

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

Triple Cities Acquisition, LLC d/b/a Cook Brothers
Truck Parts, on behalf of itself and all others
similarly situated

Plaintiff,

v.

Espar Inc. and Espar Products Inc.,

Defendants.

**CLASS ACTION COMPLAINT
FOR FEDERAL ANTITRUST
VIOLATIONS**

JURY TRIAL DEMANDED

1. Plaintiff Triple Cities Acquisition LLC d/b/a Cook Brothers Truck Parts in Binghamton, NY (“Plaintiff” or “Triple Cities”), on behalf of itself and all others similarly situated, asserts claims for violations of federal antitrust law against Espar Inc. and Espar Products Inc. (collectively “Espar” or “Defendants”), as well as Defendants’ unnamed co-conspirators, arising from a conspiracy to fix prices for parking heaters (including the heaters themselves, accessories sold for use with heaters and packaged kits containing heaters and selected accessories) sold in the aftermarket for use in commercial vehicles from on or before October 1, 2007 through at least December 31, 2012 (the “Class Period”).

2. Plaintiff’s claims are made on information and belief except as to allegations specifically pertaining to Plaintiff and its counsel, which are made on personal knowledge.

NATURE OF THE ACTION

3. This case arises from a conspiracy to fix prices for air parking heaters (that work by heating interior or outside air drawn into the heating unit) and water (or “coolant”) parking heaters (that are integrated into the engine coolant circuit and heat the engine as well as the interior compartment) sold in the aftermarket for use in commercial vehicles, including the heaters themselves, accessories sold for use with the heaters and packaged kits containing heaters and select accessories (collectively “Parking Heaters”, unless otherwise differentiated). These Parking Heaters are used in a wide variety of commercial vehicles to keep the cabin or other compartment of the vehicle warm while the operator of the vehicle rests, thereby permitting that operator to sleep without forcing the vehicle to idle, which is economically wasteful, harmful to the environment and potentially dangerous for the operator. The term “aftermarket”, as used in this Complaint, refers to the purchase of Parking Heaters for installation in a vehicle after it has been sold by the original vehicle manufacturer.

4. Throughout the Class Period, Defendants and their unnamed co-conspirators conspired to, and did, fix prices on Parking Heaters. By acting together and in concert to fix prices, Defendants and their unnamed co-conspirators caused the price of Parking Heaters to be artificially high, reaping millions of dollars from unlawful overcharges. The Defendants and/or their unnamed co-conspirators sold Parking Heaters to purchasers, including to Plaintiff, during the Class Period.

5. A government investigation into anticompetitive conduct in the market for Parking Heaters is ongoing at least in the United States, with one conspirator – Defendant Espar Inc. – pleading guilty to one count of violating the Sherman Act on March 12, 2015. See “Plea Agreement” (March 12, 2015), filed in *United States v. Espar, Inc.*, No. 1:15-cr-00028 (E.D.N.Y.) (“*Espar*”). Espar Inc. will be sentenced on June 5, 2015.

6. The price-fixing conspiracy in which the Defendants and their unnamed co-conspirators engaged allowed them to charge more for Parking Heaters to Plaintiff and members of the Class than they would have been able to absent the conspiracy. Accordingly, Plaintiff seeks relief for the damages it has suffered as a result of Defendants' violations of federal law. Plaintiff asserts claims under the Sherman Act (15 U.S.C. §§ 1, *et seq.*) and the Clayton Act (15 U.S.C. §§ 12, *et seq.*)

JURISDICTION AND VENUE

7. This action arises under Section 1 of the Sherman Act (15 U.S.C., § 1), and Sections 4 and 16 of the Clayton Act (15 U.S.C. §§ 15 and 26).

8. This Court has jurisdiction under 28 U.S.C. §§ 1331 and 1337 and Sections 4 and 16 of the Clayton Act (15 U.S.C. §§ 15 and 26).

9. Venue is proper in this District pursuant to Sections 4, 12 and 16 of the Clayton Act (15 U.S.C. §§ 15, 22 and 26 and 28 U.S.C. § 1391(b), (c) and (d)). Defendants reside, transact business, are found or have agents in the District, a substantial part of the events giving rise to Plaintiff's claims arose in the District and a substantial portion of the affected interstate trade and commerce described herein has been carried out in this District.

