

**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.¹

¹ 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.

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.

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