

BEFORE JUDICIAL ARBITRATION AND MEDIATION SERVICES (JAMS)

WIRELESS WORLD LLC d/b/a EXPERTS
CHOICE,

Claimant,

v.

T-MOBILE USA, INC. d/b/a T-MOBILE, and
SPRINT SOLUTIONS, INC. n/d/b/a T-MOBILE,

Respondents.

**NATURE OF DISPUTE / CLAIMS &
RELIEF SOUGHT BY CLAIMANT**

Claimant Wireless World LLC d/b/a Experts Choice (“Wireless World” or “Claimant”) files this statement of claims for its arbitration demand seeking relief against Respondent T-Mobile USA, Inc. d/b/a T-Mobile (“T-Mobile”) and Sprint Solutions, Inc., n/d/b/a T-Mobile (“Sprint”) (T-Mobile and Sprint are each a “Respondent” and collectively “Respondents”).

INTRODUCTION

1. Wireless World brings this action to recover for T-Mobile’s and Sprint’s predatory business practices that destroyed Wireless World’s business as an authorized dealer of mobile services and products.

2. Wireless World had been an authorized dealer of Sprint services and products. Just prior to May 27, 2020, Wireless World operated Sprint-branded wireless-services and accessories stores pursuant to an Authorized Representative Agreement with Sprint. Sprint’s and T-Mobile’s conduct effectively forced Wireless World to become a dealer of T-Mobile services and products – on non-negotiable and unfair terms imposed by T-Mobile – after Sprint’s merger with T-Mobile.

3. Wireless products and services are commonly sold by privately-owned, authorized dealers like Wireless World. These dealers are small to medium sized businesses, and often family-

owned businesses and businesses opened by friends, which provide jobs in the communities in which they are located – a high percentage of which are jobs for minorities and persons of color.¹

4. Unfortunately for Wireless World and other comparably-situated dealers, T-Mobile wanted Sprint's cellular network and customers, but not, as a general rule, Sprint's distribution, which T-Mobile representative Doug Chartier stated directly on a call with Wireless World on December 10, 2020 (after the merger and signing of contracts between Wireless World and T-Mobile). Rather, T-Mobile generally preferred to work with the existing T-Mobile dealers with which it had existing relationships, and wanted to reduce the compensation, size, and market share of the legacy Sprint dealers like Wireless World without paying full value for the store reductions and lost value T-Mobile caused, and indeed, mandated.

5. Accordingly, after the merger, T-Mobile forced Wireless World and other dealers out of their existing Sprint contracts, which had years remaining on their terms and which were more favorable than T-Mobile's contracts. Indeed, even though T-Mobile had acquired the Sprint contracts as a successor and was legally bound to follow them, T-Mobile told the legacy Sprint dealers, including Wireless World, that it did not have to and would not honor those contracts, and it would not permit them to sell any wireless products and services (thereby condemning their businesses) unless those dealers signed unfavorable contracts with T-Mobile replacing the still valid Sprint contracts that T-Mobile assumed through the merger. If Wireless World or other legacy Sprint dealers refused, T-Mobile told them they would still be bound by the restrictions and burdens under their Sprint contracts (although they would not be allowed to sell any products or

¹ T-Mobile touts its pro-diversity positions, but contrary to these representations (and the promises it made to be permitted to merge with Sprint), its post-merger decimation of legacy Sprint dealers has resulted in a disproportionately large loss of jobs held by minorities and persons of color.

services), including the non-compete provisions that forbid the dealers from leaving T-Mobile and going to another carrier.

6. T-Mobile was in possession of Wireless World's (and other legacy Sprint dealers') financial information, strategic background information, and plans for the future, and was fully knowledgeable that T-Mobile's undisclosed plans to suppress Wireless World's success (and other legacy Sprint dealers) and to close a completely unreasonable number of Wireless World's stores were entirely unworkable and would cause Wireless World to be unsuccessful. T-Mobile thus fraudulently entered into agreement with Wireless World never intending to honor the letter and the spirit of those Agreements in good faith and intending instead to drive Wireless World (like other legacy Sprint dealers) out of business as a provider.

7. Wireless World and other legacy Sprint dealers faced financial devastation if they did not agree to T-Mobile's take-it-or-leave-it terms. Because the Sprint contracts included harsh non-competition clauses, Wireless World lacked the ability to go to another carrier and continue operations. Because, like all dealers, Wireless World faced significant, recurring monthly expenses for lease payments, payroll, taxes, and debt service, dealers could not afford to forego the income from selling wireless services and products. In Wireless World's case, these recurring payments amounted to approximately \$2.3 million per month.

8. T-Mobile rushed (to the point of requiring that a nearly 700-page set of important documents² be signed within one hour on May 27, 2020) Wireless World and others into unlawfully hurried contracts of adhesion that included unfair, unreasonable, and unconscionable

² Not only were the documents themselves lengthy, but they also included links to other documents and terms and conditions which were not set out in the documents themselves. No reasonable person – or even a reasonable lawyer representing a dealer—could have been fully familiar with all of the documents T-Mobile was pressuring Wireless World to sign in a rushed fashion, particularly given the unfair timing restraints T-Mobile was imposing. Of course, it would have made little difference since dealers like Wireless World had no choice but to sign and T-Mobile indicated that it would accept no edits from dealers whatsoever.

terms, which were, in any event, the product of coercion, fraud, financial distress and inequality created by T-Mobile. Those contracts included:

- a. A Wind Down Addendum to the Authorized Representative Agreement between Sprint and Wireless World (“Wind Down Addendum”);³
- b. Numerous, separate, lengthy Retailer Services Agreements⁴ with T-Mobile, which in turn had numerous, lengthy exhibits – Agreements that were far less favorable than the Sprint Agreement they purported to replace; and
- c. Personal guarantees (which Sprint had not required) for Kristian Allos, Daniel Isho, and Vincent Yaldo, three of Wireless World’s founders.

These documents are attached hereto as Exhibit A and collectively referred to as the “Agreement Package.”⁵

9. T-Mobile then abused the putative commercial terms it imposed to suppress Wireless World, impede its success, and to force the closures of a disproportionately high number of Wireless World locations. These were the mechanisms T-Mobile employed (via the guise of exercising its purported rights under the fraudulently-obtained T-Mobile agreements) to carry out its ultimate scheme of financially crippling Wireless World — and numerous other previously-thriving legacy Sprint dealers — to such an extent that Wireless World was forced to sell its

³ The Wind Down Addendum was ridiculously one-sided. It provided limited “door closing benefits” for stores (referred to in the business as “doors”) that Wireless World did not want to close and disproportionately took away benefits for those stores that Wireless World had always enjoyed under the Sprint Agreements. For example, the Wind Down Addendum robbed Wireless World of continuing service awards (“CSAs” or “residuals”) for the doors, which were monthly amounts received by dealers for each wireless service agreement contract they sold to a customer. Under Sprint, Wireless World received residuals for a customer sale at a location even after that location closed. Under T-Mobile, Wireless World did not.

⁴ The parties executed eight Retailer Services Agreements, one for each market or “Area” where Wireless World operated retail locations. All eight agreements are virtually identical and for the purposes of this demand, will be referred to collectively as the “Agreement.”

