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**UNITED STATES DISTRICT COURT
 DISTRICT OF NEW JERSEY**

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THE HANOVER INSURANCE COMPANY,	:	
	:	Case No. 3:25-cv-3413
Plaintiff,	:	
	:	
v.	:	COMPLAINT
	:	
COMPUNNEL SOFTWARE GROUP, INC.,	:	
INFOPRO LEARNING INC., NURSEDECK INC.,	:	
and WALL STREET SERVICES, INC.,	:	
	:	
Defendants.	:	
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Plaintiff The Hanover Insurance Company (“Hanover”), through its undersigned counsel, Windels Marx Lane & Mittendorf, LLP, as and for its Complaint against Defendants Compunnel Software Group, Inc. (“Compunnel”), Infopro Learning Inc. (“Infopro”), NurseDeck Inc. (“NurseDeck”), and Wall Street Services, Inc. (“WS Services” and, together with Compunnel, Infopro, and NurseDeck, “Defendants”) alleges:

NATURE OF THE ACTION

1. Hanover brings this action against Compunnel and several of its subsidiaries for breach of the records retention and audit obligations under worker's compensation insurance policies Hanover issued to them for the years 2022 and 2023. Because the premium for a workers' compensation policy depends on monthly payroll exposure and worker classification during the policy period, the initial premium at commencement of the policy is only an estimate and the final premium must be determined by a payroll audit after the policy period ends. In this regard, the "Final Premium" section of the policies expressly states that "[t]he final premium will be determined after this policy ends by using the actual, not estimated, premium basis and proper classifications and rates."

2. To provide for the premium audit, the "Records" section of the policies expressly requires that the insured "will keep records of information needed to compute premium" and "provide [Hanover] with copies of those records when we ask for them" and the "Audit" section of the policies expressly states: "You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium."

3. Compunnel, Infopro, NurseDeck, and WS Services breached their obligations under the policies to keep and provide records needed to compute final premiums, to allow Hanover to examine and audit all of their records related to the policies, and to pay the full premiums due under the policies. As such, Hanover is entitled to specific performance of their

audit obligations under the policies along with the payment of all additional premiums shown by the audits or, in the alternative, to damages in the form of unpaid premiums under the policies.

THE PARTIES

4. Plaintiff Hanover is a New Hampshire insurance corporation with a principal place of business at 440 Lincoln Street, Worcester, Massachusetts 01653.

5. Defendant Compunnel is a Georgia corporation with a principal place of business at 103 Morgan Lane, Suite 102, Plainsboro, New Jersey 08536. Compunnel also does business under the names Compunnel Inc. and Compunnel Healthcare. Upon information and belief, Compunnel is the parent company of Infopro, NurseDeck, and WS Services.

6. Compunnel is one of the largest information technology (“IT”) staffing companies in the U.S. Its employees work in a number of states, including New Jersey, and provide staffing across various companies.

7. Defendant Infopro is a New Jersey corporation with a principal place of business at 103 Morgan Lane, Suite 102, Plainsboro, New Jersey 08536. Upon information and belief, Infopro is a subsidiary of Compunnel.

8. Defendant NurseDeck is a Delaware corporation with a principal place of business at 103 Morgan Lane, Suite 102, Plainsboro, New Jersey 08536. Upon information and belief, NurseDeck is a subsidiary of Compunnel.

9. Defendant WS Services is a New York corporation with a principal place of business at 11 Broadway, Suite 632, New York, New York 10004. WS Services is a subsidiary of Compunnel.

JURISDICTION AND VENUE

10. This is a civil action wherein jurisdiction is founded on diversity of citizenship under 28 U.S.C. § 1332. The amount in controversy is in excess of \$75,000, exclusive of interest and costs, and the suit is between citizens of different States. Hanover is a citizen of New Hampshire and Massachusetts. Compunnel is a citizen of Georgia and New Jersey; Infopro is a citizen of New Jersey; NurseDeck is a citizen of Delaware and New Jersey; and WS Services is a citizen of New York.

11. Venue is properly laid in this district under 28 U.S.C. § 1391(b) because Defendants' principal place of business is in this judicial district, and a substantial part of the events or omissions giving rising to the claim occurred in this judicial district.

FACTUAL BACKGROUND

New Jersey Workers' Compensation Insurance Scheme

12. Under N.J.S.A. 34:15-72, an employer in New Jersey is required to provide for payment of workers' compensation benefits to its employees. If the employer does not self-insure, under N.J.S.A. 34:15-78, it must secure insurance with an authorized insurer.