THE PARTIES

Plaintiff

10. Plaintiff Triple Cities directly purchased Parking Heaters from Espar and/or one of its unnamed co-conspirators during the Class Period, paying more for the parking heaters than it would have absent the anticompetitive conduct of Defendant and its unnamed co-conspirators, and was injured as a result. Triple Cities has branch store locations in Utica, Rochester, Watertown, Homer and Elmira, New York; and in Scranton, Mechanicsburg, Pittson, Pennsylvania. Its principal place of business is at 76 Frederick Street, Binghamton, NY 13901.

Defendant

11. Defendant Espar Inc. is an Illinois corporation headquartered at 29101 Haggerty Road Novi, MI 48377-2913. Espar Inc. has pled guilty for its role in the conspiracy alleged herein. Espar Inc. executed the plea agreement cited above with the United States Department of Justice (“DOJ”), which was entered by Judge John Gleeson of the United States District Court for the Eastern District of New York on March 12, 2015. Espar Inc.’s sentencing is scheduled for June 5, 2015.

12. Defendant Espar Products Inc. is located at 6099A Vipond Drive, Mississauga, Ontario L5T 2B2, Canada. It is an affiliate of Defendant Espar Inc.

13. Espar, directly and through some of their affiliate corporations, sold Parking Heaters in the United States for commercial use in the aftermarket during the Class Period.

UNNAMED CO-CONSPIRATORS

14. Various other entities and individuals not named as defendants in this Complaint participated as co-conspirators in the acts complained of and performed acts and made statements that aided and abetted and furthered the unlawful conduct alleged herein.

CLASS ACTION ALLEGATIONS

15. Plaintiff brings this action as a class action under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure, on behalf of itself and all others similarly situated. The “Class” is defined as:

All persons or entities (other than Defendants and their employees, affiliates, parents and subsidiaries) that purchased in the United States, directly from a Defendant or one of its co-conspirators, an air or coolant parking heater sold in the aftermarket for use in commercial vehicles, including the heaters themselves, accessories sold for use with the heaters and packaged kits containing heaters and select accessories (“Parking Heaters”) at any time between October 1, 2007 and December 31, 2012 (the “Class Period”).

16. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown at this time, Plaintiff is informed and believes that at least hundreds of geographically dispersed Class members purchased Parking Heaters directly from Defendant or one of its co-conspirators during the Class Period.

17. Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiff and the members of the Class sustained damages arising out of the common course of conduct of Defendants and their unnamed co-conspirators in violation of law as complained herein. The injuries and damages of each member of the Class were directly caused by the wrongful conduct of Defendants and their co-conspirators in violation of the antitrust laws as alleged herein.

18. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class action litigation, including antitrust class action litigation.

19. Common questions of law and fact exist as to all members of the Class which predominate over any questions affecting solely individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether Defendants and their co-conspirators engaged in a contract, combination and/or conspiracy to fix, raise, maintain and stabilize prices of Parking Heaters sold in the United States and/or for delivery into the United States;

(b) the identity of the participants in the conspiracy;

(c) the duration of the conspiracy and the acts carried out by Defendants and their co-conspirators in furtherance of the conspiracy;

(d) whether the conspiracy violated the Sherman Act;

(e) whether the conduct of Defendants and their co-conspirators caused injury to the businesses and property of the Plaintiff and the other members of the Class;

(f) the effect of the conspiracy on the prices of Parking Heaters sold in the United States and/or for delivery into the United States during the Class Period; and

(g) the appropriate measure of damages.

20. A class action is superior to other available methods for the fair and efficient adjudication of this controversy because joinder of all Class members is impracticable. The prosecution of separate actions by individual members of the Class would impose heavy burdens upon the courts and the Defendants, and would create a risk of inconsistent or varying adjudications of the questions of law and fact common to the Class. A class action, on the other hand, would achieve substantial economies of time, effort and expense, and would assure uniformity of decision as to persons similarly situated without sacrificing procedural fairness or bringing about other undesirable results.

21. The interest of members of the Class in individually controlling the prosecution of separate actions is theoretical rather than practical. The Class has a high degree of cohesion, and prosecution of the action through representatives would be unobjectionable. The amounts at stake for Class members, while substantial in the aggregate, are not great enough individually to enable them to maintain separate suits against Defendants. Plaintiff does not anticipate any difficulty in the management of this action as a class action.

TRADE AND COMMERCE

22. Throughout the Class Period, Defendants and their unnamed co-conspirators manufactured, sold and shipped substantial numbers of Parking Heaters in a continuous and uninterrupted flow of interstate commerce throughout the United States, including in this

District.

