UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO

# Ronald S. Gross, et al. v. Pacific Life Insurance Company, et al.

Case No. 1:25-cv-01278-PAB (N.D. Ohio Apr. 16, 2026) · No. 1:25-cv-01278-PAB · Decided April 16, 2026

## SUMMARY

The United States District Court for the Northern District of Ohio grants Plaintiffs' motion for leave to file a first amended complaint and denies motions to dismiss filed by Primis Bank, Steven Gleicher, and Pacific Life Insurance Company. The action concerns alleged fraud, negligent misrepresentation, breach of fiduciary duty, and rescission arising from a premium-financed life insurance transaction. The court concludes that the amended complaint does not state plausible direct-liability claims against Pacific Life but does state a plausible theory of vicarious liability sufficient to proceed at the pleading stage.

## CASE DETAILS

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| COURT | United States District Court for the Northern District of Ohio |
| WRITING FOR THE COURT | Pamela A. Barker |
| JURISDICTION | United States District Court for the Northern District of Ohio |
| DECIDED | April 16, 2026 |
| DOCKET | 1:25-cv-01278-PAB |
| DISPOSITION | other |
| PROCEDURAL POSTURE | Plaintiffs moved for leave to amend their complaint. Defendants Primis Bank and Steven Gleicher moved to dismiss, and Pacific Life Insurance Company separately moved to dismiss. The court considered the proposed first amended complaint as operative, granted leave to amend, denied the Primis Defendants' motion to dismiss on the merits, and denied Pacific Life's motion to dismiss as moot. |
| STANDARD OF REVIEW | On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true and determines whether the complaint contains enough factual matter to state a plausible claim for relief. Fraud allegations must satisfy Rule 9(b), while the court applied Rule 8 to the Ohio negligent-misrepresentation claims. Leave to amend is freely granted under Rule 15(a)(2), but may be denied if amendment would be futile because the proposed complaint could not withstand Rule 12(b)(6) review. |

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| PRECEDENTIAL VALUE | unpublished federal district court memorandum opinion; persuasive but not binding beyond the case |
| PARTIES | Ronald S. Gross, et al. v. Pacific Life Insurance Company, et al. |

## TOPICS

motions to dismiss · motion to amend · fraud · negligent misrepresentation · rescission

## PRACTICE AREAS

civil procedure · insurance · commercial litigation · torts · remedies

## QUESTIONS PRESENTED

1. Whether Plaintiffs should be granted leave to file the proposed first amended complaint under Federal Rule of Civil Procedure 15(a)(2).
2. Whether the proposed amended complaint plausibly alleged direct fraud, negligent misrepresentation, or breach of fiduciary duty claims against Pacific Life.
3. Whether the proposed amended complaint plausibly alleged that Pacific Life could be vicariously liable for torts allegedly committed by McDonough within the scope of an agency relationship.
4. Whether Plaintiffs' rescission claim against Pacific Life was viable despite the policies having been surrendered and their cash value paid to Primis.
5. Whether the parol evidence rule barred Plaintiffs' fraud and negligent-misrepresentation claims against Primis and Gleicher.
6. Whether Plaintiffs' negligent-misrepresentation claims against the Primis Defendants were based impermissibly on omissions.
7. Whether Plaintiffs adequately pleaded knowledge, a duty to disclose or special relationship, and justifiable reliance for their claims against the Primis Defendants.
8. Whether Plaintiffs adequately stated rescission claims against the Primis Defendants.
9. Whether the doctrine of in pari delicto required dismissal at the pleading stage.

## HOLDINGS

1. Leave to amend should be granted because Plaintiffs set forth a sufficient basis for amendment and the proposed amended complaint was not futile.
2. Plaintiffs did not plausibly allege that Pacific Life directly committed fraud or negligent misrepresentation.
3. Plaintiffs did not plausibly allege that Pacific Life owed them a fiduciary duty or directly breached one.
4. Plaintiffs plausibly alleged that McDonough had an agency relationship with Pacific Life and that his alleged conduct occurred within the scope of that agency, so the vicarious-liability theory could proceed.
5. The rescission claim against Pacific Life remained viable at the pleading stage.

