

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU**

NAPOLI SHKOLNIK PLLC

Index No.

Plaintiff,

v.

HEATHER PALMORE and PALMORE
LAW GROUP, P.C.

COMPLAINT

Defendants.

The plaintiff, Napoli Shkolnik PLLC (“Napoli Shkolnik” or “Plaintiff”), as and for its Complaint against defendants, Heather Palmore (“Palmore”) and Palmore Law Group, P.C. (“Palmore Law Group,” and collectively with Palmore, “Defendants”), upon knowledge as to itself and otherwise upon information and belief, alleges as follows:

PRELIMINARY STATEMENT

1. Law firm Napoli Shkolnik, PLLC brings this action against lawyer Heather Palmore and the law firm Palmore Law Group, P.C. for breach of contract, breach of fiduciary duty of loyalty, aiding and abetting breach of fiduciary duty of loyalty, injurious falsehood, unjust enrichment, declaratory judgment, and constructive trust. In the pursuit of personal pecuniary gain, Defendant Palmore misrepresented her skillset, experience, and book of business to obtain a position with Napoli Shkolnik, where she took advantage of the new remote work environment to “quiet quit” her job, and simultaneously worked for two law firms at once, both Plaintiff and the Defendant Palmore Law Group, in violation of her Employment Agreement and New York law.

2. Major news outlets have recently run numerous stories about employees “**quiet quitting,**” which the Wall Street Journal defines as staying on the company pay roll while “focus[ing] your time on the things you do outside the office,”¹ as well as a troubling trend where employees furtively work more than one full-time job at a time without disclosing their divided time and loyalties to their employers. (See “**Forget Quiet Quitting: the latest work trend is 2 or more jobs –without bosses knowing,**” YAHOO NEWS.²)

3. Ms. Palmore wrongfully joined both trends, collecting one of the most substantial draws in the entire firm from Napoli Shkolnik, while performing little to no work for Napoli Shkolnik, and while directly competing with the firm by simultaneously running Defendant Palmore Law Group, P.C. These actions were in direct violation of her employment agreement, in breach of her fiduciary duty of loyalty to Napoli Shkolnik and designed to enrich herself at Napoli Shkolnik’s expense.

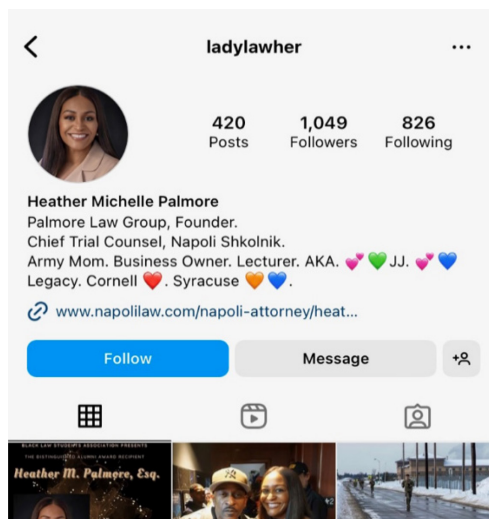
4. From the outset, Defendant Palmore’s employment was procured by fraud. Palmore had neither the wealth of experience she claimed to have as a trial attorney nor the substantial book of business that she falsely represented to have at the time of her hiring. As set forth in greater detail below, Ms. Palmore has refused to provide services to Napoli Shkolnik’s clients and has utterly failed to bring in the hundreds of clients per year that she promised at the time of her hiring.

5. Further, not even one month after Defendant Palmore was hired by the Plaintiff, Defendant Palmore established her own separate law firm,—the “The Palmore Group, P.C.”—which she was operating and marketing while claiming to work on a full time, attention, and

¹ <https://www.wsj.com/articles/if-your-gen-z-co-workers-are-quiet-quitting-heres-what-that-means-11660260608>

² <https://ca.news.yahoo.com/forget-quiet-quitting-latest-trend-080000692.html>

energy basis for Plaintiff. As set forth here, Palmore advertised the Palmore Law Group on her social media profiles while she was supposed to be working full-time for Napoli Shkolnik:



6. But Napoli Shkolnik caught on to her fraudulent schemes, false representations, and wholly unethical conduct. Ms. Palmore realized that she likely would be terminated for her conduct, so she engaged in a brazen scheme designed to avoid paying back the substantial advancement paid to her by Napoli Shkolnik and to extort even more money from the firm, all while utterly failing to perform any work or services on Napoli Shkolnik's behalf.

7. Before joining the firm, Palmore had learned of the law firm's dedication to serving underrepresented communities and people, and once her schemes were uncovered by Napoli Shkolnik, Palmore used this knowledge to threaten and attempt to extort money from the firm by making false and defamatory claims of discrimination directed to "others" without any factual basis.

8. Specifically, Plaintiff has made defamatory statements that the firm does not address instances of discrimination. An independent investigation determined that these statements were false. This determination is consistent with Napoli Shkolnik's long-term focus on personal injury and racial justice matters that often impact marginalized and underrepresented

communities, like the residents of Flint, Michigan who suffered from the water crisis.

Unsurprisingly, before Ms. Palmore's vague and unfounded complaints of discrimination, Napoli Shkolnik never received such a complaint before.

9. More problematically, Palmore has threatened to go public with her defamatory statements and has threatened to tell the firm's municipal clients her lies, stating that those clients would then fire Napoli Shkolnik as a result.

10. Upon information and belief, Palmore continues to collect her massive draw without doing any work for Napoli Shkolnik. As set forth herein, computer records demonstrate that Ms. Palmore has been active on her computer for mere minutes a day on the overwhelming majority of workdays in 2023, despite submitting daily time records falsely representing that she spent hours performing legal research and drafting and "outlining" documents.

11. In shocking fashion, in some instances Palmore fabricated and submitted blatantly false daily time records representing that she had already completed a full day's work before business hours.

12. Palmore's misconduct constitutes: (a) a breach of Palmore's fiduciary duty of loyalty and good faith that Palmore owed to Napoli Shkolnik; (b) a violation of the terms of her employment agreement with Napoli Shkolnik; (c) injurious falsehoods designed to mislead, defraud, harm, and negatively impact both Napoli Shkolnik's business and reputation; (d) and unjust enrichment. Napoli Shkolnik further seeks a declaration that Palmore's "quiet quitting" amounts to Palmore's constructive termination of her Employment Agreement, a court-Ordered constructive trust pertaining to any client recoveries, compensatory and punitive damages, attorneys' fees, costs, and any other relief this Court deems proper.

13. Moreover, Palmore Law Group is liable to Napoli Shkolnik for aiding and abetting Palmore's breach of her fiduciary duty of loyalty.

14. Further, Napoli Shkolnik seeks declaratory relief regarding Napoli Shkolnik's interest in any client matters of Palmore Law Group during such time that Palmore was employed at Napoli Shkolnik, as well as other injunctive relief.

PARTIES

15. Plaintiff, Napoli Shkolnik PLLC, is a New York professional limited liability company with its principal place of business at 400 Broadhollow Road, Melville, New York 11747.

16. Defendant, Heather Palmore, is an individual who resides in Suffolk County, New York.

17. Defendant Palmore Law Group, P.C. is a professional corporation formed pursuant to the laws of the state of New York with a business address of 1441 Broadway, 6th Floor, New York, New York 10018.

JURISDICTION AND VENUE

18. This Court has jurisdiction pursuant to CPLR § 302, as Defendants committed a tortious act causing injury to person or property with the State of New York.

