

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TEXAS**

**CITY OF MIAMI GENERAL EMPLOYEES'  
& SANITATION EMPLOYEES'**

April 10, 2024, inclusive (the “Class Period”). The claims asserted herein are alleged against Globe Life and certain of the Company’s current and former senior executives (collectively, “Defendants”), and arise under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5, promulgated thereunder.

2. Headquartered in McKinney, Texas, Globe Life is an insurance company that offers a wide range of insurance products, including life insurance, mortgage protections, and supplemental health insurance. Globe Life operates five wholly owned insurance subsidiaries. The largest, by both premiums collected and number of sales agents employed, is American Income Life Insurance Company (“AIL”).

3. Throughout the Class Period, Globe Life touted its consistent revenue growth, particularly from AIL, which accounted for 50% of the Company’s profits in 2022 and 2023. During the Class Period, Globe Life reported consistent premium revenue growth at the Company, led by consistent premium revenue growth at AIL. The Company also represented that its employees adhered to a Code of Conduct that expressly prohibited various forms of misconduct, and which required that all Globe Life employees comply with relevant laws and regulations, purportedly ensuring that the Company would maintain a workplace free from violence, threatening behavior, and illegal drugs. As a result of Defendants’ misrepresentations, shares of Globe Life common stock traded at artificially inflated prices throughout the Class Period.

4. The truth emerged on April 11, 2024, when investment research firm published a report alleging that Globe Life had engaged in wide-spread insurance fraud, while permitting a culture of unchecked sexual harassment. Specifically, the report alleged that several Globe Life subsidiaries were underwriting policies for dead and fictitious people, as well as adding policies to existing users’ accounts without their consent. In addition, the investment research firm

uncovered evidence that the subsidiaries maintained a hostile workplace where sexual harassment, drug use, and sexual assault went unchecked — conduct that violated the Company’s Code of Conduct. As a result of these disclosures, the price of Globe Life common stock declined \$55.76, or 53%, from a closing price of \$104.93 per share on April 10, 2024, to a closing price of \$49.17 per share on April 11, 2024.

### **JURISDICTION AND VENUE**

5. The claims alleged herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5). This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

6. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Globe Life maintains its headquarters in McKinney, Texas, which is situated in this District, conducts substantial business in this District, and many of the acts and conduct that constitute the violations of law complained of herein, including dissemination to the public of materially false and misleading information, occurred in and/or were issued from this District. In connection with the acts alleged in this Complaint, Defendants,

Miami purchased Globe Life common stock at artificially inflated prices during the Class Period and suffered damages as a result of the violations of the federal securities laws alleged herein.

**B. Defendants**

Executive Vice President and Chief Financial Officer since January 1, 2023.

15. Defendants Coleman, Hutchison, Svoboda, Henrie, Darden, and Kalmbach are collectively referred to hereinafter as the “Individual Defendants.” The Individual Defendants, because of their positions with Globe Life, possessed the power and authority to control the contents of the Company’s reports to the SEC and other public statements made by Globe Life during the Class Period. Each of the Individual Defendants was provided with or had unlimited access to copies of the Company’s reports or other statements alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading.

### **BACKGROUND**

16. Globe Life is an insurance company offering a wide range of insurance products, including low-cost life insurance policies that offer comparatively lower payouts. Globe Life operates through five wholly owned insurance subsidiaries, which in turn operate agencies located across the country.

17. AIL is the largest of Globe Life’s subsidiaries, by both premiums collected and number of sales agents employed. Throughout the Class Period, AIL accounted for approximately

a new policy in their very next paycheck. At the same time, Globe Life instituted a claw back policy, whereby an agent would have to pay back any bonus received on a policy that was cancelled within a certain number of months.

**DEFENDANTS' MATERIALLY FALSE AND MISLEADING  
STATEMENTS CAUSE SUBSTANTIAL LOSSES TO INVESTORS**

19. On May 7, 2019, after the market closed, the Company filed with the SEC on Form 10-Q its quarterly report for the first quarter of 2019. The 10-Q was signed by Defendants Coleman, Hutchison, and Svoboda, and contained certifications by Defendants Coleman, Hutchison, and Svoboda attesting to the purported accuracy and completeness of the 10-Q. In that 10-Q, Defendants represented that “[t]otal premium income rose 5% for the three months ended March 31, 2019 to \$891 million. Total net sales increased 4% to \$144 million . . . [t]otal first-year collected premium was \$118 million.” Defendants also represented “[l]ife insurance premium income increased 4% to \$624 million over the prior year total of \$598 million. Life net sales rose 4% to \$105 million for the three month period of 2019. First-year collected life premium rose 2% to \$81 million . . . [u]nderwriting income increased to \$170 million for the first three months of 2019, 10% over the same period in 2018.” Defendants also reported life insurance premiums by









insurance “[n]et sales increased to \$238 million in 2019 over the 2018 total of \$224 million.”