13. Under N.J.S.A. 34:15-87, a workers' compensation policy is required to insure all of an employer's employees and an insurance carrier cannot restrict its liability under the policy to any stated business, plant, location, or employment carried on by an insured, unless the business, plant, location, or employment excluded by such restriction is concurrently separately insured or exempted under N.J.S.A. 34:15-70 to 95.5.

14. The cost of a workers' compensation policy is in large measure based on the type of business conducted by the employer. Every business and job type is assigned a numeric

classification code, each with its own associated rate commensurate with the inherent risk level of that job. The higher the risk level, the higher the rate. The rates may vary by state and by year.

15. In general, premiums are determined by multiplying the employer's total payroll expended by class by the associated rate per hundred dollars of payroll. As stated by the New Jersey Compensation Rating & Inspection Bureau ("NJCRIB"), "[p]ayrolls have traditionally been considered an ideal reflection of exposure to hazard with the advantage of not requiring additional record keeping on the part of employers. Additionally and most importantly, payrolls are verifiable thus assuring consistency of application."

16. Unlike other types of insurance, the premiums for a workers' compensation policy cannot be determined until the policy has expired and the actual payroll amounts audited. As stated by the NJCRIB, "[a]t the time the policy is written, the payrolls for each application classification must be estimated" and "[a] final audit of the payroll records of the policyholder by the insurance carrier following policy expiration determines the actual payroll to be used in determining the final cost of the policy."

The Initial Policies

17. In late 2020, Compunnel applied via its agent to Hanover for a workers' compensation policy for itself, Infopro, and WS Services describing its business as IT staffing & staff augmentation services, including less than 15% of non-IT, and less than 1% of medical staffing. Compunnel agreed to move all of its non-IT staffing, *e.g.*, light industrial staffing, to a separate legal entity and insurance program by the first policy renewal. Further, Hanover was led to believe it would not cover any medical and healthcare related staffing because they were supposedly moved to a different legal entity and policy.

18. On February 1, 2021, in reliance upon the information and assurances provided by Compunnel and its agent, Hanover issued its Workers Compensation and Employer's Liability Insurance Policy Number WMY H483929 01 to Compunnel, Infopro, and WS Services for the policy period from January 24, 2021 to January 1, 2022 applicable to a number of states, including New Jersey (the "2021 Multistate Policy").

19. On November 10, 2021, in reliance upon the information and assurances provided by Compunnel and its agent, Hanover issued its Workers Compensation and Employer's Liability Insurance Policy Number WMY H820933 00 to Compunnel, Infopro, and WS Services for the policy period from January 24, 2021 to January 1, 2022 applicable to California (the "2021 California Policy," and, together with 2021 Multistate Policy, the "2021 Policies").

20. Under the 2021 Policies, the substantial majority of operations by estimated remuneration was classified under codes for clerical-type employees and the combined estimated annual premiums including all taxes and assessments totaled \$491,681.

21. Following the end of the policy period under the 2021 Policies, Hanover sought records from Compunnel, Infopro, and WS Services needed to compute the final premiums for the 2021 Policies and sought to audit their records related to the 2021 Policy. After repeated follow-up requests over a period of months, they eventually provided some of the requested information and Hanover conducted a payroll audit based on that information in August 2022.

22. Hanover calculated additional premiums due under the 2021 Policies to be \$989,616.70. As a courtesy, Hanover offered a discount of \$104,616, reducing the net additional premiums due under the 2021 Policies to \$885,000.70. Compunnel paid the discounted additional premiums in or about February 2023.

The 2022 Policies at Issue

23. In late 2021, Compunnel via its agent submitted an application to Hanover to renew the 2021 Policies for the subsequent 2022 policy year and Hanover issued three renewal policies applicable to different states in reliance on the information and prior assurances provided.

24. On January 5, 2022, Hanover issued its Workers Compensation and Employer's Liability Insurance Policy Number WMY H483929 02 to Compunnel, Infopro, and WS Services for the policy period from January 1, 2022 to January 1, 2023 applicable to a number of states, including New Jersey (the "2022 Multistate Policy"). Under the 2022 Multistate Policy, the substantial majority of operations by estimated remuneration was classified under a code for clerical-type employees and the estimated annual premium including all taxes and assessments was \$431,674.