6. The court declined to dismiss Plaintiffs' claims under in pari delicto at the pleading stage.
7. The parol evidence rule did not require dismissal because the loan documents did not directly contradict the alleged representation that a third-party collateral firm would later cover the collateral shortfall.
8. The negligent-misrepresentation claims could proceed to the extent they were based on alleged affirmative misrepresentations rather than omissions.
9. Plaintiffs adequately pleaded their basic fraud and negligent-misrepresentation claims against the Primis Defendants, including sufficient allegations of knowledge, a duty to disclose or special relationship, and justifiable reliance at the pleading stage.
10. Plaintiffs stated viable rescission claims against the Primis Defendants because the court found that they had adequately stated a fraud claim.

## KEY QUOTATIONS

> *"To establish vicarious liability under this doctrine, the "plaintiff must demonstrate '[1] that a principal-agent relationship exists . . . and [2] that the perpetrator committed a tortious act within the scope of employment.""* (at 20-21)

> *"But "the parol-evidence rule does not automatically invalidate claims of fraudulent inducement.""* (at 30)

> *"The Court finds Rheinfrank persuasive and therefore applies Rule 8, and not Rule 9(b), to Plaintiffs' negligent misrepresentation claims."* (at 34)

> *"For the following reasons, Primis's Motion to Dismiss (Doc. No. 19) and Pacific Life's Motion to Dismiss (Doc. No. 21) are DENIED. Plaintiffs' Motion for Leave (Doc. No. 25) is GRANTED."* (at 43)

## FACTUAL BACKGROUND

Plaintiffs alleged that Cool Springs Financial Group and associated individuals marketed a supposedly zero-risk, no-cost premium-financed stranger-owned life-insurance transaction. Primis Bank allegedly financed the premiums, Pacific Life issued the policies, and Plaintiffs were told that a third-party collateral firm would assume the collateral shortfall after one year and one day. The collateral arrangement allegedly failed, Plaintiffs made additional payments, Primis later issued a default notice, and the policies were liquidated in favor of Primis, leaving Plaintiffs alleging losses of approximately $316,981.

## PROCEDURAL HISTORY

Plaintiffs filed the action on June 19, 2025, asserting fraud, negligent misrepresentation, breach of fiduciary duty, and rescission claims arising from a premium-financed life-insurance transaction. After Primis Bank and Steven Gleicher moved to dismiss, Pacific Life moved to dismiss, and Plaintiffs moved for leave to amend, the court considered the proposed amended complaint. The court granted leave to amend, denied both motions to dismiss, and directed Plaintiffs to file the amended complaint.

