

**UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT  
NEW HAVEN DIVISION**

SOLUTIONS CENTER, LLC,

Plaintiff,

v.

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

Defendants.

CIVIL ACTION NO. 3:22-CV-235

**COMPLAINT**

Plaintiff Solutions Center, LLC (“Solutions Center” or “Plaintiff”), complaining of Defendants T-Mobile USA, Inc. d/b/a T-Mobile (“T-Mobile”) and Sprint Solutions, Inc. d/b/a T-Mobile (“Sprint”) (each a “Defendant” and collectively “Defendants”), alleges the following:

**INTRODUCTION**

1. This action seeks redress for Defendants’ fraudulent, predatory, and anti-competitive conduct that harmed a Connecticut-based business and unlawful abuse of a franchisee in a mislabeled franchise relationship.

2. Before T-Mobile systematically dismantled its business without justification, Solutions Center was one of the top-performing Sprint and then T-Mobile dealers in the country.

3. Defendants used fraud and deceit, intentional concealment of material facts, and wrongful duress they manufactured as part of a targeted and repeated scheme to unlawfully destroy the businesses of the authorized dealers of Defendants’ products and services, like Solutions Center, all to line Defendants’ and their executives’ respective coffers.

4. Defendants then forced those dealer-franchisees, mostly small- and medium-sized businesses run by families or friends, out of the marketplace at unreasonably low values in

transactions over which T-Mobile exerted improper influence – all to the detriment of consumers, the local and national economy, fair competition, and the dealers and their employees.

5. T-Mobile’s wrongful manipulation and weaponizing of the contractual relationship with its dealers was carried out as part of an unlawful pattern and practice of:

- a. Lying (affirmatively and by concealment) to induce dealers to enter contracts with terms that T-Mobile then wrongfully and in bad faith misconstrued and misapplied to damage the dealers;
- b. Simultaneously creating economic duress that left dealers with no legitimate choice, other than insolvency, but to sign T-Mobile’s documents — all while providing impossibly short deadlines to review T-Mobile’s documents and permitting no negotiation of any terms;
- c. Cheating the dealers out of promised and anticipated store numbers, compensation, and levels of operation, and diverting compensation to T-Mobile affiliates, and otherwise creating additional financial pressure, both in violation of T-Mobile’s pre-contract representations and in violation of the duty of good faith and fair dealing under the agreements;
- d. Forcing a fire-sale of the dealers’ businesses — after rapidly dismantling and financially crippling the same — to a favored T-Mobile dealer at prices that T-Mobile used improper and unlawful means to depress; and
- e. Attempting to evade responsibility through unlawfully induced and invalid putative releases.

#### **PARTIES, VENUE, AND JURISDICTION**

6. Plaintiff Solutions Center is a limited liability company organized and existing under the laws of Connecticut and with a principal place of business in Connecticut.

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

8. Defendant Sprint is a Missouri corporation with its principal place of business in Overland Park, Kansas.

9. Venue is proper in the United States District Court for the District of Connecticut pursuant to 28 U.S.C. § 1391(b)(2).

10. This Court has original jurisdiction over this action under 28 U.S.C. § 1332(a)(1) and has personal jurisdiction over Sprint and T-Mobile pursuant to Conn. Gen. Stat. § 52-59b(a), as Sprint operated stores and did substantial business in Connecticut, T-Mobile operates and does substantial business in Connecticut, and both T-Mobile and Sprint directed their actions giving rise to this action to Solutions Center in this state.

## **FACTUAL BACKGROUND**

### **A. Background of the Mobile Dealers' Business Model.**

11. Dealers like Solutions Center are private companies that sell telecommunications carriers' wireless products, accessories, and services in retail stores owned and operated by the dealer. Although the dealer owns the assets associated with and leases the space for its retail stores (often called the dealer's "doors" in the industry), the stores operate under the carrier's brand and to a consumer would appear to be a "T-Mobile" or "Sprint" store.

12. The dealers are small to medium-sized, often family-owned businesses like Solutions Center, which help support the local economy, lease space for store locations, and provide numerous employment opportunities in the communities in which they are located – a high percentage of which are jobs for minorities and persons of color.<sup>1</sup>

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<sup>1</sup> T-Mobile touts its pro-diversity positions, but contrary to these representations (and the promises it made to obtain the government's permission to merge with Sprint), its post-merger decimation of legacy Sprint dealers has

13. Solutions Center, like other dealers, sold wireless plans, cell phones, and cell phone accessories.

14. For each wireless plan sold, Solutions Center received an initial commission (“commissions”) and, thereafter, a monthly “continuing service award” or residual commission (“residuals”).

15. Dealers depend on these commissions and residuals for their livelihood, to meet payroll, and to pay the leases for their stores.

16. In addition to wireless plans, Solutions Center sold phones and accessories at retail store locations.

17. The dealers lease the physical locations for their stores. The best dealers find good locations and provide exceptional customer service to maximize sales to customers. Dealers undertake a significant financial commitment (and often personal guarantees by their principals) when they lease a store location, and a carrier’s good faith and fair dealing in performing its end of the bargain is vital to the dealers’ ability to meet their financial commitments.

**B. Founding of Solutions Center and Establishment of Solutions Center’s Relationship with Sprint.**

18. Mr. Mark Hudson, Solutions Center’s principal, was initially a Nextel dealer.

19. After Nextel and Sprint merged, in 2006, Mr. Hudson used his life savings to establish Solutions Center and became an authorized Sprint dealer opening his first Sprint store in Connecticut.

20. Solutions Center excelled as a wireless products, services, and accessories provider, eventually expanding its retail store footprint across Connecticut, Massachusetts, and Virginia.

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resulted in a large loss of jobs disproportionately held by minorities and persons of color and fewer options for members of these communities. It has also cut jobs in, and otherwise harmed, rural communities.

21. Further, Solutions Center was a strong small business and contributor to the local community. For example, it participated in a Connecticut grant program that required it to create at least 15 jobs, and Solutions Center hired well over 100 people.

22. On or about August 7, 2017, Sprint and Solutions Center signed an Authorized Representative Agreement (the “Sprint ARA”), which was to remain effective for two years with an automatic renewal of a two-year period.

**C. Solutions Center Exceeded as an Authorized Sprint Dealer and Expanded its Footprint at Sprint’s Behest.**

23. In 2017, Sprint and T-Mobile explored a highly publicized potential merger.

24. The initial merger discussions seemingly ended, and immediately following the announcement that there would be no merger, Sprint contacted many of its dealers, including Solutions Center, and actively encouraged them to “open as many stores as possible.”

25. At a dealer summit that took place January 29-31, 2018, Sprint strongly urged dealers, including Solutions Center, to grow and add new locations, especially locations in close proximity to competing T-Mobile stores.

26. If the dealers needed to obtain financing or take on debt to open more stores, Sprint encouraged them to do so or find investors so that they could continue to grow.

27. Sprint consistently ranked Solutions Center as one of its top dealers in the country, and Solutions Center received several awards for being one of the best Sprint dealers or legacy Sprint dealers in the country. Its accolades included: recognition as a Platinum Partner in 2018 and 2019 and recognition multiple times as the “number one” dealer nationally in monthly dealer calls conducted by Cody Welker or Steve Impe of T-Mobile.

28. In light of Solutions Center's track record of success, Sprint specifically encouraged Solutions Center to expand in markets that Sprint claimed had long-term "strategic" value or benefit to Sprint's plans.

29. Solutions Center grew to 28 stores across Connecticut, Massachusetts, Maryland, and Virginia, with over 200 employees, which included numerous employees of color.

**D. While Encouraging Solutions Center to Expand, Sprint Concealed Its Plans to Merge with T-Mobile.**

30. Sprint knew that it would soon be acquired by T-Mobile but told Solutions Center otherwise, assuring Solutions Center (and other legacy Sprint dealers) that Sprint would remain "a stand-alone company." Indeed, Sprint's CEO Marcelo Claure specifically made this statement in a November 2017 email to Sprint's dealers, wherein he further outlined the "strong plan" he would implement "to grow Sprint as an independent company."