23. The unlawful activities of Defendants and their unnamed co-conspirators that are the subject of this Complaint were within the flow of, and have a direct and substantial effect on, interstate trade and commerce.

FACTUAL ALLEGATIONS

I. FACTUAL BACKGROUND ON PARKING HEATERS.

24. Operators of commercial vehicles, such as large commercial trucks, must often remain idle in their vehicle for rest breaks and other purposes, and need a way to keep warm. For many such drivers, idling the vehicle itself may be the only way to provide heat to the cabin of the vehicle. Such idling, however, is inefficient and runs afoul of ever-increasing anti-idling laws.

25. In fact, idling tailpipes “spew out the same pollutants that form unhealthy smog and soot as those from moving cars,” contribute to global warming through the release of carbon dioxide (CO₂) and waste a tremendous amount of fuel.¹ For example, an idling diesel truck burns approximately one gallon of fuel per hour.² According to a 2011 estimate, 30 percent of a truck’s idling time is devoted to keeping the cabin warm.³ In addition, idling poses health risks to vehicle operators,⁴ risks that are greatly increased for operators who spend their working lives

¹ “Attention drivers! Turn off your idling engines,” Environmental Defense Fund, available at <http://www.edf.org/transportation/reports/idling>.

² *Id.*; “What You Should Know About Truck Engine Idling,” Environmental Protection Agency, New England (April 2002), available at http://www.epa.gov/region1/eco/diesel/pdfs/Diesel_Factsheet_Truck_Idling.pdf.

³ Marek Krasusi, *Evolving Technologies Dominate Industry*, Western Trucking News (Dec. 2011).

⁴ “What You Should Know About Truck Engine Idling,” Environmental Protection Agency, New England (April 2002), available at http://www.epa.gov/region1/eco/diesel/pdfs/Diesel_Factsheet_Truck_Idling.pdf.

driving vehicles.

26. Parking Heaters offer a solution to this problem, providing heat without the need to idle. Indeed, the Environmental Protection Agency itself has recommended Parking Heaters as one way to mitigate idling's impact:

Install a small generator or auxiliary power unit specifically designed for a truck that provides heat, air conditioning, and/or electrical power while the vehicle is not in motion. These devices are a better, more efficient alternative to idling as they use substantially less fuel and emit less pollution. Depending on the amount of time spent idling each year, the payback on these devices can be one to two years.⁵

27. This is consistent with President Obama's goal of reducing big rig fuel consumption by 23%.⁶

28. At least 19 states have passed anti-idling legislation in the last few years,⁷ with states such as California and Hawaii allowing effectively no idling at all. Several municipalities, such as New York City and Philadelphia, also have anti-idling regulations in place.⁸

29. The Environmental Protection Agency also has a Clean School Bus Campaign, which encourages the use of systems such as Parking Heaters to reduce the amount of idling necessary for school buses.⁹ As the bus fleet manager of the Denver public schools has said in support of using Parking Heaters on school buses, "[a]ny time you can reduce engine idle and maintain temperature, it's a win for the driver, students and vehicle."¹⁰

30. Espar and its competitors sell two primary types of Parking Heaters: (a) air

⁵ *Id.*

⁶ Marek Krasusi, *Evolving Technologies Dominate Industry*, Western Trucking News (Dec. 2011).

⁷ "Anti-Idling Laws Around the Nation," Sustainable Blog (April 19, 2013), available at <http://www.sustainableamerica.org/blog/anti-idling-laws-around-the-nation/>

⁸ *Id.*

⁹ <http://www.epa.gov/cleandiesel/sector-programs/antiidling.htm> .

¹⁰ "The Hot Topic of Heating," School Transportation News (Sept. 2006), available at http://studiosn.com/stn/articlearchive/heating_0906.htm.

heaters, which work by heating interior or outside air drawn into the heater unit; and (b) water or "coolant" heaters, which are integrated into the engine coolant circuit and heat the engine as well as the interior compartment.