19. This Court also has jurisdiction over Defendant Palmore as she resides in New York.

20. This Court has jurisdiction over Defendant Palmore Law Group as its principal place of business is in New York.

21. Venue is proper pursuant to CPLR § 501, as the Employment Agreement between the parties requires any dispute arising out of that agreement to be brought in the courts for the

County of Nassau, New York, and further provides that the parties waive any objection to that venue.

STATEMENT OF FACTS

The Napoli Shkolnik Law Firm

22. Napoli Shkolnik PLLC is a nationally recognized, woman-owned litigation and trial firm, which, year after year, has had victories for clients in many practice areas, including class action, mass tort, pharmaceutical litigation, environmental litigation, and civil rights, among others. Napoli Shkolnik is proud to have over 50% of its lawyers and employees be from underrepresented groups.

23. Napoli Shkolnik has had far too many client victories, historic settlements, and landmark cases to name here, but those listed below provide just a few representative examples of the sophisticated and socially impactful cases that it has handled through the years seeking justice for its clients.

24. Napoli Shkolnik recently obtained two landmark verdicts for victims of the opioid crisis. In November 2021, Napoli Shkolnik clients, Lake and Trumbull Counties in the State of Ohio, secured a jury verdict against CVS, Walgreens, and Walmart, confirming that those defendants fueled the opioid epidemic by flooding communities with opioids. In December 2021, a jury held Teva Pharmaceuticals USA, Inc., Cephalon, Inc., Actavis, LLC, Actavis Pharma, Inc., Watson Laboratories, Inc., and Andax, Inc. responsible for causing a public nuisance in the New York Opioid Jury Trial.

25. Those two verdicts follow Napoli Shkolnik's landmark \$625 million settlement for victims of the Flint, Michigan, water crisis, which is/was one of the most notorious environmental injustice cases ever to be seen in this country.

26. Napoli Shkolnik has been deeply involved in the litigation against The Monsanto Company, the makers of the herbicide Roundup, where it represented thousands of injured claimants, including the Black Farmers Association, in a momentous class action.

27. In June 2021, in light of the rising number of social and racial injustice incidents in New York state and around the country, Napoli Shkolnik announced a new joint law office with its long-time colleague to serve marginalized communities.

28. In July 2022, Napoli Shkolnik filed a lawsuit against Johnson & Johnson on behalf of members of the National Council of Negro Women, claiming that J&J specifically marketed its talcum-based baby powder to Black women despite knowing its link to ovarian cancer.

29. In another example of fighting environmental injustice, in 2022, Napoli Shkolnik is co-counsel on a complaint against Gopher Resource relating to its Tampa, Florida, lead-smelting plant on behalf of a former Gopher worker and his family, alleging that the plant's unsafe conditions exposed hundreds of workers to dangerous levels of lead, many of whom are now suffering devastating health effects.

30. Napoli Shkolnik, thus, has for years been a preeminent litigation and trial firm in the State of New York and throughout the nation.

Defendant Heather Palmore Is Hired Under False Pretenses That She Is a Trial Attorney with a Large Book of Business

31. In or about 2021, Napoli Shkolnik was in the market to hire a partner-level trial lawyer for its New York office, and specifically, one that had/has a track record of successful trials and the ability to bring in business to the firm.

32. Around that time, Ms. Palmore sought employment from Napoli Shkolnik, and made a slew of false representations to obtain that employment. Specifically, Palmore

represented that she was a highly experienced trial lawyer with over 150 jury selections and 100 jury verdicts, and that she had a “book of business” that exceeded hundreds of clients.

33. As Plaintiff later learned, Defendant’s claims in that regard were false and were used to fraudulently induce Napoli Shkolnik to meet her in the first place and eventually to hire her as a “Of Counsel” and/or “Chief Trial Counsel” and substantial business developer for the firm.

34. In October 2021, based upon the representations made by Defendant, Napoli Shkolnik hired Defendant as Of Counsel/Chief Trial Counsel.

35. On December 6, 2021, Defendant executed an “At Will Employment Agreement” (“Palmore Employment Agreement”) with Napoli Shkolnik PLLC.

36. Within weeks of Defendant’s employment, Napoli Shkolnik inquired about the hundreds of cases that she promised to bring into the firm. Nothing of substance was forthcoming.

37. Over the course of the year following Defendant’s hiring, it became abundantly clear to Napoli Shkolnik that Ms. Palmore had made repeated false and unsubstantiated claims to induce it to hire her in her attempt to land her dream job at Napoli Shkolnik.

38. When Napoli Shkolnik hired Defendant and when Napoli Shkolnik entered into the employment agreement with Defendant, it was based on Defendant’s repeated claims and representations – which turned out to be false – that she was a top trial and civil rights attorney and that she had a substantial book of business she would bring to Napoli Shkolnik which, as put plainly by Ms. Palmore, included “hundreds of cases.”

39. Napoli Shkolnik paid Defendant was a substantial advancement of money in the form of compensation that were not supported by the terms of the Palmore Employment

Agreement since Defendant's compensation was to come from the fees she was supposed to generate. But she never generated the fees sufficient to cover the advancements. Thus, Napoli Shkolnik now rightfully seeks to recover those monies from Defendant.

Relevant Terms of the Palmore Employment Agreement Regarding Compensation

40. As noted above, Plaintiff offered to employ Ms. Palmore – and agreed to the terms and conditions in the Palmore Employment Agreement – based upon Ms. Palmore's claims that she could generate “hundreds of cases” and was a highly seasoned trial attorney with over 100 jury verdicts “under her belt.”

41. The Palmore Employment Agreement specifically states in Section 1.4: “Heather Palmore is being hired as Partner/Of Counsel.”

42. Defendant signed the Palmore Employment Agreement on December 6, 2021, and initialed each page of the Agreement.

43. Regarding Defendant's compensation, the Palmore Employment Agreement expressly provides in pertinent part in Section 2.3 as follows:

As his/her entire compensation for all services rendered to the Law Firm during the term of this Agreement, the Law Firm shall pay Partner/Of Counsel a **draw advance of . . .** during his/her employment hereunder to be paid by the Law Firm not less frequently than semi-monthly in accordance with the regular salary procedures from time to time adopted by the Law Firm. The Partner/Of Counsel will receive:

Full draw paid bi-weekly in accordance with the firm's payroll schedule to begin as of start date. **The draw is to be paid back from fees as they are generated and carries over year to year. The draw will continue to be due even in the unlikely event the parties separate for whatever reason.**

Agreement (emphasis added).

44. Under the terms of the Agreement, Defendant would receive a substantial annual “draw advance” against fees to be recovered and paid through her efforts of bringing business into the firm. In other words, the “draw advance” is defined as an advance payment to Defendant that would be reimbursed from fees actually generated by Defendant (*i.e.*, “the draw is to be paid back from fees as they are generated....”).

45. Defendant did not bring in the hundreds of cases she promised and did not generate anywhere near fees sufficient to cover her draw advance.

46. As of the date of this Complaint, Defendant owes Napoli Shkolnik hundreds of thousands of dollars in advanced monies based on expected fee generation by Defendant – none of which have been paid back to the law firm by Defendant. Therefore, Defendant has breached the clear, express terms of the Palmore Employment Agreement.