⁵ For purposes of reference to specific portions of the Agreement Package, page numbers have been applied to the combined document referred to as Exhibit A.

remaining business to one of T-Mobile's preferred legacy dealers. Specifically, T-Mobile unlawfully weaponized the commercial relationship and used agreement terms to unfairly disadvantage Wireless World when it, without limitation:

- a. Closed Wireless World's best stores;
- b. Systematically closed Wireless World's stores at ridiculously high, unfair, and unforeseeable (to Wireless World) percentages that it effectively drove Wireless World into financial hardship and out of business;
- c. Cut stores in large geographies in a manner that made it nearly impossible for Wireless World's district managers to reasonably operate in those geographies;
- d. Took away Wireless World's CSAs or residuals, which were a significant aspect of Wireless World's compensation as a Sprint dealer;
- e. Provided deficient signage for the stores after the merger, initially providing only a banner, which was far less effective than real signage at encouraging customer traffic;
- f. Took control of internet marketing for Wireless World, but then impaired Wireless World's search engine optimization at the outset such that customer internet searches for T-Mobile services produced hits for legacy T-Mobile stores, but not Wireless World and only persons looking for Sprint Services (which had been merged out of existence) were directed to Wireless World;
- g. Cut real-time sales reporting, one of the single most important sales drivers in the retail mobile services and accessories business, which impaired Wireless World's ability to gauge its success in real time and its ability to prevent returns that undermined final sales;

- h. Limited the number of point-of-sale stations in Wireless World's stores, which reduced sales opportunities;
- i. Changed the credit class for Wireless World's upgrading, legacy Sprint customers, which prevented Wireless World from upgrading its own customers to new services or products;
- j. Created an atmosphere that depressed the sales value of dealer-dealer sales of stores, which:
 - (1) artificially reduced the prices that Wireless World could receive for selling its locations to other dealers when T-Mobile's misconduct was driving Wireless World out of the marketplace,
 - (2) improperly reduced the number of viable, successful dealers who could bid to purchase Wireless World's assets, and
 - (3) encouraged T-Mobile-preferred dealers to offer artificially low prices for stores being offered for sale by Wireless World and other dealers;⁶
- k. Engaged in other actions and inactions that demoralized Wireless World's ownership, management, and staff; and
- l. Otherwise engaged in oppressive, fraudulent, and unconscionable conduct.

10. Indeed, Wireless World was a top-performing Sprint dealer before the T-Mobile merger and for months after the merger, remained a top-performing "legacy Sprint" dealer until T-Mobile began implementing its scheme to drive out of business Wireless World and the other

⁶ T-Mobile's Dealer Financial Services had complete knowledge of the sales and purchases being contemplated among dealers and total control over which deals would be approved. The overreaching control exercised by Dealer Financial Services led to circumstances in which Wireless World encountered difficulty receiving reasonable bids for the sale of its stores earlier in 2021, and created an environment in which one bidder felt comfortable breaching an NDA to invite other dealers to collaborate with that dealer to offer Wireless World a low-ball value rather than competing bids. Such unfair and anti-competitive circumstances would not have been possible had T-Mobile not destroyed the open marketplace for dealer-dealer sales through its actions and inactions complained of herein. Thus, not only was T-Mobile's conduct unlawful, unfair, and improper, but it facilitated and promoted an environment of misconduct by others.

unwanted Sprint dealers it acquired through the merger. This scheme included T-Mobile's announcement soon after the merger that it would close over 60% of Wireless World's store locations — reducing the size of Wireless World's business from more than 100 stores to 40 projected to remain in business as of October 31, 2021.

11. T-Mobile made affirmative misrepresentations and concealed material facts regarding its devastating intentions from dealers such as Wireless World, and these frauds induced the alleged contractual relationships that T-Mobile then abused. For instance, T-Mobile knew Wireless World and other legacy Sprint dealers would resist signing the T-Mobile agreements after the merger if they knew T-Mobile would quickly close the majority of their stores, and so T-Mobile told those dealers under no uncertain terms that it would *not* do so, despite knowing at the time that it would.

12. Further, Wireless World was in a mislabeled and fraudulently disclaimed (by Sprint) franchise relationship with Sprint. T-Mobile unlawfully terminated that franchise relationship and required Wireless World to enter into another mislabeled and fraudulently disclaimed (by T-Mobile) franchise relationship with T-Mobile. T-Mobile has acted unlawfully under franchise law.

13. Ultimately, but precisely according to T-Mobile's plan, T-Mobile's unlawful conduct forced Wireless World to exit the business of being a T-Mobile dealer after the short and commercially abusive relationship by making a significantly de-valued sale of its remaining assets in the summer of 2021.

14. But T-Mobile took one last shot at Wireless World in retaliation for Wireless World standing up to T-Mobile and serving a notice of dispute concerning T-Mobile's unlawful conduct. Specifically, after T-Mobile had already provided the contractually-required approval of Wireless

World's asset sale to another T-Mobile dealer, T-Mobile provided an informal (and contractually inappropriate) indication that it would likely close another four of Wireless World's few remaining stores, and some as early as December 2022. This was a deliberate action to interfere with and drive down the price that T-Mobile's preferred dealer would have to pay to acquire Wireless World's assets. When Wireless World, through counsel, challenged this misconduct, T-Mobile further retaliated by advancing the potential closure dates forward by two months – to October 2022. Making matters worse, T-Mobile also threatened to withhold its final approval of Wireless World's asset sale unless Wireless World signed a release of all claims known and unknown against T-Mobile. Ultimately, T-Mobile insisted on a release and agreed only to a limited carve-out for claims related to two notices of dispute Wireless World sent to T-Mobile. (To be clear, the claims brought herein are not subject to release.)

15. Before bringing this case, Wireless World served notices of dispute on T-Mobile and tried to resolve these issues without resorting to arbitration.⁷ T-Mobile offered only conclusory rejections of Wireless World's valid concerns and refused to negotiate a reasonable resolution in good faith. The related correspondence is attached hereto as Exhibit B. Accordingly, Wireless World has no choice but to bring this arbitration to salvage the value of the business it lost at the hands of T-Mobile's predatory and anti-competitive conduct.⁸

16. Wireless World also seeks emergency, preliminary, and permanent injunctive or provisional relief to prevent T-Mobile from closing any additional stores that were part of Wireless World's asset sale, which is necessary to prevent Wireless World from losing yet more value due

⁷ Wireless World refers to and incorporates by reference the content of the notices, (which are attached hereto as Exhibit B) and with this filing reserves the right to proceed on any claim set out therein.

⁸ T-Mobile will attempt to normalize and justify its misconduct by describing it as sound business judgment. T-Mobile's conduct was neither sound nor legitimate. The business judgments T-Mobile made were to cheat, deceive, mistreat, suppress, and effectively shut down Wireless World and other legacy Sprint dealers.

to T-Mobile's total and flagrant disregard for Wireless World's rights, commercial fairness and reasonableness, and the law. Wireless World requests the appointment of an emergency arbitrator to consider its request for injunctive or provisional relief on an expedited basis.

PARTIES

17. Claimant Wireless World is a limited liability company organized and existing under the laws of Nevada and with a principal place of business in California.

18. Respondent T-Mobile is a corporation organized and existing under the laws of Delaware, with a headquarters in Bellevue, Washington.

19. Respondent Sprint is a is a Missouri corporation with its principal place of business at 6200 Sprint Parkway, Overland Park, Kansas 66251.

JURISDICTION AND CHOICE OF LAW

20. JAMS has jurisdiction over this dispute in accordance with the arbitration provision of the parties' Retailer Services Agreements. Section 16 of the Agreement provides that "[a]ny claims or controversies, regardless of the theory under which they arise . . . arising out of or relating to this Agreement . . . will be resolved by submission to binding arbitration. The arbitration will be administered and hearings will be held in Seattle, Washington before a single neutral arbitrator from the offices of Judicial Arbitration & Mediation Services. The arbitration will be administered pursuant to the JAMS Comprehensive Rules and Procedures then in effect." (Ex. A, pp. 34, 116, 198, 280, 362, 444, 526, 608).

21. Section 18.6 of the Agreement also provides that "[t]his Agreement and the rights and obligations of the parties under this Agreement will be construed in accordance with and will be governed by the laws of the State of Washington, without regard to the conflict of laws or choice of law provisions." (Ex. A, p. 39).

22. Accordingly, this arbitration is to be resolved by JAMS, in Seattle, Washington, applying Washington law.⁹

FACTUAL BACKGROUND

A. Founding of Wireless World.

23. Claimant Wireless World LLC d/b/a Experts Choice was formed as the result of a 2015 merger between Wireless World and Wireless Choice.

24. Prior to their merger in 2015, Wireless Choice was owned and operated by Kristian Allos and Natasha Allos, and Wireless World was owned and operated by Daniel Isho and Vincent Yaldo.

25. Kristian Allos and Natasha Allos grew Wireless Choice from the trunk of a car to a single kiosk in a San Diego State University bookstore. Eventually, they used their life savings to open their first standalone Sprint store as an authorized dealer in 2007. By 2015, they had grown Wireless Choice to 27 Sprint stores. Wireless Choice and Wireless World were thus a minority- and woman-owned business.