25. On January 14, 2022, Hanover issued its Workers Compensation and Employer's Liability Insurance Policy Number WHY H866520 00 to Compunnel for the policy period from January 1, 2022 to January 1, 2023 applicable to Delaware and Pennsylvania (the "2022 Del. & Penn. Policy"). Under the 2022 Del. & Penn. Policy, the substantial majority of operations by estimated remuneration was classified under a code for clerical-type employees and the estimated annual premium including all taxes and assessments was \$35,844.

26. On January 18, 2022, Hanover issued its Workers Compensation and Employer's Liability Insurance Policy Number WHY H866734 00 to Compunnel for the policy period from January 1, 2022 to January 1, 2023 applicable to California (the "2022 California Policy," and, together with 2022 Multistate Policy and the 2022 Del. & Penn Policy, the "2022 Policies"). Under the 2022 California Policy, the substantial majority of operations by estimated remuneration was

classified under a code for clerical-type employees and the estimated annual premium including all taxes and assessments was \$92,269.

27. The combined estimated annual premium for the 2022 Policies totaled \$559,787.

28. Under New Jersey's workers' compensation coverage laws, the 2022 Policies were required to and necessarily did insure all of Compunnel's, Infopro's, and WS Services' employees regardless of the line of business, plant, location, or nature of employment, including IT and non-IT staffing, and including medical and healthcare related staffing and light industrial staffing, to the extent that they were not transferred to another legal entity or concurrently separately insured.

The 2023 Policies at Issue

29. In late 2022, Compunnel via its agent sought to renew the 2022 Policies with Hanover for the subsequent 2023 policy year and Hanover issued two renewal policies applicable to different states in reliance on the information and prior assurances provided.

30. On January 11, 2023, Hanover issued its Workers Compensation and Employer's Liability Insurance Policy Number WMY H483929 03 to Compunnel, Infopro, NurseDeck, and WS Services for the policy period from January 1, 2023 to January 1, 2024 applicable to a number of states, including New Jersey (the "2023 Multistate Policy"). Under the 2023 Multistate Policy, the substantial majority of operations by estimated remuneration was classified under a code for clerical-type employees and the estimated annual premium including all taxes and assessments was \$1,401,342.

31. On January 24, 2023, Hanover issued its Workers Compensation and Employer's Liability Insurance Policy Number WHY H866520 01 to Compunnel for the policy period from January 1, 2023 to January 1, 2024 applicable to Delaware and Pennsylvania (the "2023 Del. & Penn. Policy" and, together with the 2023 Multistate Policy, the "2023 Policies"). Under the 2023

Del. & Penn. Policy, the substantial majority of operations by estimated remuneration was classified under a code for clerical-type employees and the estimated annual premium including all taxes and assessments was \$44,921.

32. The combined estimated annual premium for the 2023 Policies totaled \$1,446,263.

33. Under New Jersey's workers' compensation coverage laws, the 2023 Policies were required to and necessarily did insure all of Defendants' employees regardless of the line of business, plant, location, or nature of employment, including IT and non-IT staffing, and including medical and healthcare related staffing and light industrial staffing, to the extent that they were not transferred to another legal entity or concurrently separately insured.

Audit Obligations Under the Policies

34. Under the 2022 Policies and the 2023 Policies (collectively, the "Policies"), the premiums are to be determined pursuant to Hanover's manual of rules, classifications, rates, and rating plans and all information required to calculate premiums are subject to verification and change by annual audit.

35. Specifically, Item 4 of the Information Page of each of the Policies provides: "The premium for this policy will be determined by our manuals of rules, classifications, rates, and rating plans. All information required below is subject to verification and change by audit. Adjustment of premiums shall be made annually."

36. Likewise, under Part Five – Premium, Section A (Our Manuals) of each of the Policies, the premiums under the Policies are to be determined pursuant to Hanover's manuals of rules, classifications, rates, and rating plans (the "Hanover Manual").

37. Part Five – Premium, Section B (Classifications) of each of the Policies states that Item 4 of the Information Page of the Policies shows the rate and premium basis for certain

business or work classifications and that those classifications were assigned based on an estimate of the exposures the insured(s) would have during the policy period. It further provides that, if the insureds' actual exposures are not properly described by those classifications, Hanover would assign proper classifications, rates, and premium basis by endorsement to the Policies.