**Palmore Promised in Her Employment Agreement
To Work on a Full Time, Best Efforts Basis for Napoli Shkolnik**

47. Section 2.2 of the Palmore Employment Agreement listed Defendant’s responsibilities and provides, in pertinent part, as follows:

2.2 Responsibilities

Partner/Of Counsel, subject to the direction and control of the Law Firm *shall devote his/her full time, attention and energies to the business and affairs of the Law Firm*. The Partner/Of Counsel shall perform to the best of his/her abilities such duties and responsibilities as may from time to time be specified by the Law Firm and will promptly comply with all applicable rules, regulations and orders that may from time to time be issued. Partner/Of Counsel shall perform his/her responsibilities with the Law Firm in a professional and competent manner, consistent with applicable law and court rules, including requirements for continuing legal education. Partner/Of Counsel shall maintain a fully effective license to practice law in the jurisdiction(s) in which he/she is practicing as of the date of this Agreement.

(Agreement, Section 2.2).

48. Section 2.2 further sets forth the law firm’s “expectations” for Partners or “Of Counsel” attorneys such as Defendant, and states in relevant part:

Expectations of Partner/Of Counsel

(i) The Partner/Of Counsel will develop knowledge and expertise commensurate with his/her experience in areas of substantive and procedural law, apply that legal expertise appropriately and seek assistance from others on issues on which they lack sufficient expertise.

(ii) The Partner/Of Counsel increasingly develops substantive expertise in several areas of civil/personal injury/products liability law practice and advocacy skills in a variety of forums.

(iii) Regardless of his/her years of experience, the Partner/Of Counsel maintains a basic working knowledge of recent developments in state and federal case, statutory law and regulatory law related to the interests of our clients, through independent research and continuing legal education.

(iv) The Partner/Of Counsel is expected to be able to work successfully either independently or in conjunction with other Law Firm employees as directed by their supervisor.

(vi) Each Partner/Of Counsel is responsible for seeking out the training and experiences required by these standards and supervisors are responsible for taking reasonable measures to ensure the progressive professional development of staff.

(vii) Each Partner/Of Counsel is expected to appreciate the imperative nature of client confidentiality - our clients and their cases must not be discussed, nor their confidences disclosed to any person outside this firm.

(xii) The Partner/Of Counsel understands that as part of this engagement Partner/Of Counsel represents the Firm and its Senior Partners to the public and will always be prepared and act in a professional and competent manner.

(xiii) Partner/Of Counsel shall immediately report to Marie Napoli or her designee: (1) all actual or threatened bar complaints/ grievances against the Partner/Of Counsel; (2) all circumstances which may lead to sanctions against the Partner/Of Counsel or the Law Firm and (3) all threatened or actual claims (including but not limited to professional negligence claims) made against the Partner/Of Counsel or the Law Firm.

(Agreement, Section 2.2).

49. Furthermore, Section 4.2 of the Palmore Employment Agreement provides in pertinent part, “Exclusivity. Partner/Of Counsel shall only perform services for the Law Firm and agrees that during the term of this Agreement or while employed by the Law Firm, will not directly or indirectly render any services of a business, commercial or professional nature to any other person or organization, whether for compensation or otherwise, without the prior written consent of the Law Firm.”

50. Moreover, Section 3.1(d) of the Palmore Employment Agreement defines “good cause” to include obtaining the job under false pretenses, habitual neglect of duties, failure to follow reasonable rules of the employer, failure to follow reasonable order of the employer and insubordination.

51. As specifically explained below, , Defendant engaged in conduct intentionally designed to negatively affect Plaintiff’s operations and business and made unsubstantiated claims, including racial discrimination, in an attempt to extort more money from Plaintiff by conspiring to create false, defamatory, and outrageous stories and claims about Plaintiff and its lawyers.

Napoli Shkolnik Provides Defendant with Resources to Be Successful

52. Immediately after her hiring, Napoli Shkolnik provided Defendant with tremendous resources and support to ensure her success at the firm and assist her in developing her career at Napoli Shkolnik.

53. Within days of Defendant's hiring, on October 13, 2021, Napoli Shkolnik's Marketing Director emailed Defendant her professional information so that she could be included on the firm's website, order nameplates, and business cards.

54. Napoli Shkolnik also set up numerous meetings with Defendant to discuss and explore marketing and case updates, had follow-up meetings and communications with Defendant and provided Defendant with whatever resources she needed for her marketing.

55. Napoli Shkolnik's Marketing Director continued to work with Defendant, and on December 28, 2021, Defendant asked for Napoli Shkolnik's Marketing Director's input on her firm headshots.

56. Napoli Shkolnik, its attorneys, management, support staff, and marketing department all consistently provided Defendant with any and all support that she needed in adjusting to her new position at Napoli Shkolnik to assure her success at the firm. Napoli Shkolnik hired three attorneys on Defendant's recommendation, worked with her on marketing activities, and adopted ideas advanced by Defendant.

57. For instance, on October 28, 2021, approximately two weeks after Defendant started with the firm, Defendant asked if Napoli Shkolnik was interested in attending a benefit by Erase Racism for the organization's 20th Anniversary on November 17, 2021. Napoli Shkolnik was one of the sponsors for the event and Napoli Shkolnik's attorneys and staff attended the benefit in support of the cause, including Ms. Palmore.

58. On November 18, 2021, Defendant emailed attorneys and staff at Napoli Shkolnik thanking them for attending the event on November 17, 2021, and wrote, “I just wanted to take a minute moment to say thank you to everyone for attending the event last evening. I believe we made an impact in the room. Thank you so much Maria, for coordinating with the staff at Erase Racism, to ensure everything was in place and that Napoli Shkolnik [sic] and our guests were in place and comfortable. Thanks again!” Defendant went on to write: “I hope everyone enjoyed themselves and thank you to Paul [Napoli] for having the foresight to sponsor on behalf of NS [Napoli Shkolnik].”

59. In fact, Napoli Shkolnik proudly continued to support Erase Racism, the organization Defendant suggested to the firm. On May 17, 2022, the Co-Chair of Erase Racism wrote: “Last year, Napoli Shkolnik was so generous with its support, sponsoring our event at \$5,000. I am writing to inquire whether Napoli Shkolnik will be able to make a contribution in support of this year’s Benefit, especially in honor of Elaine. And we would of course love to see you and your team at the Benefit! (FYI, Wilma Tootle serves on our Benefit Committee.)” Napoli Shkolnik happily and proudly continued to sponsor the event.

60. Defendant, in furtherance of her attempt to defraud Napoli Shkolnik, later falsely claimed she was not provided with any resources to support her at the firm.

Aided and Abetted by Palmore Law Group, Palmore Takes Advantage of the Remote Environment to Work for Two Firms at Once in Violation of Her Employment Agreement and Fiduciary Duty

61. Despite the fact that Napoli Shkolnik was fully supporting Defendant to assure her success at the firm, Napoli Shkolnik later became aware (but unbeknownst to it at the time) that, almost immediately upon her hiring, Defendant was and had been acting in a disloyal,

unethical, and fraudulent manner to the detriment of Napoli Shkolnik's financial and reputational interests and was/had been breaching the express terms of the Palmore Employment Agreement.

62. Not even one month after Napoli Shkolnik hired Ms. Palmore, and while employed by Napoli Shkolnik, Ms. Palmore established her own separate law firm – called the “The Palmore Group, P.C.” – which she was operating and marketing while collecting her draw advance from Napoli Shkolnik. Defendant's conduct, in addition to being unethical, was in direct violation of her employment agreement (i.e., that Defendant “shall devote his/her full time, attention and energies to the business and affairs of the Law Firm”). (Agreement, Section 2.2).