26. Daniel Isho and Vincent Yaldo have been best friends since they were seven years old. They started their own pre-paid wireless business together in 2001 and eventually offered wireless products and services for multiple different carriers before becoming an exclusive dealer for Sprint. Their business, Wireless World, was one of the first companies to be an exclusive provider of Sprint products and services.

27. Sprint recognized the success and promise of Wireless Choice and Wireless World – which individually and combined had received Platinum Awards for being Top dealers -- and

⁹ If the T-Mobile Agreements are set aside as fraudulent (as they should be), the Washington law provision would not apply. Wireless World fully reserves (and hereby states in the alternative) to the right to proceed on any of its claims under the companion laws of any state, including California, where Wireless World had substantial operations and a headquarters.

encouraged their merger in 2015. The new Wireless World had a combined 47 stores at the time of the merger. Both Wireless Choice and Wireless World were top-five Sprint dealers before their merger.

28. Further, based on the success of the merged company, Sprint encouraged Wireless World to seek investors so that it could continue to grow. Accordingly, Wireless World added as an investor and a board member, JC Koinon Industries, a California-based private equity firm that builds lasting business partnerships with entrepreneurs to facilitate growth and strong financial results.

B. Wireless World Exceeded and Expanded its Footprint at Sprint's Behest.

29. Wireless World continued to excel as one of Sprint's top-performing dealers. For approximately a decade preceding the Sprint-T-Mobile merger, Sprint recognized Wireless World as a top national dealer. Wireless World also received a Platinum Partner Award from Sprint. Because it was a model of the exemplary dealer, Wireless World also served on the dealer advisory board for Sprint and advised Sprint on dealer relations.

30. In light of Wireless World's track record of success, Sprint encouraged Wireless World to expand in markets that Sprint considered strategic or beneficial to Sprint.

31. In 2017, at Sprint's request, Wireless World opened a store in Las Vegas, Nevada.

32. Sprint encouraged Wireless World to expand prior to Wireless World's Las Vegas expansion. Wireless World informed Sprint that it lacked funds to expand as Sprint was requesting, and Sprint responded that Wireless World should obtain investors, and that Sprint would encourage them to invest. Wireless World (and JC Koinon, which ultimately invested) sought assurances from Sprint about the long-term prospects and plans for the Las Vegas location. Sprint assured Wireless World that it considered the Las Vegas expansion a long-term initiative. Based on that representation, Wireless World secured funding and entered into a five-year dealer

agreement with Sprint that did not contain a termination for convenience clause. The parties executed the agreement in June 2017, which by its terms would not expire until June 2022.

33. That same year — again at Sprint’s behest — Wireless World also expanded its footprint in Rhode Island, Massachusetts, and California.

34. Wireless World thus grew from 47 Sprint stores to 80 stores by the end of 2017.

35. At the time of the Las Vegas expansion, Sprint knew that it would soon be acquired by T-Mobile, but told Wireless World otherwise, assuring Wireless World (and other legacy Sprint dealers) that Sprint would remain “a stand-alone company.” Indeed, Sprint’s CEO Marcelo Claure specifically made this statement. Sprint concealed the truth about the merger from Wireless World (and other dealers) and repeatedly encouraged Wireless World to open and acquire new stores, and specifically encouraged Wireless World (and other dealers) to open stores that were in close proximity to T-Mobile stores. Upon information and belief, these misrepresentations and concealments were made to profit Sprint and its executives in the coming merger, from which they profited greatly based on the growth induced by the misrepresentations and concealments.

C. Sprint and T-Mobile Announced Their Merger and Promised Limited Post-Merger Closures.

36. Prior to the merger, there were rumors that Sprint and T-Mobile might merge. When Wireless World inquired whether there would be a merger, Sprint indicated that there would not be, and Wireless World should continue to seek growth, including in close proximity to T-Mobile locations. Upon information and belief, Sprint knew its statements to be false and it made these statements to Wireless World (and other dealers) to protect Sprint’s position in the merger.

37. On April 29, 2018, Sprint and T-Mobile announced that they had reached a definitive merger agreement. Wireless World immediately asked Sprint about the implications of

the merger on Wireless World and sought merger protection in light of its recent and rapid expansion at Sprint's request.

38. Sprint provided Wireless World with merger protection in the form of 28 tokens. Each token represented an agreement from Sprint that Wireless World would be compensated \$75,000.00 for each post-merger store closure, along with payment of 80% of the balance of each store's lease agreement.

39. In acquiring 28 tokens, Wireless World was not anticipating the closure of 28 of its existing stores. Rather, based on Sprint's representations, Wireless World reasonably anticipated that it would be permitted to continue growing and acquiring additional stores to reach its goal of more than 190 stores, and that the 28 tokens could be used as necessary to address the closure of a far smaller number of future stores, consistent with the percentage of post-merger closures Sprint and T-Mobile were forecasting. Indeed, Scott Keen, Sprint's then-Director of Dealer Channels (and who later became a Director at T-Mobile), explicitly represented to Wireless World that the new T-Mobile would only close 10% to 15% of Wireless World's stores (or approximately 7 to 12 stores).

40. Because of Sprint's representations, Wireless World reasonably expected that it would only be subjected to a reduction of 10% to 15% of its stores.

41. Relying on Sprint's representation of only 10-15% post-merger closures, Wireless World acquired more stores from another Sprint dealer in March 2020 and grew to 100 stores.¹⁰ Because its merger with Sprint was imminent, T-Mobile also reviewed and approved these acquisitions.

¹⁰ Wireless World had two additional stores in Hawaii, acquired in early 2020, with the understanding that Sprint would regain possession of them.

42. Upon information and belief, Sprint made these misrepresentations for the purpose (among others) to prevent Wireless World and other dealers from opposing the merger or requesting that appropriate regulators deny or contest the merger.

D. T-Mobile Coerced and Induced Wireless World to Enter into a New Agreement.

43. Sprint and T-Mobile finalized the merger on April 1, 2020.

44. To obtain the necessary approvals from the Department of Justice and regulatory agencies, T-Mobile made broad, sweeping promises to the government and to the public that the merger would increase competition for consumers, result in the opening of new stores, and create more jobs and that it would not produce anti-competitive behavior.

45. On April 24, 2020, representatives from T-Mobile met with Wireless World to present T-Mobile's post-merger dealer strategy as it pertained to Wireless World.

46. In the presentation, T-Mobile announced the closure of approximately 30 Wireless World stores. T-Mobile also informed Wireless World that it would not renew the sublease for 3 stores that were currently subleasing store space from Sprint. T-Mobile represented the store closures were based on extreme proximity to other T-Mobile stores and that T-Mobile was instituting a similar number of closures for legacy Sprint and T-Mobile dealers alike.

47. The closures represented a 33% reduction of Wireless World's locations, reducing its store count from 100 to 67. This was more than double the top end of the 10-15% range that Sprint previously represented would occur. Wireless World reasonably believed that these closures were the only closures T-Mobile would institute, not only because it was approximately the amount of merger protection tokens it had been issued, but also because T-Mobile's dealer strategy presentation to Wireless World made no mention of further closures and was intentionally designed to give the impression there would be none.

48. Indeed, Wireless World told T-Mobile that it was shocked and dismayed by the number of closures (again, 33 of 100 stores) and specifically explained that this number would have a “material adverse” effect on Wireless World unless Wireless World also had opportunities to grow. T-Mobile representatives Scott Keen and Cody Welker assured Wireless World’s principals that Wireless World would be “a growth partner” of T-Mobile’s, that Wireless World “would be well taken care of” and that there “would not be” another round of closures. Scott Keen and Cody Welker added that Wireless World would be “one of the few chosen growth partners of T-Mobile,” which they said was evidenced by T-Mobile offering the T-Mobile agreements as a 5-year contract, which, they stated, was not being offered to other dealers.

49. Following the dealer strategy presentation, T-Mobile sent Wireless World the Agreement Package on May 7, 2020, which required Wireless World to wind down its existing agreements with Sprint, enter into eight Retailer Services Agreements, enter two bill of sales, and submit three individual guaranties executed by Mr. Allos, Mr. Isho, and Mr. Yaldo. (Ex. A). The Agreement Package consisted of nearly 700 pages of legal documents. T-Mobile pressured Wireless World to sign these documents quickly and repeatedly emphasized that terms were non-negotiable and that to be a T-Mobile agent, Wireless World must sign these agreements.”¹¹ Then, without explanation, T-Mobile indicated that new documents would be issued for signature.

