

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

Craftwood Lumber Company, an Illinois corporation, individually and on behalf of all others similarly situated,

Plaintiff,

v.

Senco Brands, Inc., a Delaware corporation,

Defendant.

Case No. 1:14-cv-06866

Hon. John Robert Blakey

Plaintiff's First Amended Class Action Complaint for Violations of the Telephone Consumer Protection Act (47 U.S.C. § 227 and 47 C.F.R. § 64.1200); Demand for Jury Trial; Exhibit

[Fed. R. Civ. P. 3, 8, 23; 28 U.S.C. § 1331]

Plaintiff Craftwood Lumber Company ("Plaintiff"), brings this action on behalf of itself and all others similarly situated, and avers:

Introduction

1. More than two decades ago the Telephone Consumer Protection Act of 1991, 47 U.S.C. § 227, was enacted into law. The law responded to countless complaints by American consumers and businesses about the cost, disruption and nuisance imposed by junk faxes. The law prohibited the transmission of facsimile advertising without the prior express invitation or permission of the recipient. In 2005, because consumers and businesses continued to be besieged with junk faxes, Congress strengthened the law by amending it through the Junk Fax

Prevention Act of 2005.¹ As amended, the law requires a sender to include in its faxed advertisements a clear and conspicuous notice that discloses to recipients their right to stop future faxes and explains how to exercise that right.

2. Plaintiff brings this class action to recover damages for and to enjoin faxing by Defendant Senco Brands, Inc., in violation of the TCPA. Defendant violated the law by sending over 28,000 illegal junk fax advertisements between September 1, 2010, and December 16, 2014.

3. **Subject Matter Jurisdiction, Standing and Venue.** This Court has subject matter jurisdiction over this matter under federal-question jurisdiction, 28 U.S.C. § 1331; *see Mims v. Arrow Fin. Servs., LLC*, 132 S. Ct. 740, 747, 1818 L. Ed. 2d 881 (2012). Plaintiff has standing to seek relief in this Court because § (b)(3) authorizes commencement of a private action to obtain damages for Defendant's violations of the TCPA and/or FCC regulations, to obtain injunctive relief, or for both such actions. Defendant's junk faxing, among other things, wrongfully occupied Craftwood's fax telephone line, caused Craftwood's fax line to be unavailable for legitimate use, wasted time required to manage and dispose of Defendant's junk faxes, consumed and wasted the Craftwood's paper, toner, and electricity, and invaded Craftwood's privacy rights. Craftwood did not give Defendant prior express permission invitation or permission to send fax advertisements. Venue is proper in this Court because Defendant sent the faxes at issue within this judicial district, including to Plaintiff.

¹ Unless otherwise noted, all statutory references are to this statute in effect since 2005.

4. **Personal Jurisdiction.** This Court has personal jurisdiction over Defendant because it regularly conducts business within the state of Illinois, because Defendant intentionally directed the facsimile advertisements the subject of this action to recipients within the state of Illinois and because Defendant committed at least some of its violations of the TCPA and/or FCC regulations within the state of Illinois.

The Parties

5. **Individual Plaintiff/Class Representative.** Plaintiff Craftwood Lumber Company is, and at all times relevant hereto was, a corporation duly organized and existing under the laws of the state of Illinois, with its principal place of business in Highland Park, Illinois. Plaintiff is, and at all times relevant hereto was, the subscriber of the facsimile telephone number (847) 831-2805 to which faxed advertisements were sent by Defendant Senco Brands, Inc.

6. **Defendant Senco Brands, Inc.** Defendant Senco Brands, Inc., is, and at all times relevant hereto was, a corporation organized and existing under the laws of the state of Delaware, having its principal place of business in Cincinnati, Ohio. Unless otherwise indicated, Defendant Senco Brands, Inc., is referred to throughout this First Amended Complaint as “SBI” or “Defendant.”

The TCPA’s Prohibition Against Junk Faxing

7. By the early 1990s, advertisers had exploited facsimile telephone technology to

blanket the country with junk fax advertisements. This practice imposed tremendous disruption, annoyance, and cost on the recipients. Among other things, junk faxes tie up recipients' telephone lines and facsimile machines, misappropriate and convert recipients' fax paper and toner, and require recipients to sort through faxes to separate legitimate faxes from junk faxes and discard the latter. Congress responded to the problem by passing the TCPA. It was enacted to eradicate "the explosive growth in unsolicited facsimile advertising, or 'junk fax.'" H.R. Rep. No. 102-317 (1991).