38. Under the Policies, the premium for each work classification is determined by multiplying a rate times a premium basis, with remuneration being the most common premium basis and including payroll and all other remuneration paid or payable during the policy period for the services of all of the insureds' officers and employees.

39. Specifically, Part Five – Premium, Section C (Remuneration) of each of the Policies states:

C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

- (1) all your officers and employees engaged in work covered by this policy; and
- (2) all other persons engaged in work that could make us liable under Part One (Workers' Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2. will not apply if you give us proof that the employers of these persons lawfully secured their workers' compensation obligations.

40. Part Five – Premium, Section D (Premium Payments) of each of the Policies requires the insureds to pay all premiums when due.

41. Each of the Policies provides that the premiums shown in the Policy is an estimate and that the final premium would be determined after the Policy ends by using the actual, not estimated, premium basis and proper classification and rates that apply to the business and work

covered by the Policy. Each of the Policies further provides that the insureds must pay the balance if the final premium is more than the premium the insureds paid.

42. Specifically, Part Five – Premium, Section E (Final Premium) of each of the Policies provides in relevant part in this regard:

E. Final Premium

The premium shown on the Information Page, Schedules and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

43. Under the Policies, the insureds were required to keep records needed to compute premiums and provide copies to Hanover when asked. The insureds were also required to let Hanover examine and audit all of their records related to the Policies, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, with the information developed by the audits to be used to determine the final premiums under the Policies.

44. Specifically, Part Five – Premium, Sections F (Records) and G (Audit) of each of the Policies provide:

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within

three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

45. By an Audit Noncompliance Charge Endorsement, Part Five – Premium, Section G (Audit) of each of the Policies (with the exception of the 2022 California Policy which did not have this endorsement) was revised by adding language allowing Hanover to apply an Audit Noncompliance Charge of up to two times the estimated annual premium if the insureds do not allow Hanover to examine and audit all of their records that relate to the policy and/or does not provide audit information as requested. The endorsement further provides that if the insureds allow Hanover to examine and audit all of their records after Hanover has applied an Audit Noncompliance Charge, Hanover would revise the insureds' premium in accordance with its manuals and Part Five – Premium, Section E (Final Premium) of the Policies.

Failure to Comply with Record Production and Audit Obligations

46. Defendants failed to comply with their record production and audit obligations under the Policies.

47. Beginning in January 2023, following the end of the policy period for the 2022 Policies, Hanover sought records from Compunnel, Infopro, and WS Services needed to compute the final premiums for the 2022 Policies and sought to audit their records related to the 2022 Policies.

48. On January 5, 2023, Hanover sent an audit letter to Compunnel requesting, among other information, employee payroll detail, IRS Form 941s, and state unemployment reports to conduct a premium audit for the 2022 policy year. Hanover requested that the records be provided by February 5, 2023.

49. After repeated follow-up requests over a period of months, Compunnel eventually provided IRS Form 941s and state unemployment reports in May 2023 but failed to provide its employee payroll records related to the 2022 Policies.

50. In or about April 2023, Compunnel or its agent completed their capture of employee payroll data for Hanover's premium audit but the data did not match what Compunnel or its agent was expecting and so they did not provide the data to Hanover.

51. In or about June 2023, because of the failure to provide employee payroll detail, Hanover performed only an estimated audit for the 2022 Policies and could not perform an actual audit. Hanover estimated additional premiums for the 2022 Policies in the amount of \$1,235,576. Upon information and belief, this does not represent the full additional premium due under the 2022 Policies but only a portion of the premiums due.

52. In or about September or October 2023, Compunnel paid the additional estimated premiums under the 2022 Policies.

53. On December 29, 2023, Hanover sent an audit letter to Compunnel requesting records needed to conduct a premium audit and compute the final premiums for the 2023 policy period. Among other information, Hanover requested detailed employee payroll records, IRS Form 941s, and state unemployment reports. Hanover requested that the records be provided by January 21, 2024.

54. On January 21, 2024, Hanover sent a second request to Compunnel seeking the records needed to conduct the premium audit and compute the final premiums for the 2023 policy period and requested that the records be provided by January 31, 2024.

55. On March 14, 2024, after several requests for extensions running through March 8, 2024, Compunnel provided a spreadsheet to Hanover with certain payroll information but not including employee names. Defendants did not provide any other documents at this time.