63. Even more shockingly, Ms. Palmore brazenly used Napoli Shkolnik's email system to market her outside law practice. Not even one month into her employment with Napoli Shkolnik, Defendant sent an email to a colleague on October 26, 2021, and stating, “Greetings Andrew: Thank you for your email. All is well here, extremely busy, but all is good. **I could not ask for a better opportunity to lead my own firm, while at the same time being appointed the Chief Trial Counsel to Napoli.**” (emphasis added).

64. Defendant never disclosed to Napoli Shkolnik that she was operating “The Palmore Law Group, P.C.” while also working for Napoli Shkolnik and while still accepting draw advances from Napoli Shkolnik. In fact, when Ms. Palmore should have been generating fees and firm business for her employer, Napoli Shkolnik, she was secretly starting, and using Napoli Shkolnik's resources to promote, her own law firm.

65. Upon information and belief, Defendant violated the exclusivity provision in the Agreement set forth above, Section 4.2, by handling and referring out cases through her law firm The Palmore Law Group, P.C. during her employment at Napoli Shkolnik.

66. While Defendant was secretly forming and leading her own firm, she immediately asked Napoli Shkolnik to make donations to various foundations so that she could generate business. Plaintiff, as part of its ongoing efforts give back to the community, gladly agreed to support the various causes with financial support.

67. While agreeing to support Ms. Palmore and these causes, Napoli Shkolnik voiced concerns to Defendant that her promise of “hundreds of cases” had not materialized nor were these alleged cases even brought to Napoli Shkolnik for consideration.

Napoli Shkolnik Uncovers Palmore’s Fraud

68. Within a short time after hiring Defendant, Napoli Shkolnik began to become aware that Defendant had misrepresented both the alleged wealth of experience she claimed to have as a trial attorney and the substantial book of business, or ability generate new business, she falsely claimed to have in convincing Napoli Shkolnik to hire her.

69. Almost three months into Defendant’s employment, Napoli Shkolnik again inquired about the hundreds of cases that were promised by Defendant.

70. Instead of identifying those cases, Ms. Palmore began to present **potential** cases, which she admitted lacked either liability or damages, or ran counter to Napoli Shkolnik’s business model and objectives.

71. On January 4, 2022, Defendant asked that Napoli Shkolnik potentially handle transactional work for a bank relating to residential and commercial foreclosures knowing full well that Napoli Shkolnik was a personal injury and mass tort plaintiff-oriented law firm, and would not handle the type of work she suggested.

72. Specifically, Defendant’s business idea was to represent banks that would foreclose on residential and commercial properties. Defendant knew, however, that such

foreclosures would disproportionality negatively impact minorities and families which was in direct contravention of Napoli Shkolnik's business objective to help such persons and families. Therefore, Napoli Shkolnik quickly rejected this proposal as it was abhorrent to Plaintiff's firm's mission to help clients cope with and legally redress their losses and legal needs.

73. When, on January 4, 2022, Napoli Shkolnik again inquired about the hundreds of cases Defendant promised to bring to the firm, Ms. Palmore again deflected with another unworkable business suggestion. The very next day, on January 5, 2022, Defendant presented her next business generating idea—to open offices in the five New York boroughs and in two additional locations for a total of seven new offices.

74. Defendant was seemingly oblivious as to the massive overhead and fixed costs associated with opening these offices (with the high rents and expense of operating in New York City) and this possibility was never discussed before Defendant was hired. Again, although Defendant did not – and apparently could not – refer any specific cases to financially support the idea, she continued to claim that opening these seven new offices would create a “TON of business”

75. Napoli Shkolnik's concerns began to grow as Defendant had been at the firm for 3 months when she suggested the opening of 7 new offices, a business plan absurd and unrealistic on its face, and furthermore, the “hundreds of cases” she was bringing to the firm had not materialized.

76. While Defendant was not living up to her end of the bargain, in November 2021, she was assigned to try a medical malpractice case on behalf of a client. Again, Defendant had represented that she had taken more than 150 cases through jury selection and approximately 100 cases to trial and jury verdict, which resulted in her title “Chief Trial Counsel.”

77. Although Defendant claimed that the client was easy to work with and that the case was valued higher than Napoli Shkolnik thought, the jury returned a defense verdict. Rather than accepting the jury finding and acknowledging her own shortcomings in the courtroom, Defendant instead immediately blamed her loss on the client and the staff and lawyers at Napoli Shkolnik.

78. Shortly after that trial, the client complained about Defendant's work, performance, and lack of communication. Specifically, on May 14, 2022, the client complained that Defendant was not communicating with her about the appeal. The next day, on May 15, 2022, the client again complained to another lawyer at Napoli Shkolnik that she had to go through him in order to get a response from Defendant. The client advised Napoli Shkolnik that, at the trial, Defendant told her they were going to win the case, but in fact at trial Defendant failed to present facts and evidence, failed to properly object, and after the trial, Defendant wanted nothing to do with her.

79. When Napoli Shkolnik asked Defendant about these complaints, she accused the client of being "crazy." However, Defendant did not disclose that her opening statement, according to the Judge, in a medical malpractice case was shockingly only eight minutes long when typical opening statements in plaintiff medical malpractice cases are approximately one to two hours long.

80. In addition, Defendant even falsely accused the Court of not providing satisfactory accommodations to her during her opening statement. However, the Court quickly corrected her and stated: "You didn't really talk for two hours straight because I took the jury out a few times. I can give you kind of a breakdown. You started your opening at 10:33 and you

concluded about 10:40 . . . To say that you spoke for two hours straight is not necessarily an accurate reflection of the time period. I have it written down. I keep notes.”

81. Defendant would often resort to her typical false narratives when confronted about her shortcomings and failures. When challenged about her unsatisfactory performance, she would immediately blame others, falsify stories, and refuse to accept any constructive criticism.

82. On February 8, 2022, Defendant sent an email stating: “I have been closely observing the advertising and marketing of our competitors as of late, and there is a huge opportunity for us [Napoli Shkolnik] to do something different in the market, as I believe ‘diversity’ will be our [Napoli Shkolnik] strongest asset if we market it correctly.” Moreover, Defendant proposed that Plaintiff hire a community liaison to generate such business.

83. However, one of Defendant’s core responsibilities was to generate business for the firm. Defendant now was asking Napoli Shkolnik to hire someone else to perform that responsibility.

84. When again asked about her lack of ability to bring in the “hundreds of cases,” Defendant then claimed that she was receiving inquiries seeking counsel for “Estate/Wills and Real Estate matters.” Again, Defendant knew Napoli Shkolnik was a personal injury and mass tort law firm and that there were no attorneys at the firm that handle estates, wills, or real estate matters.

85. On February 21, 2022, Defendant sent a new email with the subject line “Potential New Case for Intake-LIRR Shooting.” In that email, Defendant was asked: “Whats [sic] the potential claim Heather.” Defendant replied that she did not consider the case one where liability could be proven and wrote: “She wants to explore if there is potential liability against the LIRR. From what I see, and have hard, if she doesn’t show me contrary, I don’t see liability.”

86. Although Defendant herself admitted there was no liability, she would later claim that Napoli Shkolnik rejected her potential case without explanation. Again, Napoli Shkolnik is a plaintiff-oriented law firm that takes cases on a contingency fee basis, so the firm only generates revenue when it settles or wins cases. And Napoli Shkolnik can only win or settle cases where it can prove liability.