8. In the decade following the TCPA's enactment, however, American consumers and businesses continued to be "besieged" by junk faxes because senders refused to honor requests by recipients to stop. FCC, Report and Order on Reconsideration of Rules and Regulations Implementing the TCPA of 1991, 29 Comm. Reg. 830 ¶ 186 (2003). Congress responded by strengthening the law through the JFPA. The JFPA, for the first time, required senders to clearly and conspicuously disclose on their faxes that recipients have the right to stop future faxes and to explain the means by which recipients can exercise that right.²

SBI's Junk Fax Program

9. SBI manufactures and distributes worldwide fasteners and air-, battery- and gas-powered tools. SBI was formed in June 2009 by Senco Holdings, Inc., an affiliate of

² The opt-out notice requirements are contained in § 227(b)(1)(C)(iii), (b)(2)(D) and (b)(E), and the FCC's regulations and orders found at 47 C.F.R. § 64.1200(a)(4)(iii)-(vi) and the FCC's 2006 order. *See* Federal Communications Commission, Report and Order and Third Order on Reconsideration, 21 FCC Rcd. 3787, ¶ 26 (2006).

Wynnchurch Capital Partners. Senco Holdings had purchased certain enumerated assets of Senco Products, Inc., from bankruptcy through an Asset Purchase Agreement approved by the United States Bankruptcy Court for the Southern District of Ohio. The court order approving the sale expressly ruled that the transaction would not make Senco Holdings a continuity, a mere continuation, or the successor to Senco Products. On July 19, 2009, SBI acquired the Senco Products assets from its parent company and commenced business.

10. The assets acquired by SBI's parent and later transferred to SBI did not include—to the extent any exist—any agreement or permission allowing Senco Products to send facsimile advertisements. Yet from its formation, SBI conducted a fax-blasting program to advertise the sale of its property, goods and services.³ The fax advertisements not only promoted SBI's products, but also the company's website (www.senco.com), which itself is a service and an advertisement for the company and its products. The website is interactive and invites visitors to purchase SBI's property and goods advertised on the website. SBI's advertisements include, but are not limited to, the facsimile transmission of advertisements to Plaintiff on or about November 23, 2010, entitled "SENCOS NEW FUSION TOOL!", July 13, 2011, entitled "Senco ProFlex Hose & 3 Tool Pre-sell", August 10, 2011, entitled "Senco August Promos!", January 4, 2012, entitled "New 3 Tool Compressor Combo Kit!", January 25, 2012, entitled "Do it Best Warehouse Promo!", February 22, 2012, entitled "Do it Best Warehouse Roofing Promo!", February 23, 2012, entitled "Pneumatic Tool Promo-Up to 20% Off!!!", May 3, 2012, entitled "Senco/Do it Best Show Promo!", May 29, 2012, "entitled Senco/Do it Best Reminder!", and

³ The statute of limitations for this action is the four-year limitations period provided in 28 U.S.C. § 1658.

June 14, 2012, entitled “Reminder! Senco Finish & Trim Promo Ends June 29!!.”

11. In the course of the period covered by this First Amended Complaint, SBI successfully sent approximately 28,000 fax advertisements to 3,765 unique fax numbers. These faxes were all sent through SBI’s “Faxmaker” program, and the transmissions were logged on Faxmaker server and in the company’s customer relationship database, ACT!. SBI was aware of the TCPA, but did nothing to comply with it before the filing of this action.

12. SBI is a sender of the facsimile advertisements because it sent the advertisements and because the faxes advertised or promoted SBI’s property, goods or services, within the meaning of 47 C.F.R. § 64.1200(a)(4), (f)(10).