50. Contemporaneously with its transmission of the Agreement Package, T-Mobile falsely represented to Wireless World that it did not have to honor and would not honor Sprint’s

¹¹ Wireless World had no legitimate option of suing T-Mobile to avoid signing these Agreements, because, if it did not sign them, Wireless World would lack the cash flow from selling wireless services and products that it would have needed to fund litigation against T-Mobile and Sprint, which were, conversely, well capitalized to resist a challenge (and draw it out and punish Wireless World). Indeed, T-Mobile has an unlawful pattern and practice of retaliating against dealers that stand up to it.

obligations under Wireless World's existing dealer agreements, which obligations T-Mobile had assumed via the merger and by their terms were effective for approximately 2 more years. T-Mobile also disclaimed any obligation to honor the merger protection agreement and tokens for store closure reimbursements that were specifically intended to protect dealers like Wireless World from rapid post-merger store closures.

51. T-Mobile further advised Wireless World that, because Sprint no longer existed, T-Mobile was not obligated to provide any benefits under the existing contracts and would not allow Wireless World to sell any T-Mobile phones or services unless it signed the Agreement Package. T-Mobile took the entirely opposite position with respect to Wireless World's burdens under the existing Sprint contracts, stating it would continue to enforce those burdens against Wireless World until it signed the T-Mobile Agreement Package.

52. On May 17, 2020, T-Mobile sent Wireless World a revised (but still nearly 700-page) Agreement Package with an execution deadline of May 27, 2020 — ten days. Wireless World did not understand why it was being sent a new package and asked for explanation, but T-Mobile disregarded this request and refused to provide an explanation.

53. Due to the size of the Agreement Package and the expedited deadline, Wireless World asked T-Mobile to disclose the revisions it made to the original Agreement Package. T-Mobile again refused and further stated that it would not negotiate on any terms.

54. T-Mobile also stated that if Wireless World did not execute the Agreement Package by May 27, 2020, it would withhold store remodeling funds. T-Mobile required all legacy Sprint dealers, including Wireless World, to remodel their stores under the new T-Mobile brand at a cost to the dealer of an undisclosed amount at the time, but which later information revealed would cost approximately \$130,000 per store. At the time, T-Mobile misrepresented that it would allocate

cooperating legacy Sprint dealers \$15,000 to “refresh” their stores, which concealed the true cost of remodeling.

55. Wireless World therefore had a rushed timeline to review and execute nearly 700 pages of non-negotiable agreements to be eligible to receive the remodel funds and continue operating its business.

56. As a practical matter, T-Mobile knew that Wireless World had no choice but to sign the new T-Mobile agreements. T-Mobile would hold Wireless World and other dealers to the restrictions in the Sprint contracts (e.g., non-competition clauses), but would not allow Wireless World to sell T-Mobile branded products and services unless Wireless World signed the new Agreement Package. This combination of circumstances would entirely deprive Wireless World of the ability to meet its expenses of approximately \$2.3 million per month in lease payments, payroll, taxes, and debt service.

57. Prior to executing the Agreement Package, Wireless World spoke with Mr. Keen, who had been promoted to a director at the new T-Mobile. Specifically, in the second half of May 2020, Wireless World directly asked Mr. Keen whether T-Mobile would institute any additional rounds of store closures.

58. Mr. Keen assured Wireless World that T-Mobile would not engage in another round of closures.

59. Mr. Allos of Wireless World repeatedly informed Mr. Keen of T-Mobile that another round of closures, if it occurred, would certainly have a “material adverse effect” on Wireless World, particularly without growth (i.e., the ability to acquire more stores).

60. According to T-Mobile’s representatives, the closures were part of a “shrink to grow” strategy, pursuant to which T-Mobile would close – on a fair and reasonable basis – stores

that were in close proximity to one another and then allow dealers, like Wireless World, to grow by adding new locations in new areas. Indeed, multiple different T-Mobile representatives repeatedly assured Wireless World that T-Mobile was going to facilitate expansion and growth by Wireless World.

61. T-Mobile knew, but concealed from Wireless World, that unless a dealer was a favored T-Mobile dealer, one would only be allowed to shrink, but never to grow. As Wireless World was not a favored legacy T-Mobile dealer, Wireless World experienced a mandated “shrink, but not grow” strategy forced by T-Mobile.¹²

62. Upon information and belief, at that time T-Mobile knew that it would make multiple additional closures of Wireless World stores and there would be additional rounds of closures, and T-Mobile fraudulently concealed this fact from Wireless World, including by instructing personnel, like Messrs. Keen and Welker, not to disclose this fact to Wireless World and other dealers.¹³

63. Sprint’s and T-Mobile’s fraudulent misrepresentations and concealments were intended to, and did, induce Wireless World to sign the T-Mobile contracts.

64. Wireless World specifically informed T-Mobile that it needed several weeks to review such extensive documents. Cody Welker indicated that Wireless World must accept the current terms of T-Mobile’s Agreement Package without edits if it planned to be a T-Mobile dealer. T-Mobile referenced its contracts being entirely non-negotiable time and time again.

¹² Indeed, in a pattern of behavior that was quite inconsistent with “shrink to grow,” T-Mobile and Sprint approved Wireless World’s acquisition of Elite Wireless stores, required Wireless World to pay the related debt incurred from the transaction, and then shut the majority of the acquired stores down completely. Stated differently, T-Mobile subjected Wireless World to a “shrink and shrink” strategy.

¹³ Upon information and belief, T-Mobile disregarded the advice of the real estate advisors upon which it normally relied in deciding which stores to slash.

65. Faced with the direct threat of having 67 stores with nothing to sell at them, having no ability to negotiate terms, and in reliance on T-Mobile's representation that it would not engage in another round of closures, Wireless World executed the Agreement Package on May 27, 2020, which included the Agreement and the Wind Down Addendum. (*See* Ex. A).

E. A Non-Exhaustive Listing of the Agreement's Oppressive Terms.

66. Section 10.2 of the Agreement provides that the Agreement is effective for 5 years. (Ex. A, pp. 24, 106, 188, 270, 352, 434, 516, 598, ¶10.2). T-Mobile represented that it was providing Wireless World with a 5-year agreement instead of the 6-month agreement it was offering other legacy Sprint dealers because Wireless World was a top performing dealer.

67. Pursuant to Section 10.4.1 of the Agreement, the parties can only terminate the Agreement for cause, and not convenience. Specifically, the Agreement can only be terminated due to a "material and uncured default," and to terminate, the non-defaulting party must provide written notice describing the default and allow "at least 30 days to cure." (Ex. A, pp. 25, 107, 189, 271, 353, 435, 516, 599, ¶ 10.4.1).

68. While the Agreement can only be terminated for cause, pursuant to Section 5.2.3.1, the parties can close down or eliminate any Wireless World store "for any reason or no reason" with at least 120-days written notice. (Ex. A, pp. 15, 97, 179, 261, 343, 425, 507, 589, ¶ 5.2.3.1). However, Wireless World could only exercise this right if it found another dealer approved by T-Mobile to acquire the store before its closing, or if T-Mobile in its discretion chose to acquire the store itself. (Ex. A, pp. 16, 98, 180, 262, 344, 426, 508, 590, ¶ 5.2.3.1.2). In all cases, Wireless World's ability to voluntarily close a store was ultimately subject to T-Mobile's approval.

69. Under Section 5.2.3, T-Mobile had "sole discretion" to approve or reject new store locations as well as the renewal of any existing store locations. (Ex. A, pp. 14, 96, 178, 260, 342, 424, 506, 588, ¶ 5.2.3).

70. The Agreement also contains a broad covenant not to compete, which applies during the term of the Agreement and for 1-year afterwards and prohibits Wireless World, its principals and owners, and any successor entity, from competing with T-Mobile or its dealers in virtually any capacity. (Ex. A, pp. 28, 110, 192, 274, 356, 438, 520, 602 ¶ 13.1).