31. Despite Sprint's efforts to conceal its merger plans from dealers like Solutions Center, rumors persisted in early 2018 that Sprint and T-Mobile might merge.

32. When Solutions Center inquired whether there would be a merger, Sprint said there would not be, and again instructed Solutions Center to continue growing and opening new stores in close proximity to T-Mobile locations.

33. Solutions Center followed Sprint's instructions and continued opening new locations.

34. On April 29, 2018, Sprint and T-Mobile announced that they had reached a definitive merger agreement.

35. Upon information and belief, Sprint knew its prior statements to dealers about the merger were false and that its repeated urging of Solutions Center (and other legacy Sprint dealers) to continue growing and opening new stores was solely to strengthen Sprint's and its executives'

position in the ongoing (but concealed) merger negotiations, and would ultimately lead to the demise of dealers like Solutions Center.

36. Following the merger announcement, Solutions Center (and other Sprint dealers) asked what they could do to reduce the chance any of their stores would be closed following the merger and to have opportunities to grow and open new stores thereafter. Sprint's representatives, including but not limited to Tracey Nolan, explained that closure decisions would be based on a store's performance relative to other stores in close proximity, that Sprint's dealers needed to grow and perform exceptionally because they were now "writing their own résumé" for the merger and, if they were a top performer they'd be chosen as a growth partner for the "New T-Mobile." These representations were false, and Sprint and T-Mobile knew they were false.

37. To obtain the necessary approvals from the Department of Justice and regulatory agencies, T-Mobile also made representations — not only to existing Sprint dealers, but also to the government and the public — that the merger would increase competition for consumers, result in the opening of new stores, create approximately 100,000 new jobs, and would not produce anti-competitive behavior.

38. Among other public appearances to promote the merger, Marcelo Claure and T-Mobile's CEO John Legere, jointly appeared on CNBC's "Squawk on the Street" program on April 30, 2018. During that joint appearance, they stated that the new proposed merger would create thousands of jobs and would result in hundreds and hundreds of new stores being opened. A link to the video of program where these statements was made is here - <https://www.cnbc.com/video/2018/04/30/T-Mobile-and-sprint-ceos-on-mega-merger.html>. Mr. Claure's and Mr. Legere's statements on that program are incorporated by reference.

39. Mr. Legere additionally stated that “The New T-Mobile will open **600 new stores to serve rural areas and small towns**” (emphasis in original) and that “we will offer a job with the New T-Mobile to every single employee of T-Mobile and Sprint working in one of our retail stores” following the merger, during an April 4, 2019 posting to T-Mobile’s website - <https://www.T-Mobile.com/news/un-carrier/new-T-Mobile-creating-jobs>, which statements are also incorporated herein.

40. Messrs. Claire and Legere made these statements to induce legacy Sprint dealers, including Solutions Center, to continue following Sprint’s supposed growth plan and convince them to not oppose the merger or request that appropriate regulators deny or contest the merger.

41. Messrs. Claire and Legere intended that Solutions Center and other Sprint dealers rely on these representations in executing post-merger agreements with T-Mobile so they could complete their merger and enrich themselves to the detriment of legacy Sprint dealers like Solutions Center.

42. Messrs. Claire and Legere also intended that Congress rely on these statements, as well as those made in other public appearances and interviews, because they knew the merger would be subject to scrutiny by Congress.

43. In fact, during joint testimony sessions to Congress on June 27, 2018 and February 19, 2019, Messrs. Claire and Legere reiterated their claims that the merger would not impact legacy Sprint dealers and would in-fact result in more stores being opened.

44. Sprint’s lies, concealment of the truth, and wrongful manipulation of Solutions Center (and other legacy Sprint dealers) were intended to profit Sprint and its executives in the coming merger, from which they profited greatly, as a result of the growth they fraudulently

induced dealers to undertake — growth that the “New T-Mobile” intended to promptly dismantle and destroy once the merger transaction was complete.

**E. Sprint and T-Mobile Merged, and T-Mobile Coerced and Fraudulently Induced Solutions Center to Enter Into New Agreements Based on False Promises of Growth and Limited Post-Merger Closures.**

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

46. On or about April 25, 2020, representatives from T-Mobile emailed Solutions Center a document outlining T-Mobile’s post-merger dealer strategy as it pertained to Solutions Center (Solutions Center can no longer retrieve this document because T-Mobile emailed it to Mr. Hudson’s T-Mobile-required @tmobile.com email account, to which T-Mobile has revoked access, thereby causing Mr. Hudson to lose access to numerous such documents outlining T-Mobile’s wrongdoings.).

47. In the document, T-Mobile announced that it was closing 32% (6 of 28 closures and taking 3 Corporate Owned Retail (“COR”) to dealer doors) of Solutions Center’s stores — most of which were not in extreme proximity to an existing T-Mobile store, and were better performers than the nearest T-Mobile location. This number of closures, and the stores selected for closure, exceeded and was contrary to what Sprint and T-Mobile had intentionally misled Solutions Center to believe.

48. After announcing the Sprint dealer closures, T-Mobile stayed on script and repeated the same false statement Sprint fed to the dealers before the merger, claiming the closures were based on extreme proximity to other T-Mobile stores. T-Mobile also falsely represented it was instituting a similar number of closures for legacy Sprint and T-Mobile dealers alike.

49. Shocked by the volume of lucrative and successful stores they would lose immediately following the merger, Solutions Center and other legacy Sprint dealers asked T-Mobile if there would be another round of *en masse* closures subsequent to these. T-Mobile

falsely said there would not be another round of closures. To bolster this lie, T-Mobile intentionally designed the April 2020 dealer strategy presentations it made to Solutions Center and other legacy Sprint dealers to say nothing suggesting a potential for future closures and to give the impression there would be none.

50. When Solutions Center inquired about permission to renew the soon-to-expire leases on some of its remaining 22 stores, T-Mobile provided its assurances and concealed the fact that T-Mobile had, upon information and belief, already decided it would soon close those stores as well.

51. Around the same time in April 2020, during an in-person meeting with Terry Hayes, Northeast Region Vice President General Manager with T-Mobile, Solutions Center also asked whether it would have opportunities to re-grow and acquire new stores following the closures. Mr. Hayes falsely and misleadingly assured Solutions Center that T-Mobile would support its growth once it signed T-Mobile's agreements.

52. T-Mobile bolstered this deceit through Doug Chartier, T-Mobile's Vice President of sales and distribution, who told Solutions Center it was "okay to shrink to regrow" and that T-Mobile wanted Solutions Center to be "well capitalized and in good financial position" to succeed; and through Scott Keen and Cody Welker, Directors of Sprint's (and later T-Mobile's) dealer distribution channels who assured Solutions Center it would be "a growth partner" and "well taken care of," and that there "would not be" another round of closures.

53. According to T-Mobile's representatives, the "shrink to grow" strategy involved a single round of closures to eliminate — on a fair and reasonable basis — stores that were in close proximity to one another, and then allow dealers like Solutions Center to grow by adding new locations in new areas.

54. Indeed, multiple T-Mobile representatives repeatedly assured Solutions Center that there would be no more rounds of store closures and that T-Mobile would facilitate expansion and growth by Solutions Center.

55. Further, in response to a specific inquiry from Mr. Hudson of Solutions Center, Carlos Morais of T-Mobile assured Solutions Center that T-Mobile would approve new locations for Solutions Center as long as it had solid performance metrics, but Mr. Morais (and T-Mobile more generally) concealed from Solutions Center that T-Mobile had no intention of allowing Solutions Center to recover from the closures and instead planned to impair the performance capabilities of Solutions Center's remaining stores and further reduce, not grow, the number of Solutions Center's stores until it had no choice but to exit the business entirely.