13. Plaintiff did not give SBI “prior express invitation or permission” as used in the TCPA (§ 227(a)(5)) to send any facsimile advertisements, nor did Plaintiff have an “established business relationship” (§ 227(a)(2)) with SBI. Plaintiff is informed and believes, and upon such information and belief avers, that SBI transmitted via facsimile advertisements without obtaining prior express invitation or permission from other recipients and/or without having an established business relationship with them. In sending these faxes, SBI also failed to include the disclosures mandated by the Opt-Out Notice Requirements, in further violation of the TCPA and FCC regulations.

14. On or about December 11, 2014, after Craftwood had commenced this litigation, SBI filed a petition for a retroactive waiver with the Federal Communications Commission. SBI asked the FCC to waive, retroactively, its noncompliance with an FCC regulation (47 C.F.R. §

64.1200(a)(4)(iv)), that required SBI to include opt-out disclosures on facsimile advertisements sent with prior express invitation or permission. In its waiver petition, SBI falsely represented to the FCC (a) that the faxes at issue in this case were sent with prior express invitation or permission; (b) that Craftwood had given SBI permission to send facsimile advertisements in 2007 (before SBI's existence); (c) that SBI's marketing practices have never included sending unsolicited advertisements by facsimile; (d) that Craftwood had placed an order with SBI in 2006 (before SBI existed); and (e) that SBI was "actually and reasonably confused about the required opt-out language" in the FCC regulation. SBI also failed to disclose in its petition several material facts, including (a) that Craftwood had no communications or other interactions with SBI in 2006 or 2007; (b) that SBI did not exist until June 15, 2009; (c) that SBI had acquired certain assets formerly owned by Senco Products, Inc., in July 2009, which did not include any prior express permission to send facsimile advertisements; and (d) that the court order approving the sale of certain Senco Products, Inc., assets directed that SBI was not a successor to Senco Products, Inc., and that it not hold itself out to the public as a continuation of Senco Products, Inc.

15. On or about August 28, 2015, in reliance on SBI's misrepresentations and material omissions described above, the FCC's Consumer and Governmental Affairs Bureau granted SBI's petition for a "limited retroactive waiver" of the regulation requiring opt-out disclosures on solicited faxes. The bureau's order did not invalidate the regulation, nor did it purport to immunize SBI in this litigation for violating that regulation. Nor did the order relieve SBI of its violation of § 227(b)(1)(c)(iii) and § 227(2)(D), which required SBI to include an opt-out disclosure on faxes sent in the course of an established business relationship. To the extent the order purported retroactively to waive SBI's violation of 47 C.F.R. § 64.1200(a)(4)(iv) for

purposes of this litigation, it was outside the FCC's statutory and constitutional authority. Craftwood subsequently filed a timely appeal of the bureau's order to the full commission, which has yet to act on Craftwood's appeal.

Class Action Averments

16. **Statutory Reference.** This action is properly maintainable as a class action because (a) all prerequisites of rule 23(a) are satisfied; (b) prosecution of separate actions by one or more individual members of the class would create a risk of inconsistent or varying adjudications with respect to individual members of the class and would establish incompatible standards of conduct for Defendant, in the manner contemplated by rule 23(b)(1)(A); (c) SBI has acted on grounds that apply generally to the class, so that final injunctive relief is appropriate respecting the class as a whole, as contemplated by rule 23(b)(2); and (d) questions of law or fact common to the members of the class predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy, as contemplated by rule 23(b)(3).

17. **Class Definition.** The Plaintiff Class consists of all persons and entities that were subscribers of telephone numbers to which SBI sent by facsimile material that discusses, describes, or promotes its property, goods or services from September 1, 2010, to December 16, 2014, as identified in the Faxmaker transmission log. Plaintiff reserves the right to amend the class definition following completion of class certification discovery.

18. **Numerosity.** Plaintiff is informed and believes, and upon such information and

belief avers, that the Plaintiff Class, with no fewer than 3,765 members, is sufficiently numerous that the joinder of all members is impracticable due to the class's size and due to the relatively small potential monetary recovery for each Plaintiff Class member, in comparison to the time and costs associated with litigation on an individual basis.

19. **Typicality.** The claims of Plaintiff are typical of the Plaintiff Class because, among other things, they were sent facsimile advertisements by SBI that violated the TCPA and FCC regulations; they have same claims under the same statute and regulations; and they are entitled to the same statutory damages and injunctive relief.

