SOUTHERN

United States Bistrict Court

DISTRICT OF INDIANA, INDIANAPOLIS DIVISION

	OPERATING COMPANY d/b/a PROMOTIONAL PRODUCTS,	SUMMONS IN A CIVIL ACTION
Plain	tiff,	
v.		CASE NUMBER:
PROMOTION DISTRIBUTO AUFMAN SP PROMOTION PROMOTION	N FACTORY; MOUNTAIN VIEW NS, LLC; PERFECT PROMOTIONS, OF RJB ASSOCIATES, INC.;	4-CV- U4Uダレバリ - WTL
Defen	ndant.	
то:	Clyde Straub Pismo Beach, CA	
	ARE HEREBY SUMMONED and requir	ed to serve upon PLAINTIFF'S ATTORNEYS (name and
address)	David K. Herzog Mark A. Voigtmann Catherine A. Meeker BAKER & DANIELS 300 N. Meridian Street, Suite 2700 Indianapolis, IN 46204 (317) 237-0300	
this summons		on you, within 23 days after service of the control
OLERV	CLERK	MAR - 2 2004
BY DEPUTY	CLERK	DATE

04 MAROLZMARY- 2: 09 2: 09 DIVISION OF RUB ASSOCIATES, INC.; and CLYDE STRAUB (b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF Marion County, IN COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT TEXCEPT IN U.S. PLAINTIFF CASES (IN U.S. PLAINTIFF CASES ONLY)
IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE NOTE TRACT OF LAND INVOLVED (C) ATTORNEYS (FIRM NAME, ADDRESS, AND CELETY PRICINITIONAL ATTORNEYS (IF KNOWN) David K Herzog Mark A. Volgtmann Cetherine A. Mesher BAKER & DANIELS CV-0403LJM 300 North Mendien Street, Suite 2700 Indianapolis, IN: 48204 (317) 237-0300 II. BASIS OF JURISDICTION (PLACE AN X IN ONE BOX ONLY) III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN X IN ONE BOX FOR PLAINTIFF (For Diversity Cases Only) AND ONE BOX FOR DEFENDANT 1 U.S Gövernment 3 3 Federal Quastion PTF DEF (U.S. Government Not a Party) Citizen of Thie State 0 1 0 1 incorporated of Principal Place 04 04 of Business in This State 2 U 8 Government 4 Diversity Citizen of Another State incorporated and Principal Place 🔲 5 🗍 S (Indicates Civzenahio of Parties in Rem III) of Business in Another State Citizen or Subject of a Foreign Nation 0 . 0 . Foreign Country IV. NATURE OF SUIT (PLACE AN 'X" IN ONE BOX ONLY) CONTRACT TOATS FORFEITURE/PENALTY BANKRUPTCY OTHER STATUTES 110 Insurance PERSONAL INJURY PERSONAL INJURY 010 Agriculture 400 State Rea 422 Appeal ☐ 120 Manne 310 Airprane 362 Personal Injury 620 Other Food & Drug 28 UBC 158 410 Antitrust
430 Banks and Banking 625 Orea Related Seizure of Property 21 USC 861
 630 Uquor Lawe
 640 R.R. & Truck
 660 Airline Regs.
 660 Compational 315 Airplane Product 130 Miller Act Med. Meloractics Personal Injury Product Liability 140 Negotiable Instrument Injury . 450 Commerce/ICC Rates/stc 150 Recovery of Overpayment 320 Asseull, Libel & 460 Deportetion 368 Asbestos Personal PROPERTY RIGHTS Slander & Enforcement of 470 Racketeer influenced and Injury Product Liability Judgment 330 Federal Employers 820 Copyrights 830 Palent Corrupt Organizati 151 Medicare Act LIBBINY B10 Selective Service 340 Marine Product B40 Trademarks 152 Recovery of Defaulted Student Loans SaletyHealth BSO Secuntres/Co PERSONAL PROPERTY ☐ 690 Omer Exchange (Excl. Veterans) Liability 370 Other Fraud
371 Truth in Lending
380 Other Personal 075 Customer Chaltenge 350 Motor Vehicle
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Product Ueblity 153 Recovery of Overpaym of Veteran's Benefits LABOR SOCIAL SECURITY 12 USC 3410 391 Agricultural Acts ☐ 160 Stockholders Suite 710 Feir Labor Standards ☐ 861 HIA (1395#) 492 Economic Stabiliza Property Demega 190 Other Contract 260 Other Personal ☐ 863 BIMC/DIMW 385 Pro merty Dam Acı 893 Environmental Metters
894 Energy Affocation Act
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Information Act 195 Contract Product Liability Injury 720 Labor/Morre, Product Liebility Relations (405(9)) 730 Labor/Morrs. D 864 65ID THE XVI Recording & REAL PROPERTY CIVIL RIGHTS PRISONER PETITIONS 3 665 RSI (405(a)) B00 Appeal of Fee Determina Under Equal Access to 441 Voting 210 Land Condemnation
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871 IRS-Third Party 530 General 240 Torrs to Land Accom 530 General
530 General
530 Death Perceity
540 Mandemue & Oth
550 Ctvl Rights
555 Prison Condition 791 Empl. Ret. Inc. 444 Warland 1 245 Tort Product Liability 1 890 Other Statuton 28 USC 7609 290 All Other Real Property V. ORIGIN (PLACE AN X IN ONE BOX ONLY) 1 Original Proceeding 7 Appeal to Distinct Judg Megistrate Judgment 2 Removed from State Court A Reinstated or 5 Transferred from [Reopened another district (apacity) 3 Remanded from Appellate Court VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WAITE A BRIEF STATEMENT OF THE CAUSE DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)) 15 U.S.C. § 1 et seq. - anticompetitive activity violative of federal antitrust laws. VII. REQUESTED IN CHECKIF THIS IS A CLASS ACTION DEMAND S. Check YES only it demanded in complaint COMPLAINT: UNDER FRC P 23 JURY DEMAND: YES 🔯 NO VIII. RELATED CASE(S) (See Instructions). IF ANY None JUDGE DOCKET NUMBER SIGNATUME OF ATTORNEY OF RECORD DATE