71. Thus, while placing a “for cause” limitation on Wireless World’s ability to terminate the non-negotiable 5-year Agreement, T-Mobile purported to give itself the discretion to eliminate as many Wireless World stores as it wants for any or no reason, to prevent Wireless World from voluntarily closing a store even if the store is operating at a loss, and to unilaterally reject Wireless World’s requests to open new profitable locations or even continue operating existing profitable locations.

72. Moreover, if T-Mobile exercises this discretion as part of a deliberate scheme to eliminate an unwanted dealer acquired via the Sprint merger by, for example, eroding the dealer’s footprint to such an extent that its once-thriving business reaches the brink of financial ruin (which as explained below is exactly what T-Mobile did to Wireless World), the non-compete forecloses any opportunity for the dealer to save itself by taking its services to a competing carrier that would support its growth.

73. Further, the Agreement (and the Sprint Wind Down Addendum) include provisions that were false and oppressive, including: provisions that reduced Wireless World’s compensation, releases that were induced by financial coercion and distress,¹⁴ and misrepresentations that Messrs. Allos, Isho, and Yaldo wanted to provide personal financial guarantees for the benefit of T-Mobile.

¹⁴ T-Mobile had a pattern and practice of applying financial and other pressure to sign releases. Upon information and belief, T-Mobile even sent them to low-level managers and were constantly applying pressure to dealers to sign such items as part of an obvious attempt to tie up loose ends and to try to avoid – under duress and without adequate consideration – consequences for fraudulent, unfair, and anti-competitive conduct.

F. T-Mobile Engaged in a Pattern and Practice of Anti-Competitive Behavior to Destroy Wireless World and Instituted Additional Closures Despite Representations to the Contrary.

74. After executing the Agreement Package, Wireless World initially continued to thrive. In September 2020, it was recognized as a Big 5 Overall Leader; in October 2020, Wireless World was ranked as a top 10 T-Mobile dealer and the number 1 legacy Sprint dealer; Wireless World was once again recognized as the number 1 legacy Sprint dealer in November 2020.

75. Shortly after the Sprint-T-Mobile merger, however, T-Mobile began engaging in a litany of anti-competitive, unfair and deceptive behavior aimed at driving Wireless World and other legacy Sprint retailers out of the marketplace.

76. T-Mobile manipulated search engine results to divert internet traffic and potential business away from Wireless World and instead to preferred legacy T-Mobile retailers and corporate stores. Specifically, T-Mobile was suppressing search engine results for Wireless World locations so that they would not appear at the top of or at all in a search engine query even though the internet user was located in close or closest proximity to a Wireless World store location.

77. T-Mobile also refused to approve acquisition requests by Wireless World under the guise of a purported company-wide acquisition freeze while, upon information and belief, simultaneously approving substantially similar acquisitions for T-Mobile-favored retailers and further opening new T-Mobile-owned corporate stores in close proximity to Wireless World locations.

78. Specifically, in August 2020, Wireless World requested approval to add new store locations by submitting a letter of intent (“LOI”) to T-Mobile as required under the Agreement. T-Mobile did not respond to the LOI and was evasive when Wireless World requested status updates on the LOI.

79. Moreover, when the supposed acquisition freeze was over, T-Mobile continued to ignore or push off Wireless World's requests for location and acquisition approval, despite continuing to approve acquisitions for favored dealers and opening new T-Mobile-owned corporate stores. In short, T-Mobile not only reduced Wireless World's size, but also prevented it from recovering while supporting the growth of legacy T-Mobile dealers.

80. T-Mobile also engaged in a series of actions to hinder the performance of Wireless World's existing stores and later, upon information and belief, used those same performance metrics it suppressed as rationale to eliminate those stores.

81. Finally, after the Agreement Package was executed, T-Mobile began reducing or eliminating revenue streams that previously existed under the Sprint contracts and that T-Mobile never represented would be impacted or changed under the Agreement. Specifically, T-Mobile reduced or eliminated residual payments, rural spiffs, and other forms of payment to Wireless World. T-Mobile also inequitably determined chargebacks and took an inordinate amount of time to resolve chargeback issues, which hamstrung Wireless World's ability to accurately document/forecast cash flow.

82. Upon information and belief, T-Mobile planned to institute these changes prior to the execution of the Agreement Package but concealed this fact from Wireless World to induce it to execute the Agreement Package.

83. Against this backdrop, on November 17, 2020, approximately 5 months after T-Mobile assured Wireless World that it would not be subject to additional closures, T-Mobile announced that it was instituting a second round of store closures consisting of at least 28 store closures over the next 12 months. T-Mobile also hinted that an additional 21 stores may be in jeopardy of closure during yet a third round of closures.

84. T-Mobile's announcement was contrary to its explicit representations via its Director Scott Keen in May 2020 (in verbal communication with Mr. Allos and in a PowerPoint presentation T-Mobile provided to Wireless World) that there would be no further Wireless World store closures after the 33 closures.

85. T-Mobile stated that the additional closures were related to business judgment. However, the basis for any judgments T-Mobile made were its own improper and anti-competitive behavior, which prevented Wireless World from performing to its potential, deflated its performance metrics, impeded its ability to operate existing stores optimally, and precluded any realistic opportunity for expansion or growth.

86. According to T-Mobile's announcement, Wireless World's store count would be reduced from 100 stores at the time it executed the Agreement Package in May 2020 to a meager 18 stores, or an 83% elimination, within the first 2 years of signing the new Agreement. Upon information and belief, T-Mobile disproportionately imposed the majority of closures upon legacy Sprint dealers as part of its plan to eliminate, and have its preferred legacy T-Mobile dealers subsume, the unwanted Sprint dealers it acquired via the merger.

87. In short, T-Mobile relied on the Agreement (which it coerced and fraudulently induced Wireless World to sign) to eliminate almost all of Wireless World's stores while simultaneously prohibiting Wireless World from opening new locations (because T-Mobile withheld its approval) or opening stores for a competing carrier (because the fraudulently induced Agreement prohibited competition in any form). Consistent with its intent and design, T-Mobile's anti-competitive, unfair, and deceptive conduct also ensured that Wireless World's remaining stores would not operate at the levels they did prior to the Sprint-T-Mobile merger.

88. Prior to Wireless World executing the Wind Down Addendum and Agreements with T-Mobile, T-Mobile and Sprint stated that a dealer's performance would be "the number 1 factor" for T-Mobile's future plans. But with its unreasonable and one-sided Agreement in place, T-Mobile representative Doug Chartier admitted the truth in a December 10, 2020 call with Wireless World, stating: "T-Mobile only acquired Sprint for its network assets, not real estate or dealer distribution." This was a new, completely different, and contradictory message than any that T-Mobile or Sprint had previously communicated.

89. Faced with the devastating impacts of T-Mobile's fraud, deception, unfairness, and hostility, Wireless World attempted to reason with T-Mobile. Wireless World sent 3 letters to T-Mobile identifying the problems and requesting resolution. T-Mobile willfully failed and refused to acknowledge its misconduct – much less undertake any reasonable steps to correct it. (*See* Exhibit B).

90. In the wake of T-Mobile's destructive, business-impairing conduct, several of Wireless World's potential lenders declined to move forward on letters of intent for financing on favorable terms for Wireless World, which ultimately increased the expense to operate Wireless World.

91. Throughout its relationship with Wireless World (and other legacy Sprint dealers), T-Mobile engaged in a pattern and practice of ant-competitive, unscrupulous, and unethical conduct, which it then sought to cure with unfairly induced releases which were the product of misrepresentations, treachery, lack of consideration, and financial duress created by T-Mobile. For example, in February and March of 2021, while Wireless World was reeling from the already-unwarranted and unreasonably high number of store closures, T-Mobile attempted to induce Wireless World to sign a release in exchange for approximately \$295,000 in connection with

closing stores earlier than their lease termination dates. Wireless World asked that it receive the money (to which it was entitled), but be permitted to reserve its rights. T-Mobile's representatives indicated that the company's contracts were take-it-or-leave-it and entirely non-negotiable. Upon information and belief, T-Mobile consistently obtained similar releases from other legacy Sprint dealers under duress and unfair and deceptive acts and practices.

G. Wireless World is Pressured to Exit a Business in Which it Had Flourished, and Even Then, T-Mobile Takes One Last Unfair and Unscrupulous Shot at Wireless World.