56. All of these coordinated statements took place right before T-Mobile forced and coerced legacy Sprint dealers, like Solutions Center, to sign T-Mobile's dealer agreements. Upon information and belief, at the time T-Mobile made these statements T-Mobile knew that it would make multiple additional rounds of *en masse* closures of Solutions Center stores and caused its personnel, like Messrs. Keen, Welker, and Morais, to misrepresent its intentions to Solutions Center and other legacy Sprint dealers.

57. On or about May 1, 2020, T-Mobile sent Solutions Center a voluminous package of documents (hereinafter the "T-Mobile Agreement Package"), which would require Solutions Center to wind down its existing agreements with Sprint, enter into four new Retailer Services Agreements with T-Mobile, and submit a personal guaranty signed by Mr. Hudson individually.

58. The T-Mobile Agreement Package comprised nearly 400 pages of dense legal documents.

59. The documents in the T-Mobile Agreement Package included references to and purported to incorporate terms, policies, and procedures that Solutions Center was not permitted to access — and therefore could neither read nor understand — until after it signed the T-Mobile Agreement Package.

60. T-Mobile's unwillingness to provide access to the documents referenced in the T-Mobile Agreement Package demonstrates the coercive and fraudulent manner in which T-Mobile proceeded.

61. Contemporaneously with its transmission of the T-Mobile Agreement Package, T-Mobile falsely represented that it did not have to and would not honor Sprint's obligations under Solutions Center's existing Sprint ARA, which obligations T-Mobile had assumed via the merger and by their terms remained effective as the Sprint ARA contained an automatic renewal clause.

62. T-Mobile further falsely represented that, because Sprint no longer existed, T-Mobile was not obligated to provide any benefits under the existing contracts and would not allow Solutions Center to sell any T-Mobile phones, accessories, or services unless it signed the T-Mobile Agreement Package.

63. T-Mobile's threat stood to deprive Solutions Center of the ability to meet its expenses of approximately \$750,000 per month in lease payments, payroll, taxes, and debt service.

64. T-Mobile took the entirely opposite position with respect to Solutions Center's burdens under the existing Sprint ARA, stating it would continue to enforce those burdens against Solutions Center until it signed the T-Mobile Agreement Package.

65. T-Mobile pressured Solutions Center to quickly sign the T-Mobile Agreement Package, repeatedly emphasizing that no terms would be negotiated, and Solutions Center had no choice if it wanted to be a part of the new T-Mobile (and that, in fact, Solutions Center's *only*

choice was to be part of T-Mobile because it was still bound by the non-compete provisions of its dealer agreement with Sprint). Contemporaneous with this coercion, T-Mobile of course continued its assurances that Solutions Center would have growth opportunities and there “would not be” another large round of store closures.<sup>2</sup>

66. Solutions Center had no legitimate option of suing T-Mobile to avoid signing these documents. If it did not sign them, Solutions Center 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 to punish Solutions Center).

67. The risk of taking on T-Mobile while trying to do business with it was significant because T-Mobile habitually retaliates against dealers that stand up to it.

68. T-Mobile also stated that if Solutions Center did not sign the T-Mobile Agreement Package by May 8, 2020 (effectively giving Solutions Center only 7 days to attempt to read and understand, let alone obtain legal advice on, approximately 400 pages of dense contract language), not only would there be a complete and immediate cessation of all Solutions Center’s revenue producing activity, T-Mobile would withhold the funds needed to remodel Solutions Center’s remaining stores to convert them to T-Mobile-branded locations.

69. T-Mobile’s statement that Solutions Center would receive a certain amount of money to cover the cost of “refreshing” its stores if it quickly signed the T-Mobile Agreement Package also concealed the true costs of doing so, which far exceeded the amount T-Mobile said it would allocate.

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<sup>2</sup> Mr. Hudson of Solutions Center made a similar inquiry (about whether there would be further closures) shortly after he signed the T-Mobile Agreement Package and received the same response.

70. Faced with an immediate reduction of its business within weeks of the merger, the direct threat of having its remaining stores' operations grind to a halt with nothing to sell, and the inability to negotiate terms, and relying on T-Mobile's representations that there would be no further rounds of store closures but instead growth opportunities, Solutions Center signed the T-Mobile Agreement Package on May 8, 2020.

71. The T-Mobile Agreement Package included several T-Mobile Retailer Services Agreements (the "T-Mobile RSAs"), the Wind Down Addendum to the Sprint ARA (the "Wind Down Addendum"), and an individual personal guaranty for Mr. Hudson (the "Guaranty").

72. Notably, T-Mobile included untruthful language in the Guaranty stating that Mr. Hudson requested to personally guaranty Solutions Center's obligations, when, in fact, he did not want to sign a personal guaranty.

73. Solutions Center only signed the T-Mobile Agreement Package under extreme economic duress, unwillingly, and further coerced by the lies T-Mobile told.

74. The T-Mobile RSAs were one-sided adhesion contracts and, as Solutions Center now realizes, intended only as a façade for T-Mobile's scheme to rapidly drive Solutions Center (and countless other legacy Sprint dealers) out of business and not to facilitate a legitimate commercial enterprise.

**F. T Mobile's Agreements Were Unduly Oppressive, Particularly Given T Mobile's Unreasonable Interpretations To Create Truly Oppressive Terms.**

75. The T-Mobile RSAs provide for five-year terms. T-Mobile represented that it was providing Solutions Center with a 5-year agreement instead of the "usual" 6-month agreement it was offering other legacy Sprint dealers because Solutions Center was a top performing dealer. The reality, however, was that T-Mobile knew the usual 6 months might not be long enough to dismantle the dealers it wanted to run out of business, and therefore gave those dealers — many

of which were top performing legacy Sprint dealers, including Solutions Centers — 5-year terms so they would have a longer period of obligations (non-competes and guarantees) and could not leave T-Mobile to sell competing carriers' products while T-Mobile systematically destroyed their businesses.

76. The T-Mobile RSAs provide that the parties can only terminate them for material, uncured default. T-Mobile unilaterally interpreted the RSAs to evade this limited termination provision by relying on other provisions of the RSAs to shut down Solutions Center's business without any uncured default by Solutions Center.

77. The T-Mobile RSAs provide that either party can close a Solutions Center store for any reason or no reason with at least 120-days' written notice. They go on, however, to limit this right for Solutions Center only to situations in which T-Mobile approves of the closure. The plain language, purpose, and intent of the provision was to allow for occasional, one-off closings of stores that were not performing well or were inconvenient to operate.

78. However, T-Mobile adopted an untenable and unethical interpretation of the provision, claiming it authorized T-Mobile to impose broad "rounds" of closures of numerous Solutions Center stores, as often and as numerous as T-Mobile desired for its own benefit, even if so rapid and financially ruinous to Solutions Center that it would be forced to sell its remaining assets to avoid bankruptcy and without ever receiving a bona fide opportunity to be a T-Mobile dealer.

79. No rational or fair person could interpret the agreement this way, as indicated by the need for an entirely separate agreement just months prior — the Wind Down Addendum — to address merely the one-time imposition of such sweeping closures, nor would a rational dealer knowingly agree to such an illusory arrangement.

80. Solutions Center's ability to grow was entirely in the hands of T-Mobile, which gave itself sole discretion to approve or reject Solutions Center's attempts to open or acquire new store locations, and to approve or reject even the renewal of any existing Solutions Center locations. In essence, Solutions Center's ability to survive was dependent on T-Mobile's good faith and fair dealing, which, it turned out, would be non-existent.

81. The T-Mobile RSAs also contain a broad covenant not to compete, which applies during the term of the agreement and for 1-year afterwards and prohibits not only Solutions Center, but also its principals and owners, and any successor entity, from competing with T-Mobile or its dealers in virtually any capacity. Stated differently, T-Mobile closed all of the exit doors for any dealers who did not want to endure its ruinous activity; it impeded the free alienation of businesses and stifled legitimate competition in the marketplace.