29. On April 23, 2020, Globe Life held a conference call with analysts and investors to discuss the Company’s earnings and operations for the first quarter of 2020. On that call, Defendant Coleman stated, “[i]n our life insurance operations, premium revenue increased 4% to \$650 million, and life underwriting margin was \$179 million, up 5% from a year ago.”

30. On May 7, 2020, Globe Life filed with the SEC on Form 10-Q its quarterly report for the first quarter of 2020. The 10-Q was signed by Defendants Coleman, Hutchison, and Svoboda, and contained certifications by Defendants Coleman, Hutchison, and Svoboda, attesting to the purported accuracy and completeness of the 10-Q. That 10-Q stated, for the three months ended March 31, 2020, Globe Life’s life premium was \$649.6 million, while the Company’s life insurance underwriting margin was \$179 million. For AIL specifically, for the three months ended March 31, 2020, AIL’s life insurance premium was \$302 million, and “[n]et sales increased 9% to \$63 million in 2020 over the 2019 total of \$58 million.”

31. On July 23, 2020, Globe Life held a conference call with analysts and investors to discuss the Company’s earnings and operations for the second quarter of 2020. On that call, Defendant Coleman stated, “[i]n life insurance operations, premium revenue increased 6% to \$671 million . . . [w]ith respect to the premium revenue, we’ve been very pleased to see the persistency

for the second quarter of 2020. The 10-Q was signed by Defendants Coleman, Hutchison, and Svoboda, and contained certifications by Defendants Coleman, Hutchison, and Svoboda, attesting to the purported accuracy and completeness of the 10-Q. That 10-Q stated, for the three months ended June 30, 2020, Globe Life's life premium was \$670 million. For AIL specifically, for the six months ended June 30, 2020, AIL's life insurance premium was \$612 million, and "[n]et sales declined 4% to \$114 million during the first six months of 2020 over the 2019 total for the same period of \$119 million."

33. On October 9, 2020, Globe Life published its Environmental, Social & Governance

35. On November 5, 2020, Globe Life filed with the SEC on Form 10-Q its quarterly report for the third quarter of 2020. The 10-Q was signed by Defendants Coleman, Hutchison, and Svoboda, and contained certifications by Defendants Coleman, Hutchison, and Svoboda, attesting to the purported accuracy and completeness of the 10-Q. That 10-Q stated that, for the three months ended September 30, 2020, Globe Life's life insurance premium was \$674 million,. For the nine months ended September 30, 2020, Globe Life's life insurance underwriting margin was \$511 million. For AIL specifically, Globe Life reported, for the nine months ended September 30, 2020, AIL's life insurance premium was \$930 million, and "[n]et sales increased 2% to \$182 million during the first nine months of 2020 over the 2019 total for the same period of \$178 million."

36. On February 3, 2021, Globe Life held a conference call with analysts and investors to discuss the Company's earnings and operations for the fourth quarter and full year 2020. On that call, Defendant Coleman stated, "[i]n our life insurance operations, premium revenue increased 7% to \$678 million. As noted before, we have seen improved persistency and premium collections since the onset of the [Covid-19] crisis." In addition, Defendant Hutchison stated "[a]t [AIL], life premiums were up 10% to \$327 million, and life underwriting margin was up 7% to \$105 million. Net life sales were \$71 million, up 20%. The increase in net life sales is primarily due to increased agent count."

37. On February 25, 2021, Globe Life filed with the SEC on Form 10-K its annual report for the fourth quarter full year 2020. The 10-K was signed by Defendants Coleman, Hutchison, Svoboda, and Henrie, and contained certifications by Defendants Coleman, Hutchison, and Svoboda, attesting to the purported accuracy and completeness of the 10-K. That 10-K stated that, for the year ended December 31, 2020, Globe Life's "[t]otal net sales increased 7% over the

same period in the prior year from \$621 million to \$662 million,” while its life insurance underwriting margin was \$675 million. For AIL specifically, Globe Life reported, for the year ending 2020, AIL’s life insurance premium was \$1.3 billion, and “[n]et sales increased 7% to \$253 million in 2020 over the 2019 total of \$238 million.”

38. On April 22, 2021, Globe Life held a conference call with analysts and investors to discuss the Company’s earnings and operations for the first quarter of 2021. On that call, Defendant Coleman stated, “[i]n the life insurance operations, premium revenue increased 9% to \$708 million.” In addition, Defendant Hutchison stated, “[a]t [AIL], life premiums were up 11% to \$335 million . . . Net life sales were \$70 million, up 11%. The increase in net life sales is primarily due to increased agent count.”