## DISPOSITION

other

## CASES CITED

- Tackett v. M & G Polymers, USA, LLC, 561 F.3d 478, 488 (6th Cir. 2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555-56 (2007)
- JPMorgan Chase Bank, N.A. v. Winget, 510 F.3d 577, 581 (6th Cir. 2007)
- Bassett v. National Collegiate Athletic Association, 528 F.3d 426, 430 (6th Cir. 2008)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79, 686-87 (2009)
- Gunasekera v. Irwin, 551 F.3d 461, 466 (6th Cir. 2009)
- Erickson v. Pardus, 551 U.S. 89 (2007)
- Beydoun v. Sessions, 871 F.3d 459, 469 (6th Cir. 2017)
- Foman v. Davis, 371 U.S. 178, 182 (1962)
- Skatemore, Inc. v. Whitmer, 40 F.4th 727, 737 (6th Cir. 2022)
- Rose v. Hartford Underwriters Insurance Co., 203 F.3d 417, 420 (6th Cir. 2000)
- Bender v. Logan, 76 N.E.3d 336, 352 (Ohio App. 4th Dist. 2016)
- Wall v. Michigan Rental, 852 F.3d 492, 496 (6th Cir. 2017)
- Sanderson v. HCA-The Healthcare Co., 447 F.3d 873, 877 (6th Cir. 2006)
- United States ex rel. Thompson v. Columbia/HCA Healthcare Corp., 125 F.3d 899, 903 (5th Cir. 1997)
- Little Mt. Precision, LLC v. DR Guns, LLC, 2023 U.S. Dist. LEXIS 21665, at *26 (N.D. Ohio Feb. 8, 2023)
- Sterling v. Experian Information Solutions, Inc., 2021 U.S. Dist. LEXIS 180413, at *15-16 (N.D. Ohio Sept. 22, 2021)
- Sears v. Likens, 912 F.2d 889, 893 (7th Cir. 1990)
- Abboud v. Liberty Mutual Insurance Group, Inc., 711 F. App'x 773, 777 (6th Cir. 2017)
- Delman v. City of Cleveland Heights, 534 N.E.2d 835, 838 (Ohio 1989)
- Nazareth Deli LLC v. John W. Dawson Insurance, Inc., 200 N.E.3d 652, 669 (Ohio App. 10th Dist. 2022)
- Martin v. Ohio State University Foundation, 742 N.E.2d 1198, 1209 (Ohio App. 10th Dist. 2000)
- Greenberg v. Life Insurance Co., 177 F.3d 507, 521 (6th Cir. 1999)
- Pinkerton v. Government Employees Insurance Co., 2019 U.S. Dist. LEXIS 33943, at *15 (N.D. Ohio Mar. 4, 2019)
- Shafron v. Aviva Life & Annuity Co., 2014 U.S. Dist. LEXIS 22000, at *29 (N.D. Ohio Jan. 30, 2014)
- Owner's Management Co. v. Arthur J. Gallagher & Co., 2017 U.S. Dist. LEXIS 197985, at *7 (N.D. Ohio Dec. 1, 2017)
- Ingram v. Regano, 2023 U.S. App. LEXIS 27301, at *10 (6th Cir. Oct. 12, 2023)
- Auer v. Paliath, 17 N.E.3d 561, 564, 566 (Ohio 2014)
- Keller North America, Inc. v. Earl, 2021 U.S. Dist. LEXIS 159201, at *7 (N.D. Ohio Aug. 24, 2021)
- Sitton v. Massage Odyssey, LLC, 158 N.E.3d 156, 159 (Ohio App. 1st Dist. 2020)
- Hanson v. Kynast, 494 N.E.2d 1091, 1093 n.4 (Ohio 1986)
- New Jersey Life Insurance Co. v. Getz, 622 F.2d 198, 201 (6th Cir. 1980)
- Davis v. Mutual Life Insurance Co., 6 F.3d 367, 373-74 (6th Cir. 1993)