82. The T-Mobile RSAs (and the Sprint Wind Down Addendum) also greatly reduced Solutions Center's compensation, depriving it of, among other things, the residuals it had earned while also creating a less profitable platform than the Sprint ARA it had supplanted.

83. The T-Mobile RSAs (and the Wind Down Addendum) also purported to include releases. However, as indicated above, those releases are invalid because they were the product of fraud, coercion, and improper duress created by T-Mobile.<sup>3</sup>

84. Indeed, if T-Mobile had been truthful about its plans to rapidly dismantle these dealers' businesses, or had it not wrongfully manipulated the relationships to ensure that any

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<sup>3</sup> T-Mobile had a pattern and practice of applying improper financial and other pressure to coerce dealers' execution of purported releases. Upon information and belief, T-Mobile even sent releases to dealers' low-level managers in hopes an unwitting individual would sign them. These and other unscrupulous tactics, combined with T-Mobile's pressuring of dealers to sign releases inserted into voluminous contract "packages" it gave dealers literally days to review and sign if they wanted "to keep doing business," exposes both T-Mobile's knowledge of its lies and forthcoming wrongdoing, and its attempt to use deceit and coercion to immunize itself from its fraudulent, unfair, and anti-competitive conduct.

attempt to stand up to T-Mobile guaranteed a dealer's insolvency, no rational dealer would voluntarily sign such agreements.

**G. T-Mobile Instituted Additional Closures Despite Representations to the Contrary, and Further Engaged in a Pattern and Practice of Anti-Competitive Behavior to Harm Solutions Center and Drive it Out of Business.**

85. In bad faith, T-Mobile weaponized the terms of the agreements it coerced Solutions Center to sign, imposing rapid and crippling numbers of store closures, which was contrary to T-Mobile's representations. Specifically:

- a. T-Mobile immediately closed the 9 stores representing 32% of Solutions Center's total stores.
- b. In November 2020, approximately 6 months after T-Mobile assured Solutions Center it would not be subject to additional closures, T-Mobile announced that it was instituting a second round of closures and would close 4 more of Solutions Center's stores.
- c. The unexpected "second-round" closures represented 21% of the remaining Solutions Center stores and brought the total closures (within 6 months of signing a 5-year term with T-Mobile) to 46% of Solutions Center's stores.
- d. T-Mobile prevented Solutions Center from renewing the leases on 2 of its most successful stores, and knew that Solutions Center could not survive those closures because those stores represented more than 50% of Solutions Center's sales, and without them, Solutions Center also lost key management-level personnel.
- e. As part of its closures, T-Mobile forced Solutions Center to "sell back" the three "COR-to-Dealer" doors (*i.e.*, stores that Sprint had asked a dealer to

assume and operate at the dealer's significant expense and investment of resources).

- f. T-Mobile caused Solutions Center to invest heavily in upgrading Solutions Center's Westfield Trumbull Mall location ("the Westfield location") only to later take it from Solutions Center.
- g. Indeed, T-Mobile already had a corporate store (i.e., a T-Mobile-owned store) in the same mall, which Terry Hayes told Mr. Hudson was one of T-Mobile's best stores, and Mr. Hayes specifically indicated that T-Mobile was happy to see that Solutions Center had a dealer store in the same mall, as T-Mobile specifically have wanted a second store in the mall.
- h. Once Solutions Center finished upgrading the Westfield location at its own expense (and at T-Mobile's insistence), T-Mobile announced that it would close the store. But, after Solutions Center was forced to sell its remaining business to a "preferred" dealer that T-Mobile had approved to buy Solutions Center's assets, T-Mobile reversed course and permitted the Westfield location to remain open and be operated by that preferred dealer.

86. Regarding T-Mobile's excessive closures of Solutions Center stores, T-Mobile engaged in misconduct, including among other things, the following:

- a. The initial closures were more than Defendants had represented and had given Solutions Center reason to believe would occur.
- b. The November 2020 announcement was contrary to T-Mobile's explicit representations made by its Director Scott Keen in May 2020 in verbal

communication with Mr. Mark Hudson and made by T-Mobile in a PowerPoint presentation T-Mobile provided to Solutions Center.

- c. Upon information and belief, T-Mobile imposed the closures to prevent Solutions Center from performing to its potential, deflate its performance metrics, impede its ability to operate existing stores optimally, preclude any realistic opportunity for expansion or growth, and force it to exit the marketplace by making a sale to a preferred T-Mobile dealer.
- d. 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. T-Mobile also took actions calculated to damage Solutions Center and other legacy Sprint retailers and to drive them out of the marketplace. That conduct included, without limitation the following:

- a. As a condition of the “privilege” of doing business with T-Mobile, T-Mobile withheld Solutions Center’s rightfully earned residuals under the Sprint ARA. For the 9 initially closed stores alone, these withholdings totaled nearly \$4 million.
- b. T-Mobile otherwise reduced or eliminated revenue streams that existed under the Sprint ARA, which T-Mobile never represented would be impacted or changed under the T-Mobile Agreement Package.
- c. T-Mobile made inequitable and inconsistent determinations about the time period for, and when it would impose, chargebacks (*i.e.*, withholdings from

commissions, residuals or other payments due to Solutions Center, supposedly for items such as cancelled cell plans or returned products) and took an inordinate amount of time to resolve chargeback issues, which hamstrung Solutions Center's ability to accurately document/forecast cash flow.

- d. T-Mobile manipulated search engine results to divert internet traffic and potential business away from Solutions Center and instead to preferred legacy T-Mobile retailers and corporate stores. Specifically, T-Mobile suppressed search engine results for Solutions Center locations so they would not appear at the top of or at all in a search engine query for T-Mobile locations even though the internet user was located in close or closest proximity to a Solutions Center store location.
- e. T-Mobile failed to provide appropriate signage for Solutions Center.
- f. T-Mobile required Solutions Center to enter into vendor contracts that were unreasonable and costly.
- g. T-Mobile imposed a lengthy "acquisitions freeze" that, in combination with T-Mobile's other acts of suppressing Solutions Center, prevented Solutions Center from pursuing acquisitions or selling its business. Upon information and belief, however, T-Mobile granted exemptions from its acquisition freeze for certain T-Mobile-favored retailers.
- h. When the supposed acquisition freeze was over, T-Mobile ignored or deferred Solutions Center's growth-related requests.

- i. While citing proximity with other stores as a basis for the closures it imposed, T-Mobile placed T-Mobile-owned corporate stores in close proximity to Solutions Center locations.
- j. Upon information and belief, after using bad faith and improper tactics to hinder the performance of Solutions Center's existing stores, T-Mobile used those performance metrics (which T-Mobile wrongfully suppressed) as a pretext to eliminate those stores.

88. Upon information and belief, T-Mobile knew it planned to take all of the aforementioned actions prior to Solutions Center's execution of the T-Mobile Agreement Package but actively concealed and lied about those plans to induce Solutions Center to sign the T-Mobile Agreement Package.

**H. T-Mobile's Unlawful Conduct Forced Solutions Center to Exit a Business in Which it Had Flourished For Over 14 Years.**

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

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

91. Upon information and belief, T-Mobile decided it would only allow a limited number of preferred dealers to grow by acquiring stores from other non-preferred dealers with T-Mobile's approval.

92. T-Mobile abused its approval power, which is used in combination with its store-closure and suppression activities, to limit the number of possible buyers and deflate the prices at which the dealers it suppressed could exit the marketplace.

93. Through its store closure and store-sales approval practices, T-Mobile improperly influences the prices at which one of its approved dealers could acquire the assets of a selling dealer, thereby interfering with the fair and reasonable sales prices that might otherwise be available to the selling dealer.

94. Upon information and belief, T-Mobile advertised Solutions Center's financial distress (that T-Mobile wrongfully caused) to certain "preferred" prospective buyers and told them to pursue acquiring Solutions Center's assets at a reduced price.

95. Indeed, immediately after T-Mobile notified Solutions Center of the additional closures that T-Mobile knew would cripple Solutions Center's operations and force it to exit the business — confidential developments which Solutions Center shared with no one — Solutions Center began receiving calls from those preferred T-Mobile dealers inquiring about buying Solutions Center's remaining assets.