JUDGE

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APPLYING IFP

2 March 2004

AMOUNT

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UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF INDIANA INDIANAPOLIS DIVISION

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NORWOOD OPERATING COMPANY d/b/a NORWOOD PROMOTIONAL PRODUCTS,) CLERK	
Plaintiff,	1:0	034-CV-0403 LJIVI - W	TL
v.) Case No	
NATIONAL ASSOCIATION OF)	
PROMOTIONAL PRODUCTS DISTRIBUTORS; IDEAS UNLIMITED	USA:)	
AUFMAN SPECIALTY ADVERTISING		,)	
PROMOTION FACTORY; MOUNTAIN	VIEW)	
PROMOTIONS, LLC; PERFECT PROM	OTIONS,	S,)	
A DIVISION OF RJB ASSOCIATES, IN	C.;)	
and CLYDE STRAUB,)	
)	
Defendants.)	

PLAINTIFF'S CORPORATE DISCLOSURE STATEMENT

Pursuant to Local Rule 81.2, Plaintiff Norwood Operating Company d/b/a
Norwood Promotional Products ("Norwood") states that it is entirely owned by Norwood
Promotional Products, Inc., which is entirely owned by NPPI Intermediate, Inc., which is entirely
owned by NPPI Holdings, Inc.

No publicly held company or investment fund holds an ownership interest of ten percent or more in Norwood.

BAKER & DANIELS

David K. Herzog Mark A. Voigtmann Catherine A. Meeker 300 N. Meridian Street Suite 2700 Indianapolis, Indiana 46204 (317) 237-0300

Attorneys for Plaintiff, Norwood Operating Company d/b/a Norwood Promotional Products

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UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF INDIANA 04 KAR - 2 PM 2: 08

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NORWOOD OPERATING COMPANY	CLERK
d/b/a NORWOOD PROMOTIONAL	
PRODUCTS,	
Plaintiff,	
v. 1:0	4-64×0403 LJM - WTL
NATIONAL ASSOCIATION OF	- WIF
PROMOTIONAL PRODUCTS	
DISTRIBUTORS; IDEAS UNLIMITED USA;	
AUFMAN SPECIALTY ADVERTISING, INC.;	
PROMOTION FACTORY; MOUNTAIN VIEW)	
PROMOTIONS, LLC; PERFECT PROMOTIONS,)	
A DIVISION OF RJB ASSOCIATES, INC.;	
and CLYDE STRAUB,	
Defendants.	