- Ohio Government Risk Management Plan v. Harrison, 874 N.E.2d 1155, 1161 (Ohio 2007)
- Theobald v. University of Cincinnati, 857 N.E.2d 573, 579 (Ohio 2006)
- Abington Emerson Capital, LLC v. Adkins, 2021 U.S. Dist. LEXIS 30883, at *84 (S.D. Ohio Jan. 22, 2021)
- Byrd v. Faber, 565 N.E.2d 584 (Ohio 1991)
- Jones v. Ohio National Life Insurance Co., 2022 U.S. Dist. LEXIS 69688, at *14-15 (S.D. Ohio Apr. 15, 2022)
- Crawford v. Tilley, 15 F.4th 752, 759 (6th Cir. 2021)
- Mandali v. Clark, 2014 U.S. Dist. LEXIS 143850, at *4 (S.D. Ohio Oct. 9, 2014)
- Hacker v. ArcelorMittal Tubular Products USA LLC, 2025 U.S. Dist. LEXIS 55848, at *5 n.1 (N.D. Ohio Mar. 26, 2025)
- Melton v. Minnesota Life Insurance, 2024 U.S. Dist. LEXIS 165196, at *6 n.4 (E.D. Ky. Sept. 13, 2024)
- Beatty v. ACNTV, 2023 U.S. Dist. LEXIS 37780, at *2 n.1 (E.D. Tenn. Mar. 7, 2023)
- Damon's Missouri, Inc. v. Davis, 590 N.E.2d 254, 258 (Ohio 1992)
- Stickney v. United Insurance Group Agency, 2015 U.S. Dist. LEXIS 179846, at *41-45 (S.D. Ohio Aug. 11, 2015)
- Passa v. City of Columbus, 2008 U.S. Dist. LEXIS 18604, at *29 (S.D. Ohio Mar. 11, 2008)
- Cross v. Ledford, 120 N.E.2d 118, 122 (Ohio 1954)
- Barnes v. Reserve, 68 N.E.3d 133, 138 (Ohio App. 7th Dist. 2016)
- Terlecky v. Hurd (In re Dublin Securities), 133 F.3d 377, 379-80 (6th Cir. 1997)
- Jones v. Hyatt Legal Services (In re Dow), 132 B.R. 853, 860 (Bankr. S.D. Ohio 1991)
- Pierre Investments, Inc. v. Anspach Meeks Ellenberger, LLP, 2024 U.S. App. LEXIS 10561, at *20 (6th Cir. Apr. 29, 2024)
- Marion Production Credit Association v. Cochran, 535 N.E.2d 325, syllabus para. 3 (Ohio 2000)
- Fontbank, Inc. v. CompuServe, Inc., 742 N.E.2d 674, 680 (Ohio App. 10th Dist. 2000)
- Saad v. GE HFS Holdings, Inc., 366 F. App'x 593, 601 (6th Cir. 2010)
- Marathon Petroleum Co., LP v. Noil Petroleum Corp., 2020 U.S. Dist. LEXIS 13508, at *11-12 (N.D. Ohio Jan. 28, 2020)
- Williams v. Spitzer Autoworld Canton, L.L.C., 913 N.E.2d 410, 416 (Ohio 2009)
- Ed Schory & Sons, Inc. v. Society National Bank, 662 N.E.2d 1074, 1080-81 (Ohio 1996)
- Nations Lending Corp. v. Patille, 2023 U.S. Dist. LEXIS 155026, at *20 (N.D. Ohio Aug. 23, 2023)
- Houser v. Powerdot, Inc., 2022 U.S. Dist. LEXIS 239410, at *15 (N.D. Ohio July 11, 2022)
- Remington Lodging & Hospitality, LLC v. Cleveland Airport Hospitality II, LLC, 2025 U.S. Dist. LEXIS 257300, at *38 (N.D. Ohio Dec. 12, 2025)
- Republic Bank & Trust Co. v. Bear Stearns, 683 F.3d 239, 247-48 (6th Cir. 2012)
- Mosaic Financial Ltd. v. Mutual Shareholder Services, LLC, 767 F. Supp. 3d 619, 638 (N.D. Ohio 2025)
- DG Gas, LLC v. TA Franchise Systems LLC, 2025 U.S. Dist. LEXIS 47159, at *108-10 (N.D. Ohio Mar. 14, 2025)

- Pacifica Loan Five, LLC v. Fifth Third Bank, 2011 U.S. Dist. LEXIS 13228111, at *10 (S.D. Ohio Apr. 14, 2011)
- Atlas Industries Contractors, LLC v. In2Gro Technologies, 2021 U.S. Dist. LEXIS 56630, at *4-5 (S.D. Ohio Mar. 25, 2021)
- BMO Harris Bank, N.A., 2024 U.S. Dist. LEXIS 194953, fn. 3
- Firestone Financial, LLC v. Globe Transportation, Inc., 2025 U.S. Dist. LEXIS 250121, at *14 n.5 (N.D. Ohio Dec. 4, 2025)