87. On March 29, 2022, Defendant presented another new potential file to the firm related to a housing matter. Not only was this not the type of case that Napoli Shkolnik handled, but Defendant concluded that the file would not be profitable and she refused to work on the case. However, Napoli Shkolnik told Defendant she could handle the case within the firm if she wanted to; Defendant declined and wrote: “I will discuss with you when we speak, but in reviewing all the documents and speaking to Marisela, I agree it is not profitable and the issues are still not clear.”

88. In that same email chain, a Napoli Shkolnik partner wrote to Defendant: “We need to make sure we are handling the cases we all want to handle. And I think Heather now has her sea legs and can work up cases like us and the other attorneys . . . Lets discuss, but we cant cover housing court. Heather you need to let the client know.” [sic]. Defendant replied: “Yes I can manage handling cases on a day to day as well as bringing in matters. Feel free to assign and have me work on those matters you and Marie wish to assign.”

89. Defendant knew, as she acknowledged in the above email chain, that one of her responsibilities would be handling cases on a day-to-day basis just as other attorneys do at Napoli Shkolnik. The firm afforded Defendant almost six months to get acclimated, to handle cases on a day-to-day basis, and to take on the handling of assigned matters.

90. Even though Defendant was at the firm for five months by April 2022, she still never brought in the “hundreds of cases,” had not generated any significant business, came up with only untenable, cost-prohibitive suggestions with regard to creating new business opportunities, performed poorly in her first trial with Napoli Shkolnik despite boasting about her purported vast litigation and trial experience, and had a client lodge significant complaints about her performance and lack of communication.

91. Defendant’s work on cases that were assigned to her and that she agreed to work on was no better as her performance and practice also quickly became unsatisfactory.

92. For example, Defendant did not enter notices of appearance in any of her assigned cases, which resulted in her missing court notifications and communications. Shockingly, Defendant apparently did not even know that it was standard practice to file notices of appearance.

93. Additionally, although Defendant often boasted about her years of experience and many jury trials, she did not even have her Public Access to Court Electronic Records (PACER) account set up or active.

94. Although as referenced above Defendant acknowledged that she was responsible for handling cases on a day-to-day basis, less than two months later, Defendant complained about her assigned cases. On June 8, 2022, Defendant changed her tune and advised Plaintiff that while she “will certainly try to handle the cases assigned to her but [o]n top of marketing and trying to bring in new business, it can be challenging, but can be done. I am and always will be a team player, and I expect reciprocal support needed, will come without any reservation for my NS teammates.”

95. As noted above, Napoli Shkolnik provided Defendant with all of the day-to-day and marketing support that Defendant needed, including hiring three new attorneys that Defendant referred to the firm, at considerable cost to the Plaintiff.

96. On June 17, 2022, due to Defendant's new complaints about handling assigned cases, Plaintiff assigned another attorney to co-lead a case with Defendant which Defendant had asked Plaintiff to do. This also came at significant cost and investment to Plaintiff. Defendant still complained, claiming it was repetitive to have two attorneys on the same matter.

97. Although Defendant claimed to welcome the assignment and handling of cases on a day-to-day basis, Defendant began to re-assign her day-to-day work to other attorneys and staff without Plaintiff's approval. For example, on July 6, 2022, Defendant advised Plaintiff that another firm attorney was going to handle the day-to-day on civil rights cases and that he would be drafting the summons and complaints for those types of cases.

98. On September 7, 2022, when Defendant was asked about the status of a case that she referred to the firm, she replied that she had to check with another attorney at Napoli Shkolnik. Recognizing that Defendant's response was concerning, Plaintiff asked why the other Napoli Shkolnik was handling the matter. Defendant replied: "Yes, Nick M. He is handling the civil rights matters." Again, this is contrary to her acknowledgement that she was supposed to and agreed to handle assigned matters, and she unilaterally re-assigned her cases to other firm lawyers without any approvals.

99. Further, on June 30, 2022, Plaintiff's Marketing Director prepared social media posts for Defendant and asked for her input. Defendant did not respond. Plaintiff's Marketing Director followed up again on July 5, 2022.

100. Subsequently, Defendant notified Napoli Shkolnik that she would need a break from trying any cases due to undefined medical issues. Napoli Shkolnik provided her the accommodation.

101. On September 6, 2022, however, Defendant notified Napoli Shkolnik she was feeling better “and ready to jump in and work on trials” and requested that she try a specific case. On September 15, 2022, Plaintiff approved Defendant’s request and assigned to her the specific matter she asked for. Defendant advised Plaintiff that she would speak with the paralegal “to coordinate what remains outstanding and get it ready for trial.”

102. However, Defendant did not get the case ready for trial as she committed to do and again reassigned her own tasks and responsibilities, basically all of the trial preparation, to a firm paralegal. Defendant then settled the matter for 117% less than its estimated value.

103. In a different matter, Defendant was supposedly set to try the case, but then settled the matter for half of its estimated value and did not receive approval from any of the firm’s Senior Partners. As of the date of this Complaint, Defendant still has not sent the settlement agreement in that matter to resolve the case and provide the clients with their money.

104. Although Napoli Shkolnik afforded Defendant every opportunity to be successful at the firm, Defendant referred only a dozen cases the entire time since she was hired (11 of which were referred the first month of her employment). The “hundreds of cases” Defendant represented she had ready to bring to Napoli Shkolnik never materialized, she was unsuccessful as a trial attorney and in her alleged attempts to generate new business, she refused to work on any cases assigned to her at Napoli Shkolnik, and she re-assigned her cases to others at the firm without any approval.

105. It became evident to Plaintiff that Ms. Palmore was not at Napoli Shkolnik – a plaintiff-oriented litigation and trial firm – for the right reasons. She did not want to work, she had no pipeline of cases, she proposed bringing in work that the firm does not do, she conceived marketing ideas that were impractical and unrealistic, and she did not have the expertise that she claimed to have.

106. Although Napoli Shkolnik raised these issues with Defendant, she refused to address them and reverted instead to attempting to extort Plaintiff and its employees. When Ms. Palmore realized that Napoli Shkolnik had caught on to her false representations and unethical conduct, and that most likely she would be terminated, she engaged in a brazen attempt to avoid paying back the draw advance paid to her by Napoli Shkolnik.

Palmore Quiet Quits Once She Realizes Her Employment Will Be Terminated and Attempts to Extort Napoli Shkolnik by Making Defamatory Statements

107. Although Ms. Palmore is still collecting a draw from Napoli Shkolnik, she is not performing work for the firm. In fact, computer records demonstrate that Palmore has logged mere minutes a day for the majority of workdays in 2023, despite continuing to misrepresent to her employer that she is doing full days of work.

108. All employees of Napoli Shkolnik are required to submit daily reports detailing the work they do each day, including identifying the time spent and the clients on whose behalf they are doing work.

109. Upon information and belief, Ms. Palmore has been submitting fraudulent reports misrepresenting that she is doing work for clients that she is not actually completing, and in other cases inflating the time spent on assignments.

110. For example, in one instance, Ms. Palmore submitted a daily report averring that she had worked 7 hours in the future, which was obviously false on its face.

111. In addition, on days where Ms. Palmore represented in daily reports that she performed hours of computer related activities such as legal research and drafting, in actuality, computer records demonstrate that Ms. Palmore was active on her computer for mere minutes on those same dates.

112. In addition, Palmore has hired counsel as a means to threaten and extort Plaintiff and to interfere with Plaintiff's business, alleging racial discrimination and hostile work environment by Plaintiff. Defendant's allegations that Plaintiff engaged in any form of discrimination are false, outrageous, spurious, defamatory, actionable, and designed only to attempt to coerce Napoli Shkolnik into acceding to her demands for money.