COMPLAINT

Plaintiff Norwood Operating Company d/b/a Norwood Promotional Products ("Norwood"), for its complaint against the defendants, states:

The Parties

- 1. Norwood is a corporation incorporated under the laws of the state of Delaware, and having its principal place of business in Indianapolis, Indiana.
- 2. Norwood is a supplier of promotional products, and at all times relevant to this action, was engaged in interstate commerce in carrying on its business.
- Defendant National Association of Promotional Products Distributors ("NAPPD") 3. is, on information and belief, an unincorporated association of promotional products distributors. From the time of NAPPD's organization, its membership has consisted of individuals, firms and

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corporations that, according to NAPPD's website, "devote the bulk of their work day to selling promotional products, and derive the majority of their income from those sales."

- 4. Defendant Clyde Straub, Chairman of defendant NAPPD and President of defendant Ideas Unlimited USA, is a resident of Pismo Beach, California.
- 5. Defendants Ideas Unlimited USA; Perfect Promotions, A Division of RJB Associates, Inc.; Aufman Specialty Advertising, Inc.; Promotion Factory; and Mountain View Promotions, LLC (collectively, "Distributor Defendants"), are promotional products distributors located in Pismo Beach, California; Lake Bluff, Illinois; Allison Park, Pennsylvania; Monroe, North Carolina; and Fruitport, Michigan, respectively. Defendant Ideas Unlimited USA shares an address with defendant NAPPD.

Jurisdiction and Venue

- 6. This Court has original jurisdiction in this action pursuant to 28 U.S.C. §§ 1331 & 1337, because this action arises under the Sherman Antitrust Act, 15 U.S.C. § 1 et seq., and supplemental jurisdiction over Norwood's state law claims pursuant to 28 U.S.C. § 1367(a).
 - 7. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b).

Allegations Common To All Counts

- 8. Norwood sells promotional products throughout the United States through independent distributors. These independent distributors maintain relationships with the end users of Norwood products, businesses that use promotional products as a form of advertising or marketing.
- 9. Several of Norwood's distributors have recently threatened to stop selling

 Norwood products altogether unless and until Norwood pledges to sell only through distributors

 and not to sell direct to any end users. Norwood does not presently sell direct to end users, but

has the capacity and right to do so. If Norwood were to sell direct to end users, it would be in direct competition with promotional products distributors, including the Distributor Defendants.

- 10. The principals of the Distributor Defendants and NAPPD have been promoting a boycott of Norwood. Norwood is aware of the boycott because of comments made by distributors to Norwood's sales force, because of a website maintained by NAPPD, and because of communications among the Distributor Defendants in an Internet "chat room." By way of example, the Distributor Defendants have made the following comments in an Internet chat room indicating their intention to boycott Norwood because they believe Norwood has been selling promotional products direct to and/or through a credit union association, CUNA:
 - Thomas E. Aufman, Aufman Specialty Advertising, Inc.: "We should not, Or can We dictate how Any supplier conducts business. That is their choice, We can control Who we do business with. If a supplier walks both sides of the street, Shut them off, and let us all know." Comment of February 10, 2004 (emphasis added).
 - Norm Rabinovitch, The Promotion Factory: "I would word it SCREWING THE DISTRIBUTORS. Is it time for us all to send Norwood back their samples and catalogs." Comment of February 10, 2004.
 - John Xerri, Mountain View Promotions: "... maybe it would also be a good idea for all of us to send emails, faxes or some other form of communication to Norwood and tell them we are aware of CUNA and since they seem more interested in undercutting the prices we can offer instead of helping us stay competitive that we will be going elsewhere for our products." Comment of February 10, 2004 (emphasis added).
 - Ray Billock, Perfect Promotions: "This response from Norwood is BULL. Read the CUNA site. The program is for credit unions AND their clients. Anyone that wants to can keep burying their head in the sand and pretend its not happening." Comment of February ___, 2004.
 - Clyde Straub, Ideas Unlimited USA: "I wouldn't dream of telling a supplier who to sell to, but I feel that I have the right to know who is supporting the distribution channel and who is not. I don't believe it would be good business to just ignore what's going on in our industry." Comment of February ___, 2004.