56. The March 2024 spreadsheet showed a total gross payroll of \$389,493,109.77 for 2023 but the spreadsheet contained line item details for only \$300,294,275.43 in payroll, leaving \$89,198,834.34 in unaccounted payroll.

57. On September 13, 2024, Hanover asked Compunnel about the \$89 million in unaccounted payroll and repeated its request for the Form 941s.

58. In October 2024, Hanover further advised Defendants via their agent that it needed the line item details for the \$89 million in unaccounted payroll, the employee names added to the spreadsheet, and the IRS Form 941s by November 8, 2024.

59. On November 1, 2024, Defendants responded via their agent that the \$389 million reported on their payroll spreadsheet was a “calculation error” and they were working to correct the spreadsheet but did not explain the nature of the purported calculation error on the spreadsheet or the nature of the planned correction.

60. On November 4, 2024, Defendants via their agent submitted certain tax reports and resubmitted their payroll spreadsheet, with employee names, but now showing only \$300,294,275.43 in total payroll. Defendants repeated their claim of an “arithmetical error” in the original March 2024 spreadsheet but again failed to explain the nature of the purported “arithmetical error” or the correction.

61. Upon information and belief, the November 2024 spreadsheet submitted by Defendants is both incomplete and inaccurate and deliberately excludes approximately \$89

million, or more, in payroll exposure from the spreadsheet. No clear or satisfactory explanation has been provided regarding the \$89 million discrepancy.

62. The tax reports submitted by Defendants in November 2024 are not a complete set of reports in that, at a minimum, they do not include reports for named insureds Infopro, WS Services, or NurseDeck. The payroll exposure of those named insureds is thus omitted from the tax reports provided.

63. Upon information and belief, critical payroll exposure data that would have considerable premium implications for the 2023 Policies is missing from the November 2024 spreadsheet and from the tax reports provided by Defendants in November 2024.

64. By notice dated December 2, 2024 (the “Audit Notice”), Hanover requested to perform an onsite premium audit under the Policies and identified records Defendants would need to provide as part of the audit. The requested records included, among others, complete and accurate records to validate remuneration, employee placement contracts, payroll journal and summary records, individual earning records, relevant tax records, general ledger / trial balances, and financial statements.

65. On December 19, 2024, Defendants responded to the Audit Notice through a third-party entity they retained to do so. Rather than comply with the audit request, however, Defendants failed to provide a date for an onsite audit. Defendants also effectively refused to provide any records for the audit, and did not provide any of the records as requested.

66. Among other baseless assertions, Defendants claimed that the Audit Notice was “generic” and requested “document[s] which in our view are redundance (sic).” Defendants also wrongly objected that the records “can be exhausted (sic) and exceed the scope of the workers compensation audit.”

67. With respect to the 2022 Policies, Defendants claimed incorrectly that they could no longer be subjected to an audit because of Hanover's prior audit efforts and also stated that they had lost access to the payroll data "due to system change."

68. With respect to the 2023 Policies, Defendants took the position, contrary to the plain audit language in the Policies, that the records they previously provided were sufficient and that "for a staffing operation the auditor should sample the employees/contracts and not all the clients and contracts."

69. By letter dated April 17, 2025 (the "April 2025 Notice"), Hanover again requested to perform an onsite premium audit under the Policies and requested the records identified in the Audit Notice, noting the none of the Defendants had complied with such requests in the interim.

70. The April 2025 Notice also advised that the December 19, 2024 response was not clear as to whether it encompassed the other named insureds, Infopro, NurseDeck, and WS Services. As a result, the April 2025 Notice also conveyed a demand directly to Infopro, NurseDeck, and WS Services for an on-site premium audit and records, with respect to all policies on which they are named insureds.

71. In an April 23, 2025 telephone call with Hanover, the third party entity retained by Compunnel advised that Infopro, NurseDeck, and WS Services are non-operating entities without providing any explanation as to why Compunnel sought worker's compensation coverage for those entities if non-operating, and without providing any detail or support as to their alleged non-operating status. Compunnel's third party representative also advised that Compunnel would not allow audit of any documents related to the 2022 Policies, and would not allow audit of all of the requested documents related to the 2023 Policies.

COUNT I
(Breach of the 2022 Multistate Policy Asserted Against Compunnel, Infopro, and WS Services)

72. Hanover repeats and realleges the allegations in paragraphs 1 through 71 as if same were set forth at length herein.

73. The 2022 Multistate Policy constitutes a valid and binding contract between Hanover, on the one hand, and Compunnel, Infopro, and WS Services, on the other.