96. Having limited choices due to T-Mobile's conduct, on March 10, 2021, Solutions Center entered into an Asset Purchase Agreement ("APA") with one of T-Mobile's preferred buyers (the "Buyer"). Like all acquisitions, the APA was subject to T-Mobile's approval.

97. T-Mobile verbally approved Solutions Center's APA without additional conditions.

98. Relying on this verbal approval, Solutions Center undertook extensive and irreversible preparations for the sale of its business, such as employee terminations, lease transitions or terminations, and other significant transition activities.

99. When Solutions Center sought T-Mobile's written approval, T-Mobile took one last shot at Solutions Center: a few days before the scheduled closing date under the APA and despite already stating it would approve the APA, T-Mobile informed Solutions Center that T-Mobile would withhold final approval of the transaction unless Solutions Center executed an Assignment and Assumption Agreement that contained a putative general release of all of Solutions Center's claims against T-Mobile.

100. T-Mobile lacked authority to require the release as a condition of approving the APA because the T-Mobile RSAs precluded T-Mobile from unreasonably withholding its consent to an assignment of Solutions Center's stores.

101. T-Mobile intentionally waited to spring the release on Solutions Center until just prior to the scheduled closing of the APA, knowing that Solutions Center could not afford to refuse to sign the release and risk losing the deal.

102. In so doing, T-Mobile acted consistent with an improper pattern and practice experienced by numerous other legacy Sprint dealers like Solutions Center, whose businesses T-Mobile had rapidly destroyed following the merger.

- a. T-Mobile would first fraudulently represent that it had internally approved and would formally approve a dealer's asset sale without any additional conditions for such approval.
- b. T-Mobile would then wait until the eleventh hour before the asset sale closing date, when the selling dealer was financially and legally committed to the asset sale, had taken actions that prevented it from backing out of the sale (such as terminating employees and surrendering the leases on its stores), and

would suffer severe financial penalties owed to the buying dealer if it delayed or halted the sale.

- c. Then, and only then, T-Mobile would announce it was withholding its final approval of the sale unless the dealer signed an agreement releasing all claims against T-Mobile.

103. In each case, including Solutions Center's, the sale was only occurring in the first place because T-Mobile had devastated the selling dealer's business, thereby forcing the selling dealer to exit the business.

104. Solutions Center's putative choices were simple: insolvency or fold to T Mobile's unfair demands.

105. Under immense pressure, on March 30, 2021, Solutions Center signed the Assignment and Assumption Agreement, and Solutions Center and the Buyer closed the APA with Solutions Center making a depressed asset sale.

**I. T-Mobile Has Continued to Mistreat and Damage Solutions Center Even After It Discontinued Operating as a T-Mobile Dealer.**

106. Per the T-Mobile RSAs, if T-Mobile terminated a store for convenience, T-Mobile is required to pay Solutions Center two years of rent and one year of residuals.

107. When T-Mobile announced it was terminating Solutions Center's Westfield location, T-Mobile verbally promised and represented that T-Mobile would "take over the lease."

108. T-Mobile has failed to honor this agreement.

109. T-Mobile refused to assume Solutions Center's lease, which now has approximately four more years remaining.

110. There were no unsatisfied conditions of T-Mobile's agreement to assume the lease.

111. Westfield has refused to give up its rights under its lease with Solutions Center, and T-Mobile has left Solutions Center on the hook for another four years of lease payments.

112. The monthly rent for Westfield is approximately \$14,000, and approximately \$8,000 for insurance fees.

113. As of the filing of this Complaint, Solutions Center continues to make these payments for the Westfield location (and has done so since April 2021 despite not operating a store there), and T-Mobile has failed and refused to reimburse Solutions Center for its expenditures or to make good on its representation that it would assume the lease.

**J. Sprint, and Then T-Mobile, Maintained a Mislabeled Franchise Arrangement with Solutions Center.**

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

115. Sprint's agreement with Solutions Center included a false statement that the relationship was not a franchise.

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

117. Thereafter, T-Mobile's relationship with Solutions Center was a mislabeled franchise relationship.

118. T-Mobile's RSAs with Solutions Center included a false statement that the relationship was not a franchise.

119. Both Sprint and T-Mobile engaged in unlawful conduct directed at Solutions Center that violated applicable franchise law.

120. Both Sprint and T-Mobile granted Solutions Center 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.

121. 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 Solutions Center 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.

122. Solutions Center 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 Solutions Center from making independent sales of accessories, which reduced Solutions Center's profitability by approximately \$40,000 each month

123. Solutions Center'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.

124. Indeed, to a customer visiting a Solutions Center store, the store appeared to be a Sprint- or T-Mobile-owned store because of the extensive Sprint or T-Mobile signage and logos appearing on the employee uniforms – all of which were mandated by Sprint and T-Mobile.

125. Solutions Center was required to pay to Sprint, and then to T-Mobile, directly or indirectly, franchise fees. Those fees included, without limitation:

- a. the improper confiscation of Solutions Center's earned residuals post-merger;
- b. improper and unauthorized chargebacks against Solutions Center's commissions, residuals, or other payments due from Sprint and T-Mobile;
- c. the forced-purchase of furniture, uniforms, services, phones, and accessories from Sprint- and T-Mobile-selected vendors, including Granite, which

vendors, upon information and belief, provided these goods and services to Solutions Center 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 Solutions Center for any portion of the phones;
- f. whenever there was a loss of goods (phones or accessories), which is a guaranteed occurrence in any retail business due to damage, loss in transit, theft, and other causes, T-Mobile required Solutions Center to pay it the full retail price for the lost or stolen goods, which was considerably more than T-Mobile had paid for those goods – this alone represented thousands of dollars in disguised franchise payments to T-Mobile each month;
- g. Sprint’s and T-Mobile’s receipt of funds from vendors in return for allowing those vendors to advertise in Solutions Center stores;
- h. charges for Solutions Center’s sales of accessories (which did not reflect mere wholesale sales of accessories to Solutions Center by Sprint and T-Mobile at wholesale);
- i. markups on shipping fees; and
- j. backend charges for co-op parts.

126. Both Sprint and T-Mobile failed to properly register as required for franchise relationships and abused the franchise relationship with Solutions Center.

127. Further, Defendants unlawfully terminated the Sprint franchise to Solutions Center when they forced the less favorable T-Mobile franchise relationship upon Solutions Center.

**K. T-Mobile is Liable for Sprint's Unlawful Conduct.**

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

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

130. 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.

131. 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 Complaint.

**L. The Putative Releases Contained in the Sprint and T-Mobile Contracts are Unlawful.**

132. The putative releases, which T-Mobile wrote into the Wind Down Addendum, the RSAs, and the Assignment and Assumption Agreement ("Assignment") were fraudulently and unlawfully obtained and are unenforceable.

133. All of the releases lack consideration.

134. For the Wind Down Addendum and the RSAs, T-Mobile compelled Solutions Center to forego its existing benefits under the Sprint ARA and granted Solutions Center nothing in return beyond what Solutions Center was already entitled to receive. For the Assignment, T-Mobile had already given verbal approval of the APA. The last-minute purported releases were unilaterally imposed on the APA by T-Mobile, were not proper or authorized requirements for the

APA process, and in exchange for executing them, Solutions Center received nothing to which was not already entitled.

135. Additionally, T-Mobile acquired the purported releases through unlawful coercion and duress it imposed on Solutions Center, which independently renders the releases unenforceable. For the Wind Down Addendum and the RSAs, T-Mobile threatened the destruction of Solutions Center's business if it did not sign, while simultaneously claiming Solutions Center was still bound by its non-compete, chargeback, and other obligations under the Sprint dealer agreement.

136. Solutions Center had millions of dollars in recurring obligations for lease payments, personal guarantees, wages, operating expenses, and debt service, and it faced a simple choice: sign T-Mobile's rushed, non-negotiable adhesion contracts or effectively go bankrupt.