113. Defendant specifically threatened Napoli Shkolnik that, if she did not secure substantial sums from Plaintiff, she would "expose" Napoli Shkolnik, its staff and its leaders within the community to her discrimination allegations, as is admitted by Defendant's counsel who wrote: "While, she [Defendant] is hopeful that we can engage in meaningful discussions without having to expose Napoli Shkolnik PLLC, its staff and your leadership to public exposure and review by the community, state and Federal agencies[.]"

114. Defendant also threatened that she would ensure that Napoli Shkolnik's governmental clients would fire the firm if she did not receive a substantial payout from Napoli Shkolnik, demonstrating her intent to harm Napoli Shkolnik's business prospects with her injurious falsehoods.

115. In or about September 2022, if not sooner, Defendant realized that her employment almost certainly would be terminated, given that Plaintiff learned of her misconduct as fully set forth in Napoli Shkolnik's above allegations, including in brief, that Defendant had formed and was operating her own firm called "The Palmore Group" while still working at

Napoli Shkolnik, that Defendant misrepresented the business she could bring to the firm and the extent of her trial experience, and Defendant's refusal and/or inability to handle assigned cases at the firm.

116. On or about September 18, 2022, Defendant forwarded her employment agreement to her personal email account, and thus, Defendant realized that the Palmore Employment Agreement expressly stated that the draw advances she received from Napoli Shkolnik would have to be paid back.

117. In a brazen attempt to avoid paying back the advancement of monies made by Plaintiff to Defendant, as required under her employment agreement, Defendant began to create false claims and stories about Plaintiff and its lawyers and staff.

118. In or about the Fall of 2022, Defendant began this course of action by attempting to create a new position for herself at Napoli Shkolnik – that of Diversity, Equity, and Inclusion (“DEI”) Officer. This is a seeming acknowledgement that she realized she could not do the job that she was hired to do, and sought to shield herself from having to generate business, engage in marketing activities, and work on actual files in litigating and trying cases

119. Napoli Shkolnik notified Defendant that it was not planning on hiring Palmore as DEI officer given that she was retained to serve as Chief Trial counsel.

120. Notably, after realizing she could not deliver on her various promises to Plaintiff, just six days after she sent her employment agreement to her personal email, Defendant made baseless statements that Plaintiff created a hostile work environment for her.

121. On September 24, 2022, Ms. Palmore sent an email to attorneys at Napoli Shkolnik, again expressing her experience in DEI and claiming that she could bring an insight into a DEI position.

122. Defendant claimed in that email that, while discussing a firm survey, that it became apparent “for the need to address the issues of DEI” and that “there are a number of instances where the firm has failed to address instances of discrimination adequately or at all,” despite the fact that no instances of discrimination had been reported at this time and Defendant just a few months before wrote an email about diversity being Plaintiff’s strongest asset. The statements were false and defamatory.

123. As part of her endeavor, in that same email, Defendant accused one of Napoli Shkolnik’s employees of being inappropriate and offensive because that employee expressed to Defendant that she had never experienced discrimination. Although the employee addressed only her personal experience as a Hispanic woman, Defendant claimed to find that statement offensive. Missing from Defendant’s email, however, was that Defendant herself had inappropriately referred to a firm employee by their racial identity which not only violated the firm’s anti-discrimination policies, but more importantly, offended the other employee.

124. Napoli Shkolnik immediately responded to Defendant’s email and asked her to promptly provide the instances of discrimination to which she was referring so they could be addressed. However, Defendant could not do so, because no such instances existed.

125. Despite touting herself as a potential DEI officer who could “work collaboratively with HR to address these matters and protect NS from liability,” Palmore could not identify any such instances.

126. Despite the fact that Palmore could not identify any specific instances of discrimination, Napoli Shkolnik took Palmore’s allegations seriously and retained an independent investigator to conduct a thorough investigation. The investigation determined that the claims were unfounded.

127. On October 18, 2022, Plaintiff attempted, as is custom and practice at Napoli Shkolnik, to hold its annual performance review with Defendant. When a calendar invite was sent to Defendant for the Zoom meeting, Defendant quickly asked that the meeting be rescheduled. Defendant was notified that she had been at the firm for one year by that point and she knew that yearly reviews were the firm practice.

128. Defendant's review, however, did not last more than 10 minutes. Plaintiff began to explain the facts surrounding the firm's concerns about the high amount of draw advances paid to Defendant, the accruing debt to the firm which had to be paid back, and the limited ability to repay the advances given the small number of cases Defendant retained over the year.

129. On the Zoom call, Defendant was very defensive and interrupted Napoli Shkolnik's attempts to explain its concerns. Thus, Defendant's annual review was never completed and then Defendant claimed she was sick and ended the Zoom call.

130. The very next day, Defendant hired an attorney to threaten and extort Napoli Shkolnik, who sent a demand letter to the firm on October 19, 2022 stating that "Ms. Palmore had been subjected to a discriminatory hostile work environment." Palmore knew these statements were false as determined by an independent third-party investigation.

131. Defendant made baseless and defamatory claims and threatened Napoli Shkolnik that, if she is not paid additional money, she will make these baseless and defamatory claims public.

132. Since extorting Napoli Shkolnik accusing it of discriminatory conduct, Defendant has refused to work on any cases, interact with fellow employees, or perform her duties of employment in a competent manner, while still demanding additional money advancements.

133. As recently as December 7, 2022, Defendant has refused to provide Napoli Shkolnik with a memorandum of what work she is performing, refuses to get approvals before taking days off, refuses to make court appearances, and refuses to address client cases or provide any information to Plaintiff to resolve any issues with the cases. Furthermore, Defendant has acted unprofessionally with other employees.

134. However, Defendant has not stopped there. Knowing that her claim of discrimination was hollow and that she might be terminated, Defendant also made outrageous claims of retaliation and accused law firm partners of harassment for merely being in the office while she is there.

135. As of the date of this Complaint, Napoli Shkolnik has spent thousands of dollars on Ms. Palmore's marketing budget and multiple hundreds of thousands of dollars on her draw.

136. Defendant, during her employment at Napoli Shkolnik, has failed to follow Plaintiff's clear and reasonable order and requirements, failed to follow the reasonable rules of the employer, engaged in dishonesty on the job, obtained the job under false pretenses, engaged in conduct toward fellow employees that interfered with the employer's business, failed to perform the requirements of employment in a competent matter, engaged in habitual neglect of her duties, and refuses to pay back the advanced monies provided to her.

137. As noted above, when Defendant knew that Napoli Shkolnik wanted to terminate her employment, she attempted to create a new position for herself. When Napoli Shkolnik informed Defendant that she would not be considered for that position, she responded by making baseless accusations of discrimination and hostile work environment. When Defendant pitched to have this new title, and was denied, she then hired a lawyer to threaten, extort, and sue Napoli Shkolnik.

138. Defendant admitted in the letter from her lawyer that she never made any reports or complaints to anyone at Napoli Shkolnik of discrimination, sexism, or racism. Only after her impending termination did Defendant make these baseless accusations.

FIRST CAUSE OF ACTION
Breach of Contract against Defendant Palmore

139. Plaintiff incorporates the allegations within all prior paragraphs within this Complaint as if they were fully set forth herein.