74. Hanover has duly performed its obligations under the 2022 Multistate Policy and provided workers' compensation insurance to Compunnel, Infopro, and WS Services under said policy for the applicable policy period.

75. Part Five of the 2022 Multistate Policy plainly provides that Compunnel, Infopro, and WS Services are required to keep records and information needed to compute premiums, to provide Hanover with a copy of those records when asked, and to let Hanover examine and audit all of their records that relate to the 2022 Multistate Policy, including "ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data."

76. Hanover requested that Compunnel, Infopro, and WS Services provide records related to the 2022 Multistate Policy that are needed to compute the final premium and that they allow Hanover to audit their records related to the 2022 Multistate Policy but they have failed and refused to do so and have stated that they do not have access to their 2022 employee payroll records.

77. Compunnel, Infopro, and WS Services breached the 2022 Multistate Policy, including Part Five, by failing to keep and provide records needed to compute final premiums, by

refusing and failing to allow Hanover to examine and audit all of their records related to said policy, and by failing to pay in full the final premium that would be due under said policy.

78. Hanover has no adequate remedy at law and is entitled to specific performance and injunctive relief compelling Compunnel, Infopro, and WS Services to provide all records needed to compute final premiums under the 2022 Multistate Policy, to allow Hanover to examine and audit all of their records related to the 2022 Multistate Policy, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and to pay in full the final premium shown by said audit. Compunnel, Infopro, and WS Services have no valid excuse for their failure to perform their audit obligations required under the plain terms of Part Five of the 2022 Multistate Policy. An order compelling them to do so would not be harsh or oppressive but, instead, would allow the final premiums to be accurately calculated in fairness to all parties and in accordance with the workers' compensation insurance scheme and the parties' expectations.

79. In the alternative to the immediately preceding paragraph, as a result of Compunnel's, Infopro's, and WS Services' breaches of the 2022 Multistate Policy, Hanover has been damaged in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums.

COUNT II
(Breach of the 2022 Del. & Penn Policy Asserted Against Compunnel)

80. Hanover repeats and realleges the allegations in paragraphs 1 through 79 as if same were set forth at length herein.

81. The 2022 Del. & Penn Policy constitutes a valid and binding contract between Hanover and Compunnel.

82. Hanover has duly performed its obligations under the 2022 Del. & Penn Policy and provided workers' compensation insurance to Compunnel under said policy for the applicable policy period.

83. Part Five of the 2022 Del. & Penn Policy plainly provides that Compunnel is required to keep records and information needed to compute premiums, to provide Hanover with a copy of those records when asked, and to let Hanover examine and audit all of Compunnel's records that relate to the 2022 Del. & Penn Policy, including "ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data."

84. Hanover requested that Compunnel provide records related to the 2022 Del. & Penn Policy that are needed to compute the final premium and that Compunnel allow Hanover to audit its records related to the 2022 Del. & Penn Policy but Compunnel has failed and refused to do so and has stated that it does not have access to its 2022 employee payroll records.

85. Compunnel breached the 2022 Del. & Penn Policy, including Part Five, by failing to keep and provide records needed to compute final premiums, by refusing and failing to allow Hanover to examine and audit all of its records related to said policy, and by failing to pay in full the final premium that would be due under said policy.

86. Hanover has no adequate remedy at law and is entitled to specific performance and injunctive relief compelling Compunnel to provide all records needed to compute final premiums under the 2022 Del. & Penn Policy, to allow Hanover to examine and audit all of its records related to the 2022 Del. & Penn Policy, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and to pay in full the final premium shown by said audit. Compunnel has no valid excuse for its failure to

perform its audit obligations required under the plain terms of Part Five of the 2022 Del. & Penn Policy. An order compelling it to do so would not be harsh or oppressive but, instead, would allow the final premiums to be accurately calculated in fairness to both parties and in accordance with the workers' compensation insurance scheme and the parties' expectations.

87. In the alternative to the immediately preceding paragraph, as a result of Compunnel's breaches of the 2022 Del. & Penn Policy, Hanover has been damaged in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums.

COUNT III
(Breach of the 2022 California Policy Asserted Against Compunnel)

88. Hanover repeats and realleges the allegations in paragraphs 1 through 87 as if same were set forth at length herein.

89. The 2022 California Policy constitutes a valid and binding contract between Hanover and Compunnel.

90. Hanover has duly performed its obligations under the 2022 California Policy and provided workers' compensation insurance to Compunnel under said policy for the applicable policy period.