39. On May 6, 2021, Globe Life filed with the SEC on Form 10-Q its quarterly report for the first quarter of 2021. The 10-Q was signed by Defendants Coleman, Hutchison, and Svoboda, and contained certifications by Defendants Coleman, Hutchison, and Svoboda, attesting to the purported accuracy and completeness of the 10-Q. That 10-Q stated, findan133-1.9(c)3t c f3-2(i)-2(lon.1(

from the year ago quarter to \$728 million . . . Life underwriting margin was \$179 million, up 11% from a year ago. The increase in margin is due primarily to the higher premium and lower amortization related to the improved persistency.” In addition, Defendant Hutchison stated, “[a]t [AIL], life premiums were up 13% over the year-ago quarter to \$348 million and life underwriting margin was up 16% to \$108 million, a higher underwriting margin is primarily due to improved persistency and higher sales in recent quarters . . . [i]n the second quarter of 2021 net life sales were \$73 million, up 42%. The increase in net life sales is primarily due to increased agent count and productivity.”

41.

forth in ¶22.

43. On October 21, 2021, Globe Life held a conference call with analysts and investors to discuss the Company's earnings and operations for the third quarter of 2021. On that call,

that call, Defendant Coleman stated, “[i]n our life insurance operations, we continue to see improved persistency compared to pre-pandemic levels. In the fourth quarter, premium revenue



48. On April 21, 2022, Globe Life held a conference call with analysts and investors to discuss the Company's earnings and operations for the first quarter of 2022. On that call, Defendant Coleman stated, "[i]n our life insurance operations, premium revenue increased 7% from a year ago to \$755 million, life underwriting margin was \$150 million up 10% from a year

Hutchison stated “[a]t [AIL], life premiums were up 8% over the year-ago quarter to \$376 million,

from the year ago.” In addition, Defendant Hutchison stated “[l]ooking at the quarter, at [AIL],

Svoboda, Kalmbach, and Henrie, and contained certifications by Defendants Darden, Svoboda,

58. On July 27, 2023, Globe Life held a conference call with analysts and investors to discuss the Company's earnings and operations for the second quarter of 2023. On that call, Defendant Svoboda stated, "[i]n our life insurance operations, premium revenue for the second quarter increased 3% from the year-ago quarter to \$782 million." In addition, Defendant Darden stated that at AIL, "life premiums were up 5% over the year-ago quarter to \$395 million, and life underwriting margin was up 2% to \$180 million."

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and its subsidiaries had engaged in widespread insurance fraud by adding policies to existing users' account without their consent, as well as underwriting policies for dead and fictitious people. The article also revealed that Globe Life also maintained a hostile workplace where sexual harassment, drug use, and sexual assault went unchecked. As a result of these disclosures, the price of Globe Life common stock declined by \$55.76 per share, or 53%, from a closing price of \$104.93 per share on April 10, 2024, to a closing price of \$49.17 per share on April 11, 2024.

68.



and affiliates.

71. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of January 31, 2024, Globe Life had over 93 million shares of common stock outstanding, owned by hundreds or thousands of investors.

72. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether Defendants violated the Exchange Act;
- (b) Whether Defendants omitted and/or misrepresented material facts;
- (c) Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) Whether the Individual Defendants are personally liable for the alleged misrepresentations and omissions described herein;
- (e) Whether Defendants knew or recklessly disregarded that their statements and/or omissions were false and misleading;
- (f) Whether Defendants' conduct impacted the price of Globe Life common stock;
- (g) Whether Defendants' conduct caused the members of the Class to sustain damages; and
- (h) The extent of damage sustained by Class members and the appropriate measure of damages.

73. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

74. Plaintiff will adequately protect the interests of the Class and has retained counsel experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

75. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Joinder of all Class members is impracticable.

#### **INAPPLICABILITY OF STATUTORY SAFE HARBOR**

76. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements described in this Complaint. Many of the specific statements described herein were not identified as "forward-looking" when made. To the extent that there were any forward-looking statements, there was no meaningful cautionary language identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements described herein, Defendants are liable for those false forward-looking statements because at the time each was made, the particular speaker knew that the particular forward-looking statement was false or misleading, and/or that the forward-looking statement was authorized and/or approved by an executive officer of Globe Life who knew that those statements were false or misleading when made.

#### **PRESUMPTION OF RELIANCE**

77. At all relevant times, the market for Globe Life common stock was an efficient market for the following reasons, among others:

(a)

business and operations—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of Globe Life’s life insurance sales and persistency to its business and its customers, as alleged above, that requirement is satisfied here.

**CLAIMS FOR RELIEF**

**COUNT I**

**For Violations of Section 10(b) of the Exchange Act and Rule 10b-5  
Against All Defendants**

80. Plaintiff repeats, incorporates, and realleges each and every allegation contained above as if fully set forth herein.

81. During the Class Period, Defendants carried out a plan, scheme, and course of conduct which was intended to and, throughout the Class Period, did: (a) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (b) cause Plaintiff and other members of the Class to purchase Globe Life common stock at artificially inflated prices.

82. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company’s common stock in an effort

financial well-being, operations, and prospects.

84. During the Class Period, Defendants made the false statements specified above, which they knew or recklessly disregarded to be false and misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

85. Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them. Defendants engaged in this misconduct to conceal Globe Life's true condition from the investing public and to support the artificially inflated prices of the Company's common stock.

86. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of

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DATED: April 30, 2024

Respectfully submitted,

**SIEBMAN LAW**

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