137. Similarly, for the Assignment, T-Mobile waited until the eleventh hour before the closing of the APA to produce the Assignment containing the purported release and demand Solutions Center sign it, knowing full well that Solutions Center could not afford to lose the APA or delay the APA's closing while it challenged T-Mobile's improper demand for a release.

138. T-Mobile knew, at the time it demanded the release in the Assignment, that Solutions Center (and any other selling dealer) would be in no position to stop the sale because it had made extensive final decisions such as employee terminations or transitions and lease arrangements, and Solutions Center would face a buyer who had rights against it if it halted the transaction.

139. T-Mobile also induced all releases by fraud.

140. T-Mobile affirmatively misrepresented its intentions (and concealed its true intentions) regarding store closures, lease renewals, growth, and support from the outset.

141. After intentionally devastating Solutions Center's business, T-Mobile fraudulently represented it had approved the dealers' sales of their remaining assets to another T-Mobile dealer, but knew it intended to threaten to retract its approval at the last minute unless the Solutions Center signed a release of claims against T-Mobile in the Assignment.

142. T-Mobile's putative releases violate applicable franchise law. §§ 42-133 *et seq.*

143. T-Mobile's putative Assignment releases further violate the provisions of the T-Mobile RSAs, which do not permit T-Mobile to condition approval of an APA on a release.

144. In short, T-Mobile acquired all the putative releases through unfair and deceptive practices, improper coercion and fraud, without giving valid consideration, and in violation of franchise law, which renders the releases void as a matter of law.

#### **CHOICE OF LAW**

145. One of the many ways that T-Mobile tried to cheat Solutions Center involved including a Washington choice of law provision in the T-Mobile RSAs.

146. Like the other provisions of the RSAs, the choice of law provisions are unenforceable against Solutions Center because they were fraudulently induced and are the product of duress and business compulsion.

147. This action is thus governed by Connecticut law and laws of any other state where Defendants directed their misconduct and caused injury to Solutions Center.

148. Further, pursuant to the Connecticut Franchise Act, §§ 42-133 *et seq.*, the T-Mobile RSA provisions governing choice are void and unenforceable as they relate to Solutions Center's franchise-related claims.

149. However, because T-Mobile drafted a putative Washington choice of law provision into its RSAs, Defendants are estopped from avoiding application of Washington law to the extent it provides greater or additional rights to Solutions Center.

## CAUSES OF ACTION

### FIRST CLAIM FOR RELIEF: FRAUD AND FRAUDULENT INDUCEMENT

150. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

151. T-Mobile falsely represented to Solutions Center that it would not subject Solutions Center to another round of multiple store closures after the initial 6 closures, and that it would allow Solutions Center to grow and open or acquire new stores. T-Mobile knew at the time it made these statements that they were untrue. At a minimum, T-Mobile acted in reckless disregard as to the truth or falsity of its representations.

152. T-Mobile knew at the time it made the representations that it intended to close far more of Solutions Center's stores than it represented, that it would impose additional rounds of multiple store closures, and that it would do so within the first 6 months of the T-Mobile RSAs.

153. T-Mobile further affirmatively concealed its plans to massively cut Solutions Center's number of locations, suppress its ability to succeed, and stifle its growth.

154. T-Mobile made these misrepresentations and concealments of material facts with the intent to deceive Solutions Center, and they were made as a material inducement to Solutions Center to enter into the T-Mobile RSAs.

155. Solutions Center was deceived by the misrepresentations and concealments, and would not have entered into the T-Mobile RSAs but for the same.

156. Solutions Center entered into the T-Mobile RSAs based on T-Mobile's representations that it would not subject Solutions Center to additional rounds of multiple store closures, and that Solutions Center would be allowed to acquire new stores and grow its number of locations following the merger.

157. Solutions Center 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.

158. In addition to causing the demise of Solutions Center's business, T-Mobile's fraudulent misrepresentations and concealments of material fact induced Solutions Center to forego the more beneficial terms of the Sprint ARA and cheated Solutions Center out of compensation to which Solutions Center was entitled under the Sprint ARA.

159. As a direct and proximate result of T-Mobile's fraudulent misrepresentations, Solutions Center has suffered damages in an amount to be determined at trial, but certainly in excess of \$25 million.

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

160. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

161. Solutions Center pleads negligent misrepresentation in the alternative to fraud and fraudulent inducement.

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

163. T-Mobile knew that supplying this information to Solutions Center would induce Solutions Center to sign the new T-Mobile Agreement Package, and in supplying this information T-Mobile intended to induce Solutions Center to do so.

164. T-Mobile was negligent in obtaining and communicating this false information to Solutions Center.

165. Solutions Center reasonably relied on this false information in deciding whether to sign the Agreement Package.

166. T-Mobile's false information proximately caused damages to Solutions Center.

167. As a result of T-Mobile's negligent misrepresentations, Solutions Center has suffered damages in an amount to be determined at trial, but certainly in excess of \$25 million.

**THIRD CLAIM FOR RELIEF: VIOLATION OF CONNECTICUT FRANCHISE ACT,  
CONN. GEN. STAT. §§ 42-133 ET SEQ.**

168. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

169. During the relevant time period, Solutions Center was a franchisee of Sprint and then T-Mobile.

170. During the relevant time period, Sprint and T-Mobile were franchisors.

171. While Solutions Center was a dealer associated with them, Sprint and T-Mobile each had business model and mode of operation which was in fact a "franchise" as defined in Conn. Gen. Stat. § 42-133e(b) in that, with each company:

- a. Solutions Center was required to sign a written agreement in which Solutions Center was granted the right to engage in the business of offering, selling, and distributing goods and services under a marketing plan which was entirely prescribed by Sprint and then T-Mobile; and
- b. Solutions Center's operation pursuant to Sprint's and T-Mobile's marketing plans was substantially associated with Sprint's, and then T-Mobile's, trademarks.

172. Both Sprint and T-Mobile exercised substantial or complete control over, among others, the following aspects of Solutions Center's business:

- a. the hours and days of operation;
- b. advertising;
- c. lighting and store music;
- d. employee uniforms;
- e. prices and inventory;
- f. hiring;
- g. sales quotas;
- h. the vendors with which Solutions Center did business; and
- i. employee and management training.

173. Sprint and T-Mobile frequently audited Solutions Center's financial records and books and inspected its stores, and Solutions Center was subject to consequences, including penalties, if it was found to be out of compliance with Sprint and T-Mobile's processes and procedures.

174. Specifically, and without limitation, T-Mobile violated Conn. Gen. Stat. § 42-133f, by:

- a. Terminating, cancelling, or failing to renew, in the absence of good cause, Solutions Center's franchise before the expiration of its term, both with respect to the Sprint ARA and with respect to Solutions Center's operating locations after the merger with Sprint – all in violation of Conn. Gen. Stat. § 42-133f(a);
- b. Failing to provide Solutions Center with legally required advance notice of intent not to renew the above-referenced franchises in violation of Conn. Gen. Stat. § 42-133f(a);

- c. Failing to provide Solutions Center fair and reasonable compensation for Solutions Center's inventory, supplies, equipment, and furnishings Solutions Center purchased from T-Mobile or its approved sources, as required by Conn. Gen. Stat. § 42-133f(c); and
- d. Including in its agreements provisions that improperly purported to require Solutions Center to waive its rights under the Connecticut Franchise Act, including without limitation releases, when all such provisions are unlawful and void under Conn. Gen. Stat. § 42-133f(f).

175. Further, both Sprint and T-Mobile violated Conn. Gen. Stat. § 42-133f(d) by requiring Solutions Center to enter into a franchise with a duration of less than three years.

176. As a direct and proximate result of T-Mobile's violations of Conn. Gen. Stat. § 42-133, *et seq.*, Solutions Center has suffered damages in an amount to be determined at trial, but certainly in excess of \$25 million, and is entitled to a judgment awarding damages, including attorneys' fees and costs of the suit pursuant to Conn. Gen. Stat. § 42-133g(a).