20. **Adequacy of Representation.** The Plaintiff Class will be well represented by the class representative and class counsel. Plaintiff appreciates the responsibilities of a class representative and understands the nature and significance of the claims made in this case. Plaintiff can fairly and adequately represent and protect the interests of the Plaintiff Class because there is no conflict between its interests and the interests of other class members. Class counsel have the necessary resources, experience (including significant experience in litigating cases under the TCPA and FCC regulations) and ability to prosecute this case on a class action basis.

21. **Common Questions of Law and Fact Are Predominant.** Questions of law and fact common to the class predominate over questions affecting only individual class members:

A. **Common Questions of Fact.** This case presents numerous questions of fact that are common to all class members claims. SBI has engaged in a standardized course of

conduct vis-a-vis Plaintiff and class members, and their damages arise out of that conduct. Plaintiff is informed and believes, and upon such information and belief avers, that the case arises out of a common nucleus of fact because, among other things, the faxes at issue advertised SBI's property, goods or services, the faxes are the product of an organized fax-blasting campaign targeting the class, and the faxes were sent in the same or similar manner.

B. Common Questions of Law. The case presents numerous common questions of law, including, but not limited to:

(1) whether the faxes at issue advertise the commercial availability or quality of property, goods or services and therefore fall within the ambit of the TCPA and FCC regulations;

(2) SBI's mode and method of obtaining the telephone numbers to which the faxes at issue were sent and whether that mode and method complied with the requirements of § (b)(1)(C)(ii) and FCC regulations;

(3) whether SBI obtained prior express invitation or permission to send facsimile advertisements;

(4) whether prior express invitation or permission can be transferred to another person as a matter of law;

(5) whether SBI acquired through the multi-step bankruptcy sale any

prior express permission to send facsimile advertisements obtained by Senco Products, Inc.;

(6) whether obtaining a facsimile telephone number from a business or individual, without also asking for permission to send faxed advertisements, constitutes prior express permission or invitation as defined in § (a)(5);

(7) whether SBI complied with the opt-out notice requirements of the TCPA and FCC regulations, and the legal consequences of the failure to comply with those requirements;

(8) whether the TCPA is constitutional;

(9) whether the statutory damages provided by the TCPA are constitutional;

(10) whether the FCC's regulations related to solicited advertisements exceed the scope of the agency's authority;

(11) whether the order of the FCC Bureau of Consumer and Governmental Affairs dated August 28, 2015, granting SBI a retroactive waiver of liability under the TCPA is void and unenforceable because (a) the FCC lacks statutory and constitutional authority to retroactively waive a party's violation of law; and (b) SBI obtained the order based on false representations and material omissions to the FCC;

(12) whether the bureau's order excuses SBI's violation of §227(b)(1)(C)(iii) and (2)(D), which require opt-out disclosures on faxes sent in the context of an existing business relationship;

(13) what constitutes a knowing or willful violation of the TCPA within the meaning of § (b)(3);

(14) whether SBI committed knowing and/or willful violations of the TCPA and/or FCC regulations;

(15) whether damages should be increased on account of SBI's knowing and/or willful violations of the TCPA and/or FCC regulations and, if so, by what amount; and

(16) what injunctive relief as prayed for in the First Amended Complaint is warranted.

22. **Superiority of Class Adjudication.** This action should be maintained as a class action because a class action is superior to other available methods for the fair and efficient adjudication of the controversy because, among other things, (a) common questions of law and fact, including those identified in paragraph 21, predominate over questions affecting only individual members; (b) prosecuting separate actions by individual class members would create a risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for SBI; (c) proof of the claims of Craftwood will also prove the claims of the proposed

class without the need for separate and individualized proceedings and the statutory damages provided by the TCPA are the same for all members of the proposed class, such that damages can be calculated with mathematical certainty; (d) the practical economics of litigation and the potential recovery from individual litigation make it uneconomical for class members to prosecute individual claims; (e) class adjudication will conserve judicial resources and will avoid the possibility of inconsistent rulings in the event individual cases are brought; (f) no litigation other than this case has been commenced against SBI; (g) class litigation would serve to educate members about their legal right to stop unwanted facsimile advertising, a particularly important interest in light of SBI's failure to make disclosures required under the TCPA; (h) as a practical matter, due to the practical economics of litigation, the vast majority of Plaintiff Class members are not likely to bring claims and obtain relief absent class certification; and (i) equity dictates that all persons who stand to benefit from the relief sought herein should be subject to this action and, hence, subject to an order spreading the cost of litigation among class members in relationship to the benefits received.

