant resources to cultivate and develop.

32. ACE has suffered and will continue to suffer damages as a result of OneBeacon's intentional and unauthorized use and misappropriation of trade secrets.

33. OneBeacon's conduct was and is willful and malicious.

WHEREFORE, ACE respectfully requests that this Honorable Court enter judgment in its favor and against OneBeacon in an amount in excess of seventy-five thousand dollars (\$75,000.00), including costs, interest, reasonable attorney's fees, and exemplary damages, as well as any other relief deemed appropriate by the Court.

COUNT III
Interference with Contractual Relations

34. The preceding and succeeding paragraphs are incorporated herein by reference as if set forth at length.

35. At all relevant times, OneBeacon was aware that ACE had ongoing and valuable business contracts and relationships with its clients.

36. On information and belief, OneBeacon's bad acts were intended to harm the existing relationships of ACE with its clients and were intended to prevent future and ongoing relations from taking shape and being realized between ACE and its clients.

37. OneBeacon was without privilege or justification in taking these actions.

38. As a direct result of OneBeacon's bad acts, ACE has and continues to suffer harm, loss, and damages.

WHEREFORE, ACE respectfully requests that this Honorable Court enter judgment in its favor and against OneBeacon in an amount in excess of seventy-five thousand dollars (\$75,000.00), including costs, interest, reasonable attorney's fees, and punitive damages, as well as any other relief deemed appropriate by the Court.

COUNT IV
Aiding and Abetting Duty of Loyalty Violation

39. The preceding and succeeding paragraphs are incorporated herein by reference as if set forth at length.

40. OneBeacon induced the Surety Employees to violate their duty of loyalty to ACE, through actions such as withholding information that ACE would have wanted to know, by soliciting subordinate employees to leave ACE, by converting ACE documents and deleting ACE documents, thereby aiding and abetting the Surety Employees' violation of the duty of loyalty.

WHEREFORE, ACE respectfully requests that this Honorable Court enter judgment in its favor and against OneBeacon in an amount in excess of seventy-five thousand dollars (\$75,000.00), including costs, interest, reasonable attorney's fees, and punitive damages, as well as any other relief deemed appropriate by the Court.

COUNT V
Tortious Interference/Intent to Harm

41. The preceding and succeeding paragraphs are incorporated herein by reference as if set forth at length.

42. OneBeacon took intentional and specific actions to induce the Surety Employees to leave their employment with ACE and to work instead for OneBeacon.

43. The purpose of OneBeacon's enticement was to cripple or destroy the surety business of its competitor ACE.

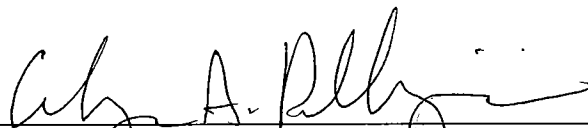
44. In addition, OneBeacon's inducement was for the purpose of having the Surety Employees disclose the trade secrets and proprietary and confidential business information of ACE.

45. As a direct result of OneBeacon's bad acts, ACE has and continues to suffer harm, loss, and damages.

WHEREFORE, ACE respectfully requests that this Honorable Court enter judgment in its favor and against OneBeacon in an amount in excess of seventy-five thousand dollars (\$75,000.00), including costs, interest, reasonable attorney's fees, and punitive damages, as well as any other relief deemed appropriate by the Court.

Respectfully submitted,

Date: August 17, 2012



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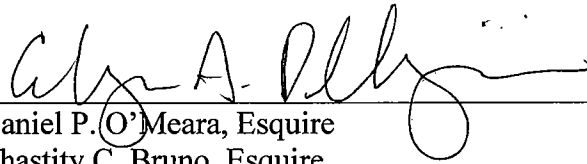
Attorneys for ACE American Insurance Company

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the forgoing document upon the following by the methods described, this 17 day of August, 2012:

Maureen Phillips, SVP
OneBeacon
601 Carlson Parkway
Suite 600
Minnetonka, MN 55305

Via Federal Express



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