Mr. Straub also called CUNA representatives repeatedly on February 13, 2004 to demand the name of the promotional products distributor through whom CUNA claimed to be purchasing Norwood products.

- 11. Further evidence of the boycott of Norwood by promotional products distributors that defendants are promoting may be found on NAPPD's website, http://www.nappd.com.

 NAPPD states its goal to be:
 - "... to identify those suppliers who are working against the common good:
 - Those whose greed outweighs their common sense, thinking that they are more qualified to sell their products than distributors are.
 - Those who inform us that they have the right to sell to whoever they want.
 - Those who have informed us that they are going to continue to sell 'both sides of the street' and there is nothing that we as distributors can do about it.

The association considers these suppliers to be in violation of the trust that we have placed in them and list them as 'verified non-compliant'. Once we have identified these non-compliant suppliers, we will publish their names in our newsletter, 'The Sentinel' and on our web site. The Sentinel' is sent to all members and prospective members so that distributors may decide for themselves who to support. When enough distributors turn their backs on these suppliers, they will soon understand why the 'unwritten agreement' that was the law in our industry, and a way of life for so many for so long, was and will be again the glue that binds us together."

See NAPPD website (visited February 18, 2004), attached as Exhibit 1, "The Who and Why of NAPPD" (Tab A) (emphasis added).

12. NAPPD's website list of "Prequently Asked Questions" includes the questions "What type of complaints does the association investigate?" and "What about suppliers that provide poor quality products, poor service, or fail to meet an 'in-hands' date?" The website's answers provide further evidence of the purpose of the organization:

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"The issues that are currently being investigated relate to violations of trust. If a supplier has direct contact with an end-user, that is a violation of the trust. If a supplier sells imprinted products directly to an end-user, that is a violation of trust."

"Although the association and its members are concerned about the quality of both products and services offered by our suppliers, at this time we are only investigating violations of trust. Members have an opportunity to rate' suppliers once each quarter. Members should be aware of the rating of each supplier that they are doing business with and place their orders accordingly."

See NAPPD website (visited February 18, 2004), attached as Exhibit 1, "FAQs" (Tab B) (emphasis added). No list of NAPPD members is available; the website indicates that "Due to the confidentiality agreement that the association maintains with each of the members, we have been advised by counsel not to discuss the number of members that we have at this time." Id.

- submitted a signed, written statement.... indicating that they only sell their products to promotional products distributors.... [and] that members of the association will receive the 'best pricing' that the supplier offers." See NAPPD website (visited February 18, 2004), attached as Exhibit 1, "Our 'Supplier Partners'" (Tab C).
- 14. In addition, NAPPD's website includes a list of "Suppliers who have violated our trust." These suppliers are alleged to have "sold to someone other than a promotional products distributor." The website advises "The association can not tell you who to buy from anymore than it can tell these suppliers who to sell to, but why would you support a supplier who has chosen not to support YOU!" Norwood appears on this list. See NAPPD website (visited February 18, 2004), attached as Exhibit 1, "Suppliers who have violated our trust" (Tab D).

- like Norwood by (a) intimidating suppliers into pledging to sell their products only to distributors, and (b) convincing distributors, out of fear for their economic survival, to boycott suppliers who have not signed such a pledge. See NAPPD website (visited February 18, 2004), attached as Exhibit 1, "FAQs" (Tab B) ("There is no way that a distributor can compete with a supplier who sells direct to the end-user on price...").
- 16. Defendants are engaged in a conspiracy (a) to intimidate Norwood into pledging that it will sell only to distributors, not direct to end users, and (b) to boycott Norwood products unless and until Norwood signs such a pledge.
- 17. The NAPPD blacklist and the distributor boycott of Norwood products constitute unlawful and unreasonable restraints on interstate trade that are, or will have the effect of, injuring Norwood in its business or property in a way that the antitrust laws were intended to prevent, namely, preventing or inhibiting Norwood from selling its products either direct or through its usual distributors to end users.

COUNT I - VIOLATION OF FEDERAL ANTITRUST LAWS, 15 U.S.C. § 1 et seq.