140. As set forth above, Defendant executed the Palmore Employment Agreement with Plaintiff. Defendant breached the Palmore Employment Agreement by:

(a) violating the exclusivity provision of the Palmore Employment Agreement by operating her own law firm, handling, and referring cases through her law firm Palmore Law Group, P.C. during her employment at Napoli Shkolnik;

(b) violating the provisions of the Palmore Employment Agreement that set forth attorney Responsibilities;

(c) violating the Palmore Employment Agreement Plaintiff by not paying Plaintiff the approximately in excess of \$400,000 owed for the advanced monies received by Defendant from Plaintiff;

(d) obtaining the job under false pretenses related to her skillset and experience including the number of clients she would bring to the firm and her ability to try cases; and

(e) Refusing to come into work, provide information about cases she is working on, or otherwise respond to requests from her superiors constituting insubordination, and a failure to follow a clear and reasonable order of her employer, to follow the reasonable rules of her employer, and habitual neglect of her duties as an attorney.

141. As a result of the aforesaid breaches of contract, Napoli Shkolnik has suffered damages and continues to suffer irreparable damages through the loss of revenue, loss of good will, and the unlawful competition engaged in by Defendant Palmore in violation of her Employment Agreement.

WHEREFORE, Plaintiff Napoli Shkolnik seeks judgment in its favor as to Count I as follows:

- (a) The entry of an award requiring the Defendant Palmore to pay Napoli Shkolnik all monetary damages suffered by Napoli Shkolnik caused by Defendant's breaches, including, without limitation, compensatory damages, consequential damages;
- (b) The entry of an order for Prejudgment interest, post judgment interest, and attorneys' fees and costs as set forth in the Employment Agreement;
- (c) The entry of an Order requiring Palmore to disgorge all of the compensation received from Napoli Shkolnik during the period of her disloyalty/breach of contract, which is an amount in excess of \$400,000.00;
- (d) The award of such additional relief as the Court deems just and appropriate.

SECOND CAUSE OF ACTION
Breach of Duty of Loyalty/Breach of Fiduciary Duty
against Defendant Palmore

142. Plaintiff incorporates the allegations within all prior paragraphs within this Complaint as if they were fully set forth herein.

143. Defendant Heather Palmore is still an employee of Plaintiff, charged with acting in Napoli Shkolnik's best interests.

144. Defendant operated and marketed her own law firm, Palmore Group P.C. all while continuing to receive compensation from Napoli Shkolnik.

145. Defendant made baseless allegations in an attempt to avoid termination and/or having to repay the large draw advanced from Plaintiff to Defendant and otherwise attempted to extort Plaintiff.

146. Defendant has refused to come into work, get approval for time off, provide updates on cases she is working on, or otherwise fulfill any obligations of her employment or her fiduciary obligations to her employer in the past five months.

147. Defendant's acts and/or conduct, as set forth in detail above, constitute material and substantial misconduct in violation of the employment contract, the Palmore Employment Agreement, and further constitute breaches of the duty of loyalty and good faith that Defendants owed and still owes to her employer, Napoli Shkolnik.

WHEREFORE, Plaintiff Napoli Shkolnik seeks judgment in its favor as to Count II as follows:

- (e) The entry of an award requiring the Defendant Palmore to pay Napoli Shkolnik all monetary damages suffered by Napoli Shkolnik caused by Defendant's breaches, including, without limitation, compensatory damages, consequential damages;
- (f) The entry of an order for Prejudgment interest, post judgment interest, and attorneys' fees and costs as set forth in the Employment Agreement;
- (g) The entry of an Order requiring Palmore to disgorge all of the compensation received from Napoli Shkolnik during the period of her disloyalty/breach of contract, which is an amount in excess of \$400,000.00;
- (h) The award of such additional relief as the Court deems just and appropriate.

THIRD CAUSE OF ACTION
Aiding and Abetting Breach of Fiduciary Duty
Against Defendant Palmore Law Group, PC

148. Plaintiff incorporates the allegations within all prior paragraphs within this Complaint as if they were fully set forth herein.

149. Defendant Palmore by virtue of her employment and position with Napoli Shkolnik, at all times owed a fiduciary duty and duty of loyalty to Napoli Shkolnik.

150. As set forth throughout this Complaint, Defendant Palmore breached her fiduciary duty by, *inter alia*, soliciting clients, marketing and working for the Palmore Law Group, PC, all while Defendant Palmore remained in Napoli Shkolnik's employ.

151. Defendant Palmore Law Group provided substantial assistance to Defendant Palmore by assisting Palmore in these breaches, and knowingly and willfully taking financial advantage of Palmore's breach of her fiduciary duties to Napoli Shkolnik.

152. As a result of Defendant Palmore Law Group's actions in aiding and abetting the fiduciary breaches outlined herein, Plaintiff has been harmed and continues to suffer significant damages.

WHEREFORE, Plaintiff Napoli Shkolnik seeks judgment in its favor as to Count III as follows:

- (a) The entry of an award requiring the Defendant Palmore Law Group to pay Napoli Shkolnik all monetary damages suffered by Napoli Shkolnik caused by Defendants' breaches, including, without limitation, compensatory damages, consequential damages, including damages in the form of the fair market value of client cases stolen by Palmore Law Group and lost profits as a result of Ms. Palmore's breach of fiduciary duty;

- (b) The entry of an order for Prejudgment interest, post judgment interest, and attorneys' fees and costs;
- (c) The entry of an Order requiring Defendant Palmore Law Group to disgorge all profits earned as a result of the theft of Napoli Shkolnik clients;
- (d) The award of such additional relief as the Court deems just and appropriate.

FOURTH CAUSE OF ACTION
Defamation/Injurious Falsehood Against Defendant Palmore

153. Plaintiff incorporates the allegations within all prior paragraphs within this Complaint as if they were fully set forth herein.

154. Plaintiff's statements that Defendant had not addressed incidents of discrimination was disparaging and false, and intended to impugn Napoli Shkolnik's integrity as an employer, and to dissuade clients and attorneys from working with Napoli Shkolnik.

155. In fact, as Plaintiff's own prior admissions confirm, Napoli Shkolnik's diversity was its strongest asset, and she could not identify any instances of discrimination that were not addressed.

156. Plaintiff's statements that Defendant Napoli Shkolnik did not address instances of discrimination were disparaging and false and constitute injurious falsehoods under New York law.

157. The statements were made with malice comprising ill will, scienter, and intent to damage Napoli Shkolnik's reputation and standing in the legal community and to the public at large, as demonstrated by Palmore's attempt to extort money in exchange for not making the statements, and threats that the Plaintiff would lose municipal clients if Defendant Palmore made those defamatory statements.

158. Napoli Shkolnik is entitled to recover damages by reason of Defendant Palmore's defamation per se in an amount to be determined at trial based upon 1) harm to its reputation and standing in the community; 2) mental distress; 3) humiliation; and 4) embarrassment.

159. Napoli Shkolnik is entitled to punitive damages for Palmore's intentional and malicious injurious falsehood and defamation in an amount to be determined at trial.

WHEREFORE, Plaintiff Napoli Shkolnik seeks judgment in its favor as to Count IV as follows:

- (a) The entry of an award requiring the Defendant Palmore to pay Napoli Shkolnik all monetary damages suffered by Napoli Shkolnik caused by Defendant's statements including damages for harm to Napoli Shkolnik;s reputation, damages for mental distress and humiliation and embarrassment;
- (b) The entry of an award of punitive damages;
- (c) And award Napoli Shkolnik such other relief as this Court deems proper and just.