31. Espar's Hydronic coolant Parking Heaters work much the way a hot water furnace operates in a home, heating coolant and circulating it for pre-heating. This line of heaters can be used to preheat an engine, fuel, hydraulics and other service fluids – and provide supplementary heat to the vehicle's cabin.¹¹

32. Espar's coolant Parking Heaters, such as its Hydronic Heating systems, are largely intended to heat engine parts. In these systems, fuel and air are combined, which generates heat in the combustion chamber. The heater's water-pump then warms up, which causes engine coolant to circulate throughout the vehicle's engine's cooling system to transfer heat to the engine. Heating of the cabin is a supplementary effect of this type of system.¹² These fuel-operated coolant systems are small, weighing approximately six to seven pounds.¹³

33. Espar's air Parking Heaters, such as Espar's Airtronic Heater, act like small furnaces. They have a heating element and a blower to provide heat either through a direct duct or through a vehicle's factory-installed HVAC ducting. Like the coolant-based systems, these air Parking Heaters are small, weighing between six to eight pounds and are approximately the size of a loaf of bread.¹⁴

34. In contrast to the large amount of fuel used when an engine is idling, Espar's air

¹¹ Brochure from Volvo on Espar Components, available at: http://www.espar.com/fileadmin/data/countrysites/EB_Kanada/pdf/Volvo_Brochure_WEB_READY_10%EF%80%A208%EF%80%A213.pdf.

¹² Trucking Efficiency, Confidence Report: Idle-Reduction Solutions (2014), at 35.

¹³ *Id.*

¹⁴ *Id.*, at 34.

Parking Heaters, such as Espar's Airtronic Heaters, sometimes called bunk heaters, typically use as little as .02 to .13 gallons of fuel an hour, with the average air Parking Heater burning no more than a gallon of fuel every 24 hours.¹⁵

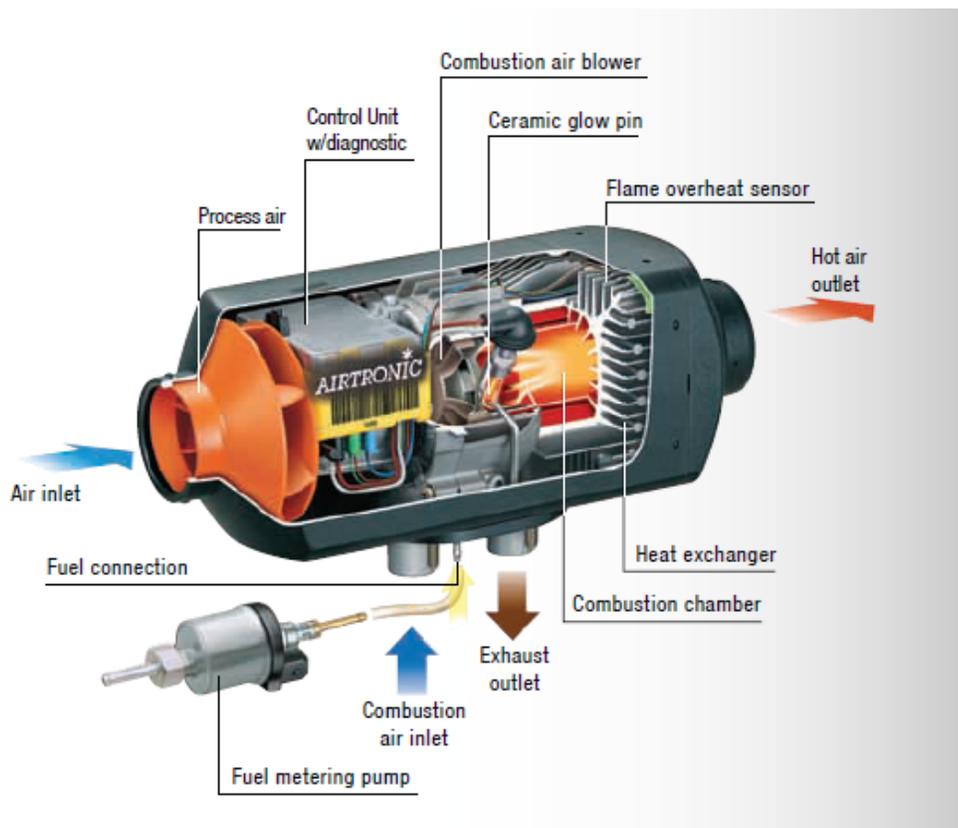
35. As air Parking Heaters, Airtronic Heaters require minimal fuel and power to operate. Espar advertises its Airtronic Parking Heaters as "simple, efficient and convenient!" As they explain, Airtronic Parking Heaters can save "over 1,000 gallons of fuel per year by reducing idle time."¹⁶ Unlike coolant heating systems, which are integrated directly into a vehicles coolant circuit, Airtronic Parking Heaters and other air Parking Heaters work independent of the vehicle's existing heating and cooling system, allowing them to warm the compartment quickly.¹⁷

¹⁵ *Id.*

¹⁶ Espar AIRTRONIC D2/D4/D5 Spec. Sheet, available at: www.espar.com/fileadmin/data/countrysites/EB_Kanada/pdf/Airtronic_D2-D4-D5_Spec_sheet.pdf.