91. Part Five of the 2022 California Policy plainly provides that Compunnel is required to keep records and information needed to compute premiums, to provide Hanover with a copy of those records when asked, and to let Hanover examine and audit all of Compunnel's records that relate to the 2022 California Policy, including "ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data."

92. Hanover requested that Compunnel provide records related to the 2022 California Policy that are needed to compute the final premium and that Compunnel allow Hanover to audit

its records related to the 2022 California Policy but Compunnel has failed and refused to do so and has stated that it does not have access to its 2022 employee payroll records.

93. Compunnel breached the 2022 California Policy, including Part Five, by failing to keep and provide records needed to compute final premiums, by refusing and failing to allow Hanover to examine and audit all of its records related to said policy, and by failing to pay in full the final premium that would be due under said policy.

94. Hanover has no adequate remedy at law and is entitled to specific performance and injunctive relief compelling Compunnel to provide all records needed to compute final premiums under the 2022 California Policy, to allow Hanover to examine and audit all of its records related to the 2022 California Policy, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and to pay in full the final premium shown by said audit. Compunnel has no valid excuse for its failure to perform its audit obligations required under the plain terms of Part Five of the 2022 California Policy. An order compelling it to do so would not be harsh or oppressive but, instead, would allow the final premiums to be accurately calculated in fairness to both parties and in accordance with the workers' compensation insurance scheme and the parties' expectations.

95. In the alternative to the immediately preceding paragraph, as a result of Compunnel's breaches of the 2022 California Policy, Hanover has been damaged in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums.

COUNT IV
(Breach of the 2023 Multistate Policy Asserted Against All Defendants)

96. Hanover repeats and realleges the allegations in paragraphs 1 through 95 as if same were set forth at length herein.

97. The 2023 Multistate Policy constitutes a valid and binding contract between Hanover and Defendants.

98. Hanover has duly performed its obligations under the 2023 Multistate Policy and provided workers' compensation insurance to Defendants under said policy for the applicable policy period.

99. Part Five of the 2023 Multistate Policy plainly provides that Defendants are required to keep records and information needed to compute premiums, to provide Hanover with a copy of those records when asked, and to let Hanover examine and audit all of Defendants' records that relate to the 2023 Multistate Policy, including "ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data."

100. Hanover requested that Defendants provide records related to the 2023 Multistate Policy that are needed to compute the final premium and that Defendants allow Hanover to audit its records related to the 2022 Multistate Policy but Defendants have failed and refused to do so.

101. Defendants breached the 2023 Multistate Policy, including Part Five, by failing to provide records needed to compute final premiums, by refusing and failing to allow Hanover to examine and audit all of its records related to said policy, and by failing to pay in full the final premium that would be due under said policy.

102. Hanover has no adequate remedy at law and is entitled to specific performance and injunctive relief compelling Defendants to provide all records needed to compute final premiums under the 2023 Multistate Policy, to allow Hanover to examine and audit all of their records related to the 2023 Multistate Policy, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and to pay

in full the final premium shown by said audit. Defendants have no valid excuse for their failure to perform their audit obligations required under the plain terms of Part Five of the 2023 Multistate Policy. An order compelling them to do so would not be harsh or oppressive but, instead, would allow the final premiums to be accurately calculated in fairness to all parties and in accordance with the workers' compensation insurance scheme and the parties' expectations.

103. In the alternative to the immediately preceding paragraph, as a result of Defendants' breaches of the 2023 Multistate Policy, Hanover has been damaged in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums.

COUNT V
(Breach of the 2023 Del. & Penn. Policy Asserted Against Compunnel)

104. Hanover repeats and realleges the allegations in paragraphs 1 through 103 as if same were set forth at length herein.

105. The 2023 Del. & Penn. Policy constitutes a valid and binding contract between Hanover and Compunnel.

106. Hanover has duly performed its obligations under the 2023 Del. & Penn. Policy and provided workers' compensation insurance to Compunnel under said policy for the applicable policy period.

107. Part Five of the 2023 Del. & Penn. Policy plainly provides that Compunnel is required to keep records and information needed to compute premiums, to provide Hanover with a copy of those records when asked, and to let Hanover examine and audit all of Compunnel's records that relate to the 2023 Del. & Penn. Policy, including "ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data."