- 18. Norwood incorporates by reference the allegations in paragraphs 1 through 17.
- 19. All of the actions taken by the defendants and related above were taken willfully, knowingly, unlawfully, and without just cause or provocation. The defendants intended that Norwood should be damaged and lose customers and revenue as a result of their actions. The defendants also intended to prevent or inhibit Norwood from entering into direct competition with the Distributor Defendants.

- 20. As a result of the defendants' conduct, Norwood has sustained and will continue to sustain damages, including impairment of its business, trade and goodwill, in an amount to be proven at trial.
- 21. The defendants' conduct constitutes a conspiracy in restraint of trade in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, and Norwood has been and will continue to be injured in its business or property by reason of the defendants' conduct. Norwood is thus entitled to recover treble damages under the federal antitrust laws, 15 U.S.C. § 15.
- 22. The defendants' conduct is continuing and threatens to cause future irreparable injury to Norwood. Unless the defendants are enjoined pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26, Norwood will be irreparably injured in that it will be unlawfully inhibited in the conduct of its interstate business, will lose distributor and end-user customers of its products, and will be unlawfully deterred from selling direct to end users should it so desire.
 - 23. Norwood has no adequate remedy at law.

COUNT II - VIOLATION OF INDIANA ANTITRUST ACT, IND. CODE § 24-1-2-1 et seq.

- 24. Norwood incorporates by reference the allegations in paragraphs 1 through 17, 19 and 20.
- 25. The defendants' conduct constitutes a scheme or combination in restraint of trade in violation of the Indiana Antitrust Act, Ind. Code § 24-1-2-1 et seq., and Norwood has been and will be injured in its business or property by reason of the defendants' conduct.

 Norwood is thus entitled to recover treble damages under the Indiana Antitrust Act, Ind. Code § 24-1-2-7.

COUNT III – TORTIOUS INTERFERENCE WITH BUSINESS RELATIONSHIPS AND PROSPECTIVE ECONOMIC ADVANTAGE

- 26. Norwood incorporates by reference the allegations in paragraphs 1 through 17, 19 and 20.
- 27. Norwood has existing relationships with its distributors, and the defendants are aware of those relationships.
- 28. The defendants intended, by their conduct, to interfere in those relationships by convincing distributors to boycott Norwood.
- 29. The defendants' conduct is without just cause, is in violation of federal and state antitrust laws, and has caused and will continue to cause damages to Norwood.
- 30. The defendants have acted with oppressiveness which was not the result of a mistake of fact or law, an honest error of judgment, or mere over-zealousness. Norwood is thus entitled to recover punitive damages in addition to compensatory damages.

WHEREFORE, plaintiff Norwood Operating Company d/b/a Norwood
Promotional Products respectfully requests that the Court:

(1) Enter a preliminary injunction pursuant to section 16 of the Clayton Act, 15 U.S.C. § 26, binding on the defendants and any persons combining with or acting in concert with them, declaring that the concerted action by NAPPD, defendant Clyde Straub, NAPPD members, and the Distributor Defendants, through which distributors agree not to distribute Norwood products to end-users unless Norwood pledges to distribute its products only through distributors, is per se illegal pursuant to Section 1 of the Sherman Act, 15 U.S.C. § 1, and pursuant to Indiana Code § 24-1-2-1, and enjoining them from engaging in, participating in, urging, advising, promoting, inducing, or in any way supporting a boycott of Norwood, or

otherwise taking any action to interfere with Norwood's relationships with promotional products distributors or end users;

- (2) After a trial of this action, make permanent the injunction described in subsection (1) above;
- (3) Enter judgment in Norwood's favor and against the defendants jointly and severally for treble the amount of damages Norwood has sustained as a result of the defendants' unlawful acts, together with costs and attorneys' fees, pursuant to Section 4 of the Clayton Act, 15 U.S.C. § 15, and pursuant to Indiana Code § 24-1-2-7;
- (4) Enter judgment in Norwood's favor and against the defendants jointly and severally for compensatory damages in an amount to be proven at trial, and for punitive damages, based on their tortious interference with Norwood's relationships and economic advantage; and
 - (5) Enter judgment in Norwood's favor for all other just and proper relief.

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