**FOURTH CLAIM FOR RELIEF: VIOLATION OF CONNECTICUT UNFAIR  
TRADE PRACTICES ACT, §§ 42-110(a) ET SEQ**

177. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

178. Solutions Center is a person within the meaning of Conn. Gen. Stat. §§ 42-110a (3) and 42-110g (a), and is entitled to bring an action under CUTPA. Conn. Gen. Stat. §§ 42-110a, *et seq.*

179. Defendants were, at all times material to the allegations herein, persons engaged in "trade or commerce" as defined by the Act. Conn. Gen. Stat. § 42-110a(4). Sprint was, and

T-Mobile is, a wireless telecommunications company that offers various wireless products and services of value to consumers all around the country, including in Connecticut.

180. T-Mobile engaged in unfair methods of competition and unfair and deceptive acts and practices in the conduct of trade and commerce alleged herein, in violation of § 42-110b(a). Specifically, T-Mobile unlawfully weaponized the commercial relationship and used the RSAs' terms to unfairly disadvantage Solutions Center when it, without limitation:

- a. Misrepresented the closures it would impose on Solutions Center and Solutions Center's opportunities for growth to induce Solutions Center to sign the T-Mobile Agreement Package, and then knowingly misconstruing the terms of those agreements in bad faith as a pretext for destroying Solutions Center's business;
- b. Engaged in the franchise violations set forth herein;
- c. Closed Solutions Center's best stores;
- d. Systematically closed Solutions Center's stores at unreasonably high, unfair, and unforeseeable (to Solutions Center) percentages that it effectively drove Solutions Center into financial hardship and out of business;
- e. Cut stores in large geographies in a manner that made it nearly impossible for Solutions Center's district managers to reasonably operate in those geographies;
- f. Took away Solutions Center's residuals, which were a significant aspect of Solutions Center's compensation as a Sprint dealer;
- g. 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;

- h. Took control of internet marketing for Solutions Center, but then impaired Solutions Center'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 Solutions Center and only persons looking for Sprint services (which had been merged out of existence) were directed to Solutions Center;
- i. Cut real-time sales reporting, one of the single most important sales drivers in the retail mobile services and accessories business, which impaired Solutions Center's ability to gauge its success in real time and its ability to prevent returns that undermined final sales;
- j. Limited the number of point-of-sale stations in Solutions Center's stores, which reduced sales opportunities;
- k. Changed the credit class for Solutions Center's upgrading, legacy Sprint customers, which prevented Solutions Center from upgrading its own customers to new services or products;
- l. Created an atmosphere that depressed the sales value of dealer-dealer sales of stores, which:
  - (1) artificially reduced the prices that Solutions Center could receive for selling its locations to other dealers when T-Mobile's misconduct was driving Solutions Center out of the marketplace,
  - (2) improperly reduced the number of viable, successful dealers who could purchase Solutions Center's assets, and
  - (3) encouraged T-Mobile-preferred dealers to offer artificially low prices for stores being offered for sale by Solutions Center and other dealers;
- m. Engaged in other actions and inactions that demoralized Solutions Center's ownership, management, and staff; and

n. Otherwise engaged in oppressive, fraudulent, unscrupulous, and unconscionable conduct.

181. T-Mobile's anti-competitive actions described above offends public policy as it has been established by statutes, common law, or otherwise, are immoral, unethical, oppressive, or unscrupulous, and have caused substantial injury to consumers in Connecticut.

182. T-Mobile engaged in the unfair and/or deceptive acts and practices willfully and knowingly.

183. T-Mobile's unfair and deceptive conduct is the actual and proximate cause of injury to consumers and to Solutions Center.

184. Solutions Center has suffered an ascertainable loss of money within the meaning of § 42-110g(a). T-Mobile's unfair and deceptive conduct has caused damages to Solutions Center in an amount to be determined at trial, but certainly in excess of \$25 million.

185. The foregoing actions of T-Mobile were malicious, willful, demonstrably calculated, and deceitful, and T-Mobile carried its actions with reckless indifference to the rights of Solutions Center. Accordingly, Solutions Center is entitled to punitive damages, attorneys' fees, and costs pursuant to Conn. Gen. Stat. § 42-110g.

186. Pursuant to § 42-110g(c), upon commencement of this action, Solutions Center is mailing a copy of the foregoing Complaint to the Attorney General and the Commissioner of Consumer Protection for the state of Connecticut.

#### **FIFTH CLAIM FOR RELIEF: DECLARATORY JUDGMENT**

187. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

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

189. The law, justice, and equity require determinations and declarations that:
- a. As a result of Sprint's and T-Mobile's inducement of the T-Mobile RSAs by fraud, duress, and business compulsion, they are invalid, void, and of no effect, and Solutions Center remains entitled to the rights, privileges, and payments contained in the Sprint ARA.
  - b. Defendants' relationships with Solutions Center were franchise relationships, such that Solutions Center is entitled to the benefits of a franchisee under applicable law.
  - c. The putative releases contained in the Wind Down Addendum, RSAs, and the Assignment and Assumption Agreement were procured through fraud, unfair and deceptive business practices, improper coercion and economic duress, are not supported by valid consideration, and are therefore void and without effect.

190. Plaintiff and Defendants have antagonistic interests in the subject matter of this dispute.

191. There exists a current dispute and controversy between Plaintiff and Defendants as to the aforesaid matters.

192. There is a bona fide, actual, present need for the aforesaid declarations.

193. All parties who have an interest in the matter are before the Court and the declaration is not sought purely for legal advice or curiosity.

194. Plaintiff respectfully requests that this Court issue a judgment declaring the rights and liabilities of the parties as requested herein pursuant to Conn. Gen. Stat. § 52-59.

**SIXTH CLAIM FOR RELIEF: BREACH OF SPRINT ARA**

195. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

196. If the Court determines that the Sprint ARA was not validly superseded by the T-Mobile RSAs, T-Mobile's and Sprint's conduct as alleged herein breached the Sprint ARA and T-Mobile, by virtue of its merger with Sprint and actions as successor in interest, is liable for those breaches.

197. T-Mobile's and Sprint's breaches of the Sprint ARA are the actual and proximate cause of Solutions Center's damages.

198. Solutions Center has suffered damages in an amount to be determined at trial, but certainly in excess of \$25 million.

**SEVENTH CLAIM FOR RELIEF: BREACH OF WIND DOWN ADDENDUM  
AND T-MOBILE RSAs**

199. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

200. If the Court determines that the Wind Down Addendum and T-Mobile RSAs remain in place, T-Mobile's and Sprint's conduct as alleged herein breached those contracts.

201. T-Mobile's and Sprint's breaches of the Wind Down Addendum and T-Mobile RSAs are the actual and proximate cause of Solutions Center's damages.

202. Solutions Center has suffered damages in an amount to be determined at trial, but certainly in excess of \$25 million.

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

203. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

204. To the extent the T-Mobile RSAs are deemed to be valid contracts that T-Mobile did not fraudulently induce, then T-Mobile is obligated by contract and common law to act in good faith and to not do anything to deprive Solutions Center of the fruits and benefit of those agreements.

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

- a. Systematically eliminating a disproportionate share of Solutions Center's stores within the first 6 months of the T-Mobile RSAs;
- b. Refusing to approve additional Solutions Center stores and building corporate stores in proximity to existing Solutions Center locations; and
- c. Otherwise suppressing Solutions Center's ability to succeed and/or denying Solutions Center a bona fide opportunity to operate a T-Mobile dealership, as described herein.

206. T-Mobile's actions are contrary to Solutions Center's reasonable and justified expectations under the T-Mobile RSAs.

207. T-Mobile's sweeping reduction of Solutions Center's stores, refusal to approve additional stores, and refusal to renew existing stores frustrated the essential purpose of the T-Mobile RSAs and Solutions Center was unable to obtain its full and expected benefits of the RSAs, including without limitation, operating as a dealer of T-Mobile services and goods.