108. Hanover requested that Compunnel provide records related to the 2023 Del. & Penn. Policy that are needed to compute the final premium and that Compunnel allow Hanover to audit its records related to the 2022 Del. & Penn. Policy but Compunnel has failed and refused to do so.

109. Compunnel breached the 2023 Del. & Penn. Policy, including Part Five, by failing to provide records needed to compute final premiums, by refusing and failing to allow Hanover to examine and audit all of its records related to said policy, and by failing to pay in full the final premium that would be due under said policy.

110. Hanover has no adequate remedy at law and is entitled to specific performance and injunctive relief compelling Compunnel to provide all records needed to compute final premiums under the 2023 Del. & Penn. Policy, to allow Hanover to examine and audit all of its records related to the 2023 Del. & Penn. Policy, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and to pay in full the final premium shown by said audit. Compunnel has no valid excuse for its failure to perform its audit obligations required under the plain terms of Part Five of the 2023 Del. & Penn. Policy. An order compelling it to do so would not be harsh or oppressive but, instead, would allow the final premiums to be accurately calculated in fairness to both parties and in accordance with the workers' compensation insurance scheme and the parties' expectations.

111. In the alternative to the immediately preceding paragraph, as a result of Compunnel's breaches of the 2023 Del. & Penn. Policy, Hanover has been damaged in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums.

WHEREFORE, plaintiff The Hanover Insurance Company demands judgment against Defendants as follows:

- a. On Count I, (a) compelling Compunnel, Infopro, and WS Services to comply with their record production and audit obligations under the 2022 Multistate Policy, including letting Hanover examine and audit all records that relate to the 2022 Multistate Policy, including, but not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and compelling Compunnel, Infopro, and WS Services to pay the final premium in full as determined by such audit; or (b) in the alternative, awarding Hanover damages against Compunnel, Infopro, and WS Services in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums, together with interest and costs;
- b. On Count II, (a) compelling Compunnel to comply with its record production and audit obligations under the 2022 Del. & Penn Policy, including letting Hanover examine and audit all records that relate to the 2022 Del. & Penn Policy, including, but not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and compelling Compunnel to pay the final premium in full as determined by such audit; or (b) in the alternative, awarding Hanover damages against Compunnel in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums, together with interest and costs;
- c. On Count III, (a) compelling Compunnel to comply with its record production and audit obligations under the 2022 California Policy, including letting Hanover

examine and audit all records that relate to the 2022 California Policy, including, but not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and compelling Compunnel to pay the final premium in full as determined by such audit; or (b) in the alternative, awarding Hanover damages against Compunnel in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums, together with interest and costs;

- d. On Count IV, (a) compelling Defendants to comply with their record production and audit obligations under the 2023 Multistate Policy, including letting Hanover examine and audit all records that relate to the 2023 Multistate Policy, including, but not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and compelling Defendants to pay the final premium in full as determined by such audit; or (b) in the alternative, awarding Hanover damages against Defendants in an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums, together with interest and costs;
- e. On Count V, (a) compelling Compunnel to comply with its record production and audit obligations under the 2023 Del. & Penn. Policy, including letting Hanover examine and audit all records that relate to the 2023 Del. & Penn. Policy, including, but not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data, and compelling Compunnel to pay the final premium in full as determined by such audit; or (b) in the alternative, awarding Hanover damages against Compunnel in

an exact amount to be determined at trial but in excess of \$75,000 in unpaid workers' compensation premiums, together with interest and costs; and

- f. Awarding Hanover the costs and disbursements of this action, and such other and further relief as this Court deems just and proper.

Dated: April 28, 2025

Respectfully submitted,

WINDELS MARX LANE & MITTENDORF, LLP

By: /s/Philip M. Taylor

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Delton L. Vandever

(*pro hac vice* application to be filed)

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CERTIFICATION PURSUANT TO L. CIV. R. 11.2

In accordance with L. Civ. R. 11.2, I hereby certify that, to the best of my knowledge, this matter is not the subject of any other action pending in any Court or of any pending arbitration or administration proceeding.

Dated: April 28, 2025

WINDELS MARX LANE & MITTENDORF, LLP

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DESIGNATION OF TRIAL COUNSEL

The Hanover Insurance Group hereby designates John D. Holden, Esq. as their trial counsel in the above matter.