92. Before they were forced to do business with T-Mobile, the owners intended to grow and either maintain Wireless World as a closely-held, essentially family business or to grow the business and sell it for a profit. T-Mobile ruined either path for Wireless World's future.

93. Once it became clear that T-Mobile's actions would make it difficult and virtually impossible for Wireless World to survive, let alone succeed or grow, Wireless World had little choice but to exit the marketplace and sell its remaining business.

94. The only buyers who expressed interest in purchasing Wireless World's stores were, not surprisingly, preferred T-Mobile retailers. T-Mobile exercised total control over who it could approve to acquire Wireless World. On information and belief, T-Mobile encouraged these specific retailers to acquire Wireless World's assets by representing they could do so at a far lower price than those assets were worth.

95. On July 9, 2021, Wireless World signed an asset purchase agreement with Verge Mobile, LLC ("Verge"). By that time, Wireless World only had 59 stores remaining, with 19 of those set for forced closure by T-Mobile on or before October 31, 2021. Accordingly, Verge would only pay for 40 of the stores (at a steeply discounted price), and even then, Verge demanded an escrow of \$1.5 million to shield against further arbitrary and improper T-Mobile-forced closures. Verge agreed to pay (a steeply discounted price) for the remaining 19 stores only if T-Mobile

agrees or an arbitrator requires that the remaining approximately 20 stores remain open for certain durations. As of this filing, only 17 of the 19 set-for-closure stores remain open, and they are set to close in October 2021.

96. Notably, the sale to Verge was for an amount that is far less than the value of Wireless World before T-Mobile effectively destroyed Wireless World's business and reduced Wireless World from a top dealer to a company whose principals have no legitimate choice aside from exiting the business.

97. T-Mobile verbally approved the transaction without condition on July 30, 2021. Having reviewed the proposed terms of the deal, T-Mobile was also aware that the price Wireless World would receive could be reduced by up to a \$410,000-per-store differential if T-Mobile issued any further notices of Wireless World store closures before the deal closed.

98. On August 16, 2021, without any prior notice to Wireless World, T-Mobile inserted a provision into the Wireless World / Verge agreement indicating that four more Wireless World stores might be closed starting in December 2022 — 16 months in the future — despite its contractual obligation to only provide 120 days' notice of such closures. When asked why T-Mobile did this, its representative stated that “[T-Mobile] felt it was appropriate” to make Verge aware of these plans, despite doing precisely the opposite when Wireless World, just months earlier (when it was considering whether to sign T-Mobile's Agreements), asked T-Mobile if there would be further rounds of store closures.

99. When Wireless World, through its counsel, challenged this needless, discriminatory, and vindictive action, T-Mobile doubled-down on its retaliation by stating it had made an error and the four stores would actually be closed two months earlier, in October 2022.

100. As the final insult in its plan to eliminate Wireless World and get off scot-free, T-Mobile reversed course on its prior approval of the Verge acquisition and conditioned its formal approval on the deal on Wireless World's execution of a general release of all claims against T-Mobile.

101. T-Mobile intentionally waited to spring the release on Wireless World until just prior to the scheduled closing of the sale, knowing that Wireless World could not afford to refuse to sign the release and risk losing the deal, and had no time to do so.

102. T-Mobile refused to alter the language of its overbroad release, except to exempt claims related to or arising out of the Notices of Dispute referenced below.

H. Sprint, and Then T-Mobile, Maintained a Mislabeled Franchise Arrangement with Wireless World.

103. Prior to the Sprint-T-Mobile merger, Sprint's relationship with T-Mobile was a mislabeled franchise relationship.

104. Sprint's agreement with Wireless World included a false statement that the relationship was not a franchise.

105. After acquiring Sprint in the merger, T-Mobile unlawfully terminated the franchise with Sprint.

106. Thereafter, T-Mobile's relationship with Wireless World was a mislabeled franchise relationship.

107. T-Mobile's agreement with Wireless World included a false statement that the relationship was not a franchise.

108. Both Sprint and T-Mobile engaged in unlawful conduct directed at Wireless World that constituted violations of applicable law, including the Washington Franchise Act.

109. Both Sprint and T-Mobile granted Wireless World and its locations the right to offer, sell, or distribute goods and services – specifically Sprint and T-Mobile wireless services and associated cellular phone products – under a marketing plan or system prescribed in substantial part by Sprint and T-Mobile.

110. That marketing plan included, without limitation, sales of Sprint- and T-Mobile-branded goods and services through a network of independent authorized retailers, of which Wireless World was one, established by Sprint and T-Mobile in territories established by Sprint and T-Mobile to create a distribution grid for Sprint and T-Mobile. Wireless World and other dealers were required to invest and take on substantial risk to commit them to the retailer and distribution programs established by Sprint and T-Mobile. Further, after the merger, T-Mobile forbade Wireless World from making independent sales of accessories, which reduced Wireless World's profitability by hundreds of thousands of dollars (approximately \$200,000) on a monthly basis.

111. Wireless World's operation was substantially associated with the trademarks, service marks, trade names, advertising, or other commercial symbols designating, owned by, or licensed by Sprint, T-Mobile, and their affiliates. Indeed, to a customer visiting a Wireless World store, the store appeared to be a Sprint- or T-Mobile-owned store because of the extensive Sprint or T-Mobile signage and their logos appearing on the employee uniforms -- all of which were mandated by Sprint and T-Mobile.

112. Wireless World was required to pay to Sprint, and then to T-Mobile, directly or indirectly, franchise fees. Those fees included, without limitation:

- a. improper and unauthorized chargebacks against Wireless World's commissions due from Sprint and T-Mobile;

- b. the improper withholding of Wireless World's earned CSAs or residuals post-merger;
- c. the forced-purchase of furniture, uniforms, services, phones, and accessories from Sprint- and T-Mobile-selected vendors, including Granite Communications and Brightstar, which vendors, upon information and belief, provided these goods and services to Wireless World at a substantial mark-up that was directly passed on to Sprint or T-Mobile;
- d. the assessment of charges labeled as "penalties" or "fines" for items such as missed training for employees, staff shortages, or findings in audits conducted by or on behalf of Sprint or T-Mobile;
- e. the required surrender of returned phones to Sprint or T-Mobile without any refund to Wireless World for any portion of the phones;
- f. Sprint's and T-Mobile's receipt of funds from vendors in return for allowing those vendors to advertise in Wireless World stores;
- g. charges for Wireless World's sales of accessories (which did not reflect mere wholesale sales of accessories to Wireless World by Sprint and T-Mobile at wholesale);
- h. markups on shipping fees; and
- i. backend charges for co-op parts.

113. Both Sprint and T-Mobile failed to properly register as required for franchise relationships and abused the franchise relationship. Further, Respondents unlawfully terminated the Sprint franchise to Wireless World when they created the less favorable T-Mobile franchise relationship.

I. T-Mobile is Liable for the Acts of Sprint.

114. T-Mobile (or a parent company of T-Mobile) is the successor entity or parent of Sprint.

115. As the acquiring entity, T-Mobile is liable for action or inactions of Sprint occurring before or in connection with the Sprint-T-Mobile merger.

116. Further, as between Sprint and T-Mobile, there was a commingling of property rights or interests, and it was apparent that they were intended to function as one, and, further, to regard them as separate would aid the consummation of a fraud or wrong upon others.

117. Moreover, Sprint and T-Mobile conspired together and aided and abetted one another to perpetrate the unlawful and wrongful actions and inactions that are the subject of this arbitration.

J. Arbitration is Proper.

118. Pursuant to Section 16.3 of the Agreement, before initiating a JAMS Arbitration, Wireless World submitted Notices of Dispute to T-Mobile. Specifically, this arbitration follows Wireless World's Notices of Dispute sent on May 13, 2021, and August 20, 2021 (Ex. B), and claims arising from or related to each Notice are excluded from a Release.

CAUSES OF ACTION

FIRST CLAIM FOR RELIEF: FRAUD AND FRAUDULENT INDUCEMENT

119. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

120. T-Mobile knowingly made the false representations to Wireless World that it would not subject Wireless World to another significant reduction of its stores after the initial closure of 33 stores and would allow Wireless World to expand and grow.

121. T-Mobile further concealed its plans to massively cut Wireless World's number of locations, suppress its ability to succeed, and stifle its growth.