208. T-Mobile used the Termination of Locations provision to constructively gut the essential purpose of the T-Mobile RSAs and to bind Solutions Center and its owners to a non-compete agreement where they could not compete in the marketplace, all while T-Mobile

continued to systematically eliminate Solutions Center stores, refused to allow Solutions Center to open new stores, and engage in anti-competitive, unfair, and deceptive trade practices to guarantee that Solutions Center's remaining stores failed.

209. T-Mobile never intended to work with Solutions Center.

210. It only wanted signed agreements that would constrain Solutions Center and hopefully obviate Solutions Center's ability to defend itself.

211. Further, as T-Mobile possessed Solutions Center's financial information, it knew before Solutions Center signed the T-Mobile RSAs that its actions would leave Solutions Center with no financial options but to sell off its remaining business in a fire sale.

212. T-Mobile's breaches of the implied covenant of good faith and fair dealing directly and proximately caused Solutions Center to suffer damages in an amount to be determined at trial, but certainly in excess of \$25 million.

**NINTH CLAIM FOR RELIEF: VIOLATION OF WASHINGTON UNFAIR BUSINESS PRACTICES—CONSUMER PROTECTION ACT, Wash. Rev. Code §§ 19.86.010 ET SEQ.**

213. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

214. The Washington Consumer Protection Act ("CPA") prohibits unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce. Wash. Rev. Code § 19.86.020.

215. T-Mobile engaged in unfair and deceptive trade practices including, among other things, the conduct described in the Fifth Claim for Relief.

216. 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 affect the people of Washington state.

217. 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 Solutions Center;
  - 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 Complaint – 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.

218. T-Mobile's unfair and deceptive conduct is the actual and proximate cause of injury to Solutions Center and has caused damages to Solutions Center in an amount to be determined at trial, but certainly in excess of \$25 million.

219. Solutions Center 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 Wash. Rev. Code 19.86.090.

**TENTH CLAIM FOR RELIEF: VIOLATION OF WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, Wash. Rev. Code §§ 19.100.010 ET SEQ.**

220. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

221. Sprint was a franchisor and unlawfully sold an unregistered franchise in the State of Washington in contravention of RCW 19.100.

222. 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.

223. 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.

224. 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.

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

226. 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 Solutions Center 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 Solutions Center 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 Solutions Center, which included, *inter alia*, Solutions Center's residuals, forcing Solutions Center

into a consignment model whereby Solutions Center was forced to buy accessories from a particular vendor and then sell at T-Mobile's prices with substantially reduced margins and forcing Solutions Center to buy phones from T-Mobile and no other source.

227. Specifically, and without limitation, T-Mobile acted unfairly and deceptively and engaged in an unfair method of competition in violation of Wash. Rev. Code 19.100.180, by:

- a. Failing to deal with Solutions Center in good faith;
- b. Requiring Solutions Center 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 Solutions Center, in business dealings;
- d. Requiring Solutions Center to assent to a release or waiver which would relieve T-Mobile from liability imposed by Wash. Rev. Code 19.100.180;
- e. Unreasonably and unnecessarily imposing on Solutions Center standards of conduct such as forcing Solutions Center 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 Solutions Center for the fair market value and good will;
- g. Threatening to and actually terminating Solutions Center'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.

228. As a result of T-Mobile's violations of franchise law, Solutions Center has suffered damages in an amount to be determined at trial, but certainly in excess of \$25 million.

229. Solutions Center has suffered damages by reason of T-Mobile's violation of Wash. Rev. Code 19.100 and is entitled to an award of damages thereof, including statutory treble damages as provided by Wash. Rev. Code 19.100.190(3).

**ELEVENTH CLAIM FOR RELIEF: FRAUD REGARDING WESTFIELD LOCATION**

230. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

231. After announcing that it would close the Westfield location, T-Mobile changed course and stated that it instead wanted to assume the Westfield store as a corporate-owned location and promised Solutions Center that it would assume Solutions Center's lease for same.

232. T-Mobile knew at the time that this promise was false, and that T-Mobile had no intention of assuming Solutions Center's lease.

233. T-Mobile made the false promise intentionally, to induce Solutions Center to forego rights and remedies it would have as a result of T-Mobile's unlawful conduct in connection with the closing of the Westfield location.

234. Solutions Center justifiably relied on T-Mobile's false promise by excluding the Westfield location from its APA with the Buyer and by foregoing its rights with respect to the closure or transfer of the Westfield location and the transfer of the lease on that location.

235. As a direct result of T-Mobile's fraud, Solutions Center is still the tenant on the Westfield location lease — obligated to pay \$14,000 in monthly rent and \$8,000 annually for insurance over the next four years — yet has no presence or operations at that location.

236. As a direct result of T-Mobile's fraud, Solutions Center lost the most successful of all legacy Sprint and legacy T-Mobile dealer stores in Connecticut and was not compensated for that loss, and the Westfield store is being operated by a preferred T-Mobile dealer and generating revenues and profits for T-Mobile.

237. Absent T-Mobile's fraud, Solutions Center could have sold the Westfield location for at least \$350,000. And absent T-Mobile's fraud, Solutions Center would not be required to pay over \$700,000 under the remaining 4-year term of the Westfield location lease.

238. T-Mobile's fraud proximately damaged Solutions Center in an amount to be proven at trial but not less than \$700,000.00.

**TWELFTH CLAIM FOR RELIEF: UNJUST ENRICHMENT, QUANTUM MERUIT,  
AND DISGORGEMENT**

239. Solutions Center re-alleges, as if fully set forth herein, each and every allegation contained in the preceding paragraphs.

240. To the extent a contractual relationship is found to no longer exist between Defendants and Solutions Center (because the Sprint ARA has expired and the T-Mobile RSAs are invalid), the Court should compensate Solutions Center for its services, and the loss of its stores under the theories of unjust enrichment, quantum meruit, and disgorgement.

241. Defendants received a benefit from the operation of stores and sales of Defendants' goods and services, and from forcing Solutions Center to close its stores and defrauding Solutions Center out of its rights and compensation with respect to the Westfield location.

242. These benefits were conferred at Solutions Center's expense.

243. Under the circumstances, it would be unjust for Defendants to retain the benefit without fairly compensating Solutions Center.

244. Further, T-Mobile should have to disgorge profits flowing from its fraud.

245. Solutions Center is entitled to compensation or disgorgement in an amount to be determined at trial, but certainly in excess of \$25 million.

#### **PRAYER FOR RELIEF**

Accordingly, Solutions Center respectfully requests that the Court grant it the following relief:

A. Award Solutions Center compensatory damages plus statutory treble damages, punitive damages (pursuant to Conn. Gen. Stat. § 42-110g(a)), equitable relief, attorneys' fees, and costs as allowed by applicable law and Conn. Gen. Stat. § 42-110g(d);

B. Afford Solutions Center a trial by jury; and

C. Grant Solutions Center such other and further relief as is just and proper.

Date: February 9, 2022

Respectfully submitted,

*/s/ Lisa A. McAndrews*

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*Attorneys for Plaintiff Solutions Center, LLC*

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

SOLUTIONS CENTER, LLC

(b) County of Residence of First Listed Plaintiff New Haven, CT (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Kilpatrick Townsend & Stockton LLP, 1114 Avenue of the Americas, 21st Fl.; New York, NY 10036; 212-775-8700

DEFENDANTS

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

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District (specify), 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 28 U.S.C. § 1332

Brief description of cause: Fraud, anti-competition, and franchise violations by Defendants against a Connecticut-based dealer-franchisee of wireless services and products

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD

February 9, 2022 /s/ Lisa McAndrews

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

**INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**

## Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.  
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here. United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.  
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.  
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.  
 Original Proceedings. (1) Cases which originate in the United States district courts.  
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.  
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.  
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.  
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.  
 Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.  
 Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.  
**PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.  
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.  
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.