FIFTH CAUSE OF ACTION

Unjust Enrichment Against Defendant Palmore and Palmore Law Group

160. Plaintiff incorporates the allegations within all prior paragraphs within this Complaint as if they were fully set forth herein.

161. Defendant enriched herself at the expense of Plaintiff by diverting business to her personal law firm. Furthermore, Defendant enriched herself by accepting draw advances when she knew that she was not generating sufficient business fess from which to pay those draw advance, when she never brought into the firm the "hundreds of cases" she promised from which those draw advances could have been paid, and when she intentionally chose not to engage in the activities necessary to generate the necessary fees from which to pay her advances.

162. It would be against equity and good conscience to permit Defendant to retain the money she derived from the diverted funds to her personal law firm and/or when it was her due to her own conduct that sufficient fees were not generated from which to pay the advances.

WHEREFORE, Plaintiff demands a judgment against each defendant, jointly and severally, in an amount to be proven at trial, plus prejudgment interest, post judgment interest, costs, and attorneys' fees to the extent recoverable under applicable law, and any other relief that this Court deems just and proper.

SIXTH CAUSE OF ACTION
Declaratory Judgment Against All Defendants

163. Plaintiff incorporates the allegations within all prior paragraphs within this Complaint as if they were fully set forth herein.

164. As set forth above, Palmore has recruited clients to the Palmore Law Group at the same time that she has been contracted to work on a full-time, best efforts basis for Napoli Shkolnik.

165. Palmore has submitted daily reports noting that she is doing work for individuals that are not Napoli Shkolnik clients, and Napoli Shkolnik believes and therefore avers that these individuals may be clients of the Palmore Law Group.

166. In essence, Ms. Palmore has constructively quit her employment at Napoli Shkolnik by failing and refusing to work on its behalf as demonstrated by the computer records detailing her lack of work.

167. Ms. Palmore's constructive termination of her employment with Napoli Shkolnik constitutes a breach of her employment Agreement requiring Ms. Palmore to pay back all advanced funds.

168. Further, by virtue of recoveries that were received or will be received in the future by Palmore Law Group clients, the Defendants have acquired or will acquire funds that rightfully belong to Napoli Shkolnik pursuant to Ms. Palmore's Employment Agreement with Napoli Shkolnik.

169. This cause of action is brought pursuant to NY CPLR §3001 and any other such law that permits this Court to declare the rights and obligations of parties to a justiciable controversy.

170. A justiciable controversy exists between Napoli Shkolnik and Palmore regarding the status of her employment given her conduct in not performing any work for Napoli Shkolnik, and regarding the repayment of the draw that Napoli Shkolnik gave to Palmore as a result of her breach of her Employment Agreement and as a result of her breach of her fiduciary duty.

171. Further, a justiciable controversy exists between Napoli Shkolnik, Palmore, and the Palmore Law Group regarding the respective parties' interests in client recoveries obtained during or subsequent to Palmore's employment with Napoli Shkolnik.

WHEREFORE, Plaintiff is entitled to a declaratory judgment from this Honorable Court as follows:

- (a) Declare, decree and adjudge that Ms. Palmore's "quiet quitting" as demonstrated by computer records and lack of compliance with firm policies constitutes a default under Ms. Palmore's Employment Agreement and "constructive" quitting.
- (b) Declare, decree, and discharge the parties' respective rights and obligations under the Employment Agreement as a result of Ms. Palmore's failure to

perform work for Napoli Shkolnik, and her work for the Palmore Law Group during the same time that she was employed by Napoli Shkolnik;

- (c) Declare, decree, and adjudge the parties' respective rights and obligations to any clients engaged by Palmore or on whose behalf Palmore did work during the course of Ms. Palmore's employment by Napoli Shkolnik;
- (d) Declare, decree, and adjudge that each defendant must account to Napoli Shkolnik for all amounts received from clients by Palmore or Palmore Law Group during the pendency of Palmore's employment with Napoli Shkolnik;
- (e) Declare, decree, and adjudge that each defendant must account to Napoli Shkolnik for all amounts received from clients by Palmore or Palmore Law Group subsequent to Palmore's employment with Napoli Shkolnik on whose behalf Palmore performed work during the time she was employed by Napoli Shkolnik;
- (f) Enjoin Palmore from making further defamatory statements to Napoli Shkolnik's clients as Palmore has threatened to do;
- (g) And award Napoli Shkolnik such other relief as this Court deems proper and just.

SEVENTH CAUSE OF ACTION
**Constructive Trust Against Defendants Palmore
and The Palmore Law Group**

172. Plaintiff incorporates the allegations within all prior paragraphs within this Complaint as if they were fully set forth herein.

173. As set forth above, Palmore has recruited clients to the Palmore Law Group at the same time that she has been contracted to work on a full-time, best-efforts basis for Napoli Shkolnik.

174. Further, Palmore has submitted daily reports noting that she is doing work for individuals that are not Napoli Shkolnik clients, and Napoli Shkolnik believes and therefore avers that these individuals are clients of the Palmore Law Group.

175. By virtue of recoveries that were received or will be received in the future by Palmore Law Group clients, the Defendants have acquired or will acquire funds that rightfully belong to Napoli Shkolnik.

176. Napoli Shkolnik has a good and equitable claim to and interest in the client recoveries that is superior to any claim or interest that either defendant may assert.

177. The circumstances surrounding Ms. Palmore accepting full time compensation for Napoli Shkolnik while working for another law firm with Palmore Law Group's knowledge of Ms. Palmore's breach of fiduciary duty make it inequitable for the Defendants to retain any funds recovered for clients brought to Palmore Law Group during Ms. Palmore's employment with Napoli Shkolnik.

WHEREFORE, Plaintiff demands that this Honorable Court:

- (a) Charge upon each defendant a constructive trust of all funds that such defendant received or derived or will in the future receive or derive as a consequence of any monetary recovery by any client who retained Ms. Palmore or Palmore Law Group during the time that Ms. Palmore has been employed with Napoli Shkolnik, or any client on whose behalf Ms. Palmore did work during the time that Ms. Palmore was employed with Napoli

Shkolnik, up to and including the amount of the percentage share that Napoli Shkolnik is entitled to receive under Ms. Palmore’s Employment Agreement.

- (b) Order each such defendant as constructive trustee to immediately turnover, pay to, and disgorge to Napoli Shkolnik all such sums held in the trust imposed pursuant to this count, together with prejudgment interest, costs, and attorney fees as recoverable under applicable law;
- (c) And award Napoli Shkolnik such other relief as this Court deems proper and just.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully prays for relief against Defendant, Heather Palmore, and Defendant Palmore Law Group, PC as follows:

- 1. Enter a declaratory Judgment as set forth above;
- 2. Enter a constructive trust as set forth above;
- 3. Ordering Palmore and Palmore Law Group to disgorge any compensation paid to Palmore by Napoli Shkolnik during the period of her breaches, and to disgorge any funds received as a result of clients engaged during the pendency of Ms. Palmore’s employment with Napoli Shkolnik, or on whose behalf Ms. Palmore did work while employed by Napoli Shkolnik;
- 4. Awarding Plaintiff compensatory damages;
- 5. Awarding Plaintiff punitive damages;
- 6. Awarding Plaintiff attorneys’ fees, costs, and expenses related to this action; and
- 7. any other such further relief as the court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiff respectfully demands a trial by jury for all issues so triable in this action.

Respectfully submitted,

/s/Lucas A. Markowitz
Lucas A. Markowitz

Counsel for Plaintiff

Dated: February 23, 2023