122. These representations and concealments were material and false.

123. Wireless World entered into the Agreement based on T-Mobile's representations that it would not subject Wireless World to additional store closures based on T-Mobile's misrepresentations and concealment.

124. T-Mobile knew that the representations were false and it acted in reckless disregard as to the truth or falsity of the representations.

125. T-Mobile knew at the time it made the representations that it intended to close an unreasonable percentage of Wireless World's stores within the first 2 years of the Agreement.

126. T-Mobile made these misrepresentations and concealments of material facts with the intent to deceive Wireless World, and they were made as a material inducement to Wireless World to enter into the Agreement.

127. Wireless World was deceived by the misrepresentations and would not have entered into the Agreement for the agreed-to consideration but for the misrepresentations.

128. Wireless World could not have learned the true facts through reasonable diligence, and as a result, its reliance on T-Mobile's misrepresentations was justified and reasonable.

129. T-Mobile's fraudulent misrepresentations and concealments of material fact induced Wireless World to forego the more beneficial terms of the Sprint contract and cheated Wireless World out of compensation to which Wireless World was entitled under the Sprint contract.

130. As a direct and proximate result of T-Mobile's fraudulent misrepresentations, Wireless World has suffered damages in an amount to be determined at the final hearing, but certainly in excess of \$50 million.

**SECOND CLAIM FOR RELIEF: NEGLIGENT MISREPRESENTATION
(IN THE ALTERNATIVE)**

131. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

132. Wireless World pleads negligent misrepresentation in the alternative to fraud and fraudulent inducement.

133. As alleged herein, T-Mobile supplied misinformation (by direct statement and concealment that misled Wireless World concerning the nature of the T-Mobile-Wireless World relationship), including regarding future growth and store closures, which information was material, false, and misleading.

134. T-Mobile knew that supplying this information to Wireless World was done to induce Wireless World to enter into business transactions, particularly in executing the Agreement.

135. T-Mobile was negligent in obtaining and communicating this false information to Wireless World.

136. Wireless World reasonably relied on this false information in deciding whether to execute the Agreement.

137. T-Mobile's false information proximately caused damages to Wireless World.

138. As a result of T-Mobile's negligent misrepresentations, Wireless World has suffered damages in an amount to be determined at the final arbitration hearing, but certainly in excess of \$50 million.

THIRD CLAIM FOR RELIEF: DECLARATORY JUDGMENT

139. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

140. There is an actual and justiciable controversy among the parties regarding the matters set forth in this arbitration.

141. The law, justice, and equity require a determination and declaration that, as a result of Sprint's and T-Mobile's fraudulent inducement of the Agreements, they are invalid, void, and of no effect, and Wireless World remains in contract with Sprint and is entitled to the rights, privileges, and payments, and is limited to the obligations set out in the Authorized Representative Agreement between Sprint and Wireless World.

142. The law, justice, and equity require a determination and declaration that the relationships between Sprint and T-Mobile and Wireless World were franchise relationships, such that Sprint and T-Mobile are entitled to the benefits of a franchisee under applicable law.

FOURTH CLAIM FOR RELIEF: BREACH OF SPRINT CONTRACT

143. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

144. If the arbitrator determines that the Sprint contract remains in place, T-Mobile's and Sprint's conduct as alleged herein breached that contract.

145. T-Mobile's and Sprint's conduct is the actual and proximate cause of damages to Wireless World.

146. Wireless World has suffered damages in an amount to be determined at the final hearing, but certainly in excess of \$50 million.

FIFTH CLAIM FOR RELIEF: BREACH OF THE T-MOBILE AGREEMENTS AND WIND DOWN ADDENDUM

147. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

148. If the arbitrator determines that the Agreement remains in place, T-Mobile's and Sprint's conduct as alleged herein breached that contract.

149. T-Mobile's and Sprint's conduct is the actual and proximate cause of damages to Wireless World.

150. Wireless World has suffered damages in an amount to be determined at the final hearing, but certainly in excess of \$50 million.

SIXTH CLAIM FOR RELIEF: BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING

151. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

152. To the extent the Agreement is deemed to be a valid contract that was not fraudulently induced, then T-Mobile is obligated by contract and common law to act in good faith and to not do anything to deprive Wireless World of the fruits and benefit of the Agreement.

153. T-Mobile breached this implied covenant of good faith and fair dealing and injured Wireless World's right to receive the benefits of the Agreement by engaging in the conduct described herein, including, without limitation:

- a. Systematically eliminating a disproportionate share of Wireless World's stores within the first 2 years of the Agreement;
- b. Refusing to approve additional Wireless World stores and building corporate stores in proximity to existing Wireless World locations; and
- c. Otherwise suppressing Wireless World's ability to succeed as described herein.

154. T-Mobile's actions are contrary to Wireless World's reasonable and justified expectations under the Agreement.

155. T-Mobile's sweeping reduction of Wireless World's stores and refusal to approve additional stores frustrate the essential purpose of the Agreement and Wireless World is unable to obtain its full and expected benefits of the Agreement, including without limitation, operating as a dealer of T-Mobile services and goods.

156. T-Mobile used the Termination of Locations provision to constructively gut the essential purpose of the Agreement and to bind Wireless World and its owners to a non-compete agreement where they could not compete in the marketplace all while T-Mobile continued to systematically eliminate Wireless World stores, refused to allow it to open new stores, and engaged in anti-competitive, unfair, and deceptive trade practices to guarantee that Wireless World's remaining stores failed.

157. T-Mobile never intended to work with Wireless World. It only wanted signed Agreements that would constrain Wireless World and hopefully obviate Wireless World's ability to defend itself. Further, as T-Mobile possessed Wireless World's financial information, it knew before Wireless World signed the Agreement that its actions would effectively close down Wireless World.

158. T-Mobile's abrupt and systematic reduction of Wireless World's stores, refusal to approve additional store acquisitions, and anti-competitive conduct to destroy Wireless World's remaining stores have already caused and will continue to cause Wireless World to suffer damages in an amount to be determined at the final hearing, but certainly in excess of \$50 million.

SEVENTH CAUSE OF ACTION: VIOLATION OF WASHINGTON UNFAIR BUSINESS PRACTICES—CONSUMER PROTECTION ACT, RCW §§ 19.86.010 ET SEQ.

159. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

160. T-Mobile engaged in unfair and deceptive trade practices including, among other things, the following:

- a. Making false representations to induce Wireless World to sign the Agreement and coercing Wireless World to do so or else forego the ability to sell any T-Mobile phones or services;
- b. Engaging in anti-competitive conduct to disadvantage and drive out Wireless World (and other legacy Sprint dealers) while not subjecting legacy T-Mobile dealers to such conduct;
- c. Weaponizing the commercial relationship and using contractual terms to state misrepresentations and to reading and applying terms to improperly operate in an unfair fashion and contrary to the language and spirit of the contracts, read completely in context, to cheat Wireless World, suppress it, and effectively drive it out of business; and
- d. Representing in the Agreement that no franchise relationship would be created but in fact, creating such a franchise relationship with Wireless World, thereby manipulating the contractual relationship and abusing Wireless World as a franchisee.

161. T-Mobile's unfair and deceptive trade practices affect trade and/or commerce given that T-Mobile is engaged in the sale of assets, services, and commerce that directly or indirectly affect the people of Washington state.

162. T-Mobile's unfair and deceptive trade practices affect the public because:
- a. T-Mobile committed its anti-competitive acts in the course of its business;
 - b. T-Mobile's actions were part of a pattern or generalized course of conduct which involved the intentional devastation of dealers like Wireless World;
 - c. T-Mobile's conduct is not isolated – it has engaged in a pattern and practice of committing the wrongful actions and inactions addressed in this Demand – and is harmful to wireless dealers, employees, and customers;
 - d. T-Mobile has driven several viable and successful businesses out of the marketplace;
 - e. T-Mobile has not complied with the letter and spirit of the representations that it made to state and federal authorities to obtain approval of the Sprint-T-Mobile merger;
 - f. Given T-Mobile's pattern, there exists an ongoing potential for T-Mobile to continue its unlawful conduct; and
 - g. T-Mobile's actions have affected and continue to affect a large number of consumers.

163. T-Mobile's unfair and deceptive conduct is the actual and proximate cause of injury to Wireless World and has caused damages to Wireless World in an amount to be determined at the final hearing, but certainly in excess of \$50 million.