Claim for Relief for Violations of the TCPA and FCC Regulations

23. **Incorporation.** Plaintiff and the Plaintiff Class reassert the averments set forth in paragraphs 1 through 22, above.

24. **SBI's Violations of the TCPA and FCC Regulations.** Between September 1, 2010, and December 31, 2014, SBI violated the TCPA by, among other things, sending from or to the United States, over 28,000 unsolicited advertisements and/or advertisements that violate the Opt-Out Notice Requirements, via facsimile, from telephone facsimile machines, computers,

or other devices to telephone facsimile machines of Plaintiff and members of the Plaintiff Class.

25. **Private Right of Action.** Under § 227(b)(3), Plaintiff has a private right of action to bring this claim for damages and injunctive relief on behalf of itself and on behalf of the Plaintiff Class to redress SBI's violations of the TCPA and FCC regulations.

26. **Injunctive Relief.** Plaintiff is entitled to have preliminary and permanent injunctions entered to: (1) prohibit SBI, its employees, agents, representatives, contractors, affiliates and all persons and entities acting in concert with them, from committing further violations of the TCPA and FCC regulations, and thereby, among other things, prohibiting SBI, its employees, agents, representatives, contractors, affiliates, and all persons and entities acting in concert with them, from sending any further unsolicited faxed advertisements to any person or entity or sending faxed advertisements that do not comply with the Opt-Out Notice Requirements; (2) require SBI to deliver to Plaintiff all records of facsimile advertisements sent commencing on September 1, 2010, including all content sent via facsimile, fax lists, and transmission records; (3) require SBI to adopt ongoing educational, training and monitoring programs to ensure compliance with the TCPA and FCC regulations, and limiting facsimile advertising activity to personnel who have undergone such training; (4) require SBI to provide written notice to all persons and entities to whom SBI sent, via facsimile transmission, advertisements in violation the TCPA and/or FCC regulations, warning such persons and entities that the faxing of unsolicited advertisements, or advertisements that do not comply with the Opt-Out Notice Requirements, violates the TCPA and that they should not be led or encouraged in any way by SBI's violations of the TCPA and/or FCC regulations to send advertisements of their own that violate the TCPA and/or FCC regulations; and (5) require SBI to conspicuously place

on the homepage of its website the warnings contained in subsection 4 of this paragraph.

27. **Damages.** Plaintiff and all members of the Plaintiff Class are entitled to recover the minimum statutory amount of \$500 for each violation by SBI of the TCPA and FCC regulations, as expressly authorized by § 227(b)(3). In addition, Plaintiff is informed and believes, and upon such information and belief avers, that SBI committed its violations willfully and/or knowingly and that the amount of statutory damages should be increased up to three times, also as authorized by § 227(b)(3).

Prayer for Relief

WHEREFORE, Plaintiff and the Plaintiff Class pray for relief against Defendant Senco Brands, Inc.:

1. Certifying a class described in paragraph 17 of the Complaint;
2. Appointing Plaintiff as representative for the Plaintiff Class and awarding Plaintiff an incentive award for its efforts as class representative;
3. Appointing Plaintiff's counsel as counsel for the Plaintiff Class;
4. Awarding statutory damages in the minimum amount of \$500 for each violation of the TCPA in an overall amount not less than \$14,000,000, exclusive of interest and costs, according to proof;

5. Increasing the damages awarded against SBI by up to three times, as permitted by 47 U.S.C. § 227(b)(3);

6. Entering the preliminary and permanent injunctions requested in paragraph 26 of the Complaint;

7. Ordering payment of Plaintiff's costs of litigation, including, without limitation, costs of suit and attorneys' fees, spread among the 3,765 recipients of SBI's junk faxes in relation to the benefits received by those recipients as members of the putative Plaintiff Class;