164. Wireless World is entitled to an award of damages caused by T-Mobile's unlawful conduct, including reasonable attorneys' fees and statutory treble damages as provided by RCW 19.86.090.

EIGHTH CAUSE OF ACTION: VIOLATION OF WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, RCW §§ 19.100.010 ET SEQ.

165. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

166. Sprint was a franchisor and unlawfully sold an unregistered franchise in the State of Washington in contravention of RCW 19.100. Upon information and belief, Sprint failed to file a Notice of Claim for Exemption under WAC 460-80-100 and, in any event, was not exempt from registration requirements.

167. Likewise, T-Mobile is a franchisor and T-Mobile unlawfully sold an unregistered franchise in the State of Washington in contravention of RCW 19.100. Upon information and belief, T-Mobile has failed to file a Notice of Claim for Exemption under WAC 460-80-100 and, in any event, is thus not exempt from registration requirements.

168. As the acquiring entity, T-Mobile assumed Sprint's liabilities.

169. T-Mobile's business model and mode of operation is in fact a "franchise" as defined in RCW 19.100.010(6)(a) in that:

- a. T-Mobile granted Wireless World rights to engage in the business of offering, selling, and distributing goods and services under marketing plans pre-designed by T-Mobile;
- b. the business opportunity granted to Wireless World was substantially associated with a trademark, trade name, and other commercial symbols owned by T-Mobile; and
- c. T-Mobile collected disguised franchise fees from Wireless World, which included, *inter alia*, forcing Wireless World into a consignment model whereby Wireless World was forced to buy accessories from a particular vendor and then

sell at T-Mobile's prices with substantially reduced margins and forcing Wireless World to buy phones from T-Mobile and no other source.

170. Specifically, and without limitation, T-Mobile acted unfairly and deceptively and engaged in an unfair method of competition in violation of RCW 19.100.180, by:

- a. Failing to deal with Wireless World in good faith;
- b. Requiring Wireless World to purchase goods or services from T-Mobile or from an approved source of supply in the absence of any lawful purpose justified on business grounds;
- c. Unreasonably and arbitrarily discriminating between legacy T-Mobile dealers and legacy Sprint dealers, such as Wireless World, in business dealings;
- d. Requiring Wireless World to assent to a release or waiver which would relieve T-Mobile from liability imposed by RCW 19.100.180;
- e. Unreasonably and unnecessarily imposing on Wireless World standards of conduct such as forcing Wireless World to purchase security equipment that complied with only T-Mobile's specifications, mandating that new hires be approved by T-Mobile, and mandating a minimum number of people on sales floors at all times;
- f. Refusing to renew without fairly compensating Wireless World for the fair market value and good will;
- g. Threatening to and actually terminating Wireless World's stores before the expiration of its terms without good cause; and

h. Acting inconsistent with representations made to federal and state authorities concerning commitments not to shut down productive stores or reduce employment.

171. As a result of T-Mobile's violations of franchise law, Wireless World has suffered damages in an amount to be determined at the final hearing, but certainly in excess of \$50 million.

172. Wireless World has suffered damages by reason of T-Mobile's violation of RCW 19.100 and is entitled to an award of damages thereof, including statutory treble damages as provided by RCW 19.100.190(3).

NINTH CAUSE OF ACTION: UNJUST ENRICHMENT, QUANTUM MERUIT, OR DISGORGEMENT

173. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

174. To the extent a contractual relationship is found to no longer exist between Respondents and Wireless World (because the Sprint contract has expired and the T-Mobile contracts are invalid), the arbitrator should compensate Wireless World for its services, and the loss of its stores under the theories of unjust enrichment, quantum meruit, and disgorgement.

175. Respondents received a benefit from the operation of stores and sales of Respondents' goods and services and in forcing Wireless World to close its stores.

176. These benefits were conferred at Wireless World's expense.

177. Under the circumstances, it would be unjust for Respondents to retain the benefit without fairly compensating Wireless World.

178. Further, T-Mobile should have to disgorge benefits flowing from its fraud.

179. Wireless World is entitled to compensation or disgorgement in an amount to be determined at the final hearing, but certainly in excess of \$50 million.

**TENTH CAUSE OF ACTION: INJUNCTIVE RELIEF
(INCLUDING EMERGENCY RELIEF UNDER JAMS COMPREHENSIVE RULE 2(c))**

180. Wireless World realleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

181. As part of its asset sale to Verge, Wireless World sold 19 stores for which T-Mobile has unlawfully and improperly given notices of closure to occur on or before October 31, 2021. Of those stores, 17 remain open.

182. Wireless World will not receive payment for the 17 referenced stores under the asset purchase agreement unless an injunction is issued.

183. The store closures are improper and are the product of fraud, unfair and deceptive trade practices, violations of franchise law, anti-competitive misconduct, and other misconduct by Respondents – all of which justify injunctive relief.

184. Further, T-Mobile has informally projected closures of 4 more Wireless World locations to occur in 2022.

185. Pursuant to Rule 24(e) of the JAMS Comprehensive Arbitration Rules, the arbitrator is vested with authority to “grant whatever interim measures are deemed necessary, including injunctive relief and measures for the protection or conservation of property and disposition of disposable goods” in an interim award.

186. An interim award is necessary and proper to conserve property, specifically the stores which T-Mobile seeks to close improperly and for which Wireless World is entitled to payment from a buyer (Verge) if the stores are not closed. Further, allowing T-Mobile to close the stores is tantamount to allowing T-Mobile to destroy evidence of the profitability and utility of the stores during the time while this arbitration is pending.

187. An interim award in the nature of injunction *pendente lite* also is necessary and proper to prevent T-Mobile from furthering its scheme to perpetrate fraudulent and unfair and deceptive trade practices and violations of franchise law to harm Wireless World and drive it out of the wireless business and to prevent T-Mobile from interfering with Wireless World's transaction with Verge, which T-Mobile has a documented history of doing.

188. Absent an injunction, Wireless World lacks an adequate remedy at law and will suffer irreparable harm if T-Mobile is permitted to close the referenced stores unlawfully. Among other things, each store is unique, and the closure of stores will harm commerce, consumers, and individual employees and will impair a unique asset sale from Wireless World to Verge (in that Verge will be immediately closing 17 stores based on arbitrary, capricious, and tortious closure decisions made by T-Mobile).

189. The balance of the equities, justice, and fairness favor entry of an injunction which prevents the forced closure of the stores. Failing to grant an injunction will further a fraudulent scheme, benefit an anti-competitive diminution in services available to wireless consumers, and benefit a wrongdoer.

190. Emergency relief is consistent with Rule 2(c)(iv) of the JAMS Comprehensive Arbitration Rule because Wireless World will suffer immediate loss or damage absent emergency relief, and Wireless World is entitled to emergency relief.

191. Accordingly, Wireless World is entitled to an interim partial award in the nature of an injunction that prohibits T-Mobile from doing any of the following things during the pendency of this arbitration or for such time as equity requires:

- a. Requiring the closure of the 17 stores for which an October 2021 closure has been improperly mandated by T-Mobile;

- b. Maintaining or requiring that the 4 additional stores should be closed in October 2022;
- c. Engaging in any other actions that would obstruct or impair the Wireless World-Verge asset sale, including by hampering store production or closing additional stores during the next 18 months;
- d. Otherwise improperly closing any legacy Wireless World locations; or
- e. Destroying or disposing of evidence concerning Wireless World's claims.

PRAYER FOR RELIEF

Accordingly, Wireless World respectfully requests that the arbitrator grant it the following relief:

- A. Enter an award in favor of Wireless World and against Respondents on each of Wireless World's causes of action;
- B. Award Wireless World its actual damages, which exceed \$50 million, plus statutory treble damages, punitive damages, attorneys' fees, and costs as allowed by law;
- C. Appoint an emergency arbitrator to hear and decide Wireless World's claim for emergency provisional relief; and
- D. Grant the requested injunctive relief to Wireless World, including an interim award that prevents T-Mobile from interfering with the Wireless World asset sale by, *inter alia*, closing more stores;
- E. Grant Wireless World such other and further relief as is just and proper.

Respectfully submitted this 20th day of September, 2021.



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