8. Awarding Plaintiff and the Plaintiff Class prejudgment interest; and

9. Awarding Plaintiff and the Plaintiff Class such other and further relief as the Court shall deem just and proper.

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CERTIFICATE OF SERVICE

The undersigned, an attorney, states that on this eleventh day of October, 2016, he caused the foregoing First Amended Complaint to be filed electronically with the Clerk of Court using the CM/ECF system, and which will send electronic notification to the following:

Matthew K. Brown
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/s/ Scott O. Luskin

Scott O. Luskin

Exhibit 1

From: LBroderick@sencobrands.com To: 18478312805 Page: 1/2 Date: 1/4/2012 1:12:08 PM

Subject: New 3 Tool Compressor Combo Kit!

Message: Attention Senco Dealers!!

NEW!!!!!!!!!!!!

AIR COMPRESSOR AND 3 TOOL COMBO KIT!!!

Available to ship 2-22-12

Please see attached flyer!!

Thanks,
Lynn

Lynn Broderick

Senco Brands, Inc.

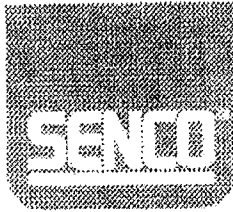
Inside Sales

Phone 513-388-3994

Fax 877-388-0700

Order Line 800-543-4596

lbroderick@sencobrands.com



Performance. Power.
Productivity.™

Combo Kit

Air Compressor and Three Tool Combo Kit

Kit Contents

Dil-Free Pancake Air Compressor

- 6 Gallon Pancake
- 155 PSI Max.
- 2.8 SCFM @ 90 PSI
- 2 Couplers
- Dual Gauges

FinishPro 35 Angled Finish Nailer

- Drives 1 1/4" - 2 1/2" 15 ga. finish nails
- Tool-free adjustable depth-of-drive
- Adjustable exhaust
- Easy-clear front latch
- Stretch on comfort grip
- No-mar pad - protects woodwork

FinishPro18 Brad Nailer

- Drives 1/8" - 2" 18 ga. brad nails
- Rear exhaust
- Stretch on comfort grip
- No-mar pad - protects woodwork
- Rear bumper - protects work finish
- Lightweight and powerful

SLS18 Stapler

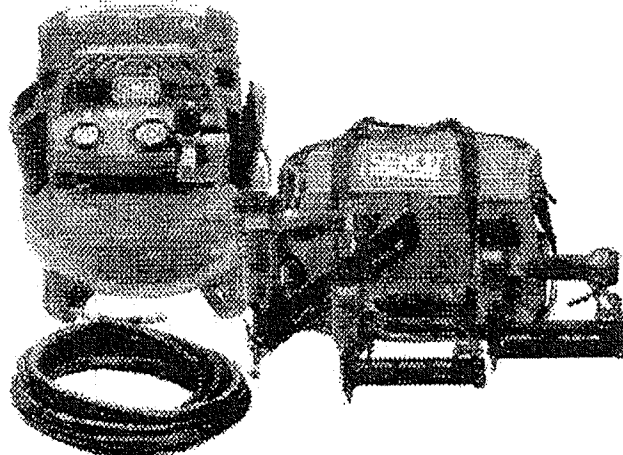
- Drives 1/4" crown 18 ga. wire 1 1/2" staples
- Tool-free adjustable depth-of-drive
- Rear exhaust - keeps oil off woodwork
- Stretch on comfort grip
- Hardened steel driver for extended life

1/4" X 25' Air Hose

Tool Storage Bag

1-Year Limited Warranty

Retail Value: \$445.00
Saving: -1126.00
Kit Target Price: \$319.00



Fastener Specifications

FinishPro35
 Gauge 15
 Fastener Range 1 1/4" - 2 1/2"
 Fastener Capacity 104

FinishPro18
 Gauge 18
 Fastener Range 5/8" - 2"
 Fastener Capacity 110

SLS18
 Gauge 18
 Fastener Range 3/8" - 1-5/8"
 Crown 1/4"
 Fastener Capacity 110

SENCO Air Tool Combo Kit

Item #: PC1279

UPC: 7-41474-06558-3

Price: \$275.08

**Available to Ship
 February 22, 2012**