¹⁷ "Espar Climate Control Systems, Auxiliary Heaters for All Markets," at 3, available at: http://www.espar.com/fileadmin/data/countrysites/EB_Kanada/pdf/All_Market_Brochure_WEB_READY_021014_.pdf

36. Below is a basic diagram of an air Parking Heater (specifically, Espar's Airtronic Parking Heater)¹⁸:

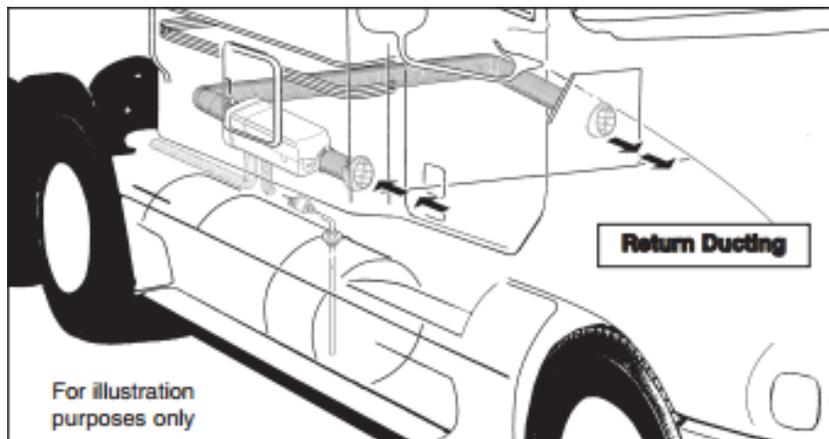


37. Air Parking Heaters such as Espar's Airtronic Heaters are typically mounted under or behind the outside of a sleeper cab, and connect a fuel pump directly to the vehicle's fuel tank, using the vehicle's main batteries as a source for the electric power needed to run the air Parking Heater.¹⁹ A driver-controlled panel with on/off switch and temperature and fan setting is installed in the cab as well.

¹⁸ Espar AIRTRONIC D2/D4/D5 Spec. Sheet, available at: www.espar.com/fileadmin/data/countrysites/EB_Kanada/pdf/Airtronic_D2-D4-D5_Spec_sheet.pdf.

¹⁹ Trucking Efficiency, Confidence Report: Idle-Reduction Solutions (2014), at 34.

38. Below is a diagram providing an example of an installed air Parking Heater in the cab area of a semi-trailer truck from the Espar installation for an Airtronic Heater manual:



39. Espar's air Parking Heaters range in price from \$800 to \$1500, depending on type, and require minimal maintenance.²⁰

40. The main goal of each of these types of units is to provide a cheaper and more efficient means of keeping the operator's cabin warm without the waste of idling the vehicle. Espar Inc.'s Airtronic line of air Parking Heaters, for example, is designed "for cab and sleeper heat in trucks, workshop vehicles, freight compartments and interior heat in general" – all without idling the vehicle's engine.²¹

41. Espar is one of the largest suppliers of Parking Heaters in North America, with over \$62 million in commerce in Parking Heaters in the United States during the Class Period.²²

42. The conspiracy alleged herein only involves fuel-operated Parking Heaters used

²⁰ *Id.*, at 35-36.

²¹ Espar AIRTRONIC D2/D4/D5 Spec. Sheet, available at: www.espar.com/fileadmin/data/countrysites/EB_Kanada/pdf/Airtronic_D2-D4-D5_Spec_sheet.pdf.

²² Frank Stodolsky, *et al.*, Analysis of Technology Options to Reduce the Fuel Consumption of Idling Trucks (June 2000) at 9; Trucking Efficiency, Confidence Report: Idle-Reduction Solutions (2014), at 34-37.

in commercial vehicles, as reflected in the aforementioned plea agreement. Both coolant Parking Heaters such as Espar's Hydronic Coolant Parking Heaters, and air Parking Heaters, such as Espar's Airtronic air Parking Heaters, were subject to the conspiracy, which also encompassed Parking Heater accessories and Parking Heater kits, in which both the Parking Heater and the accessories were sold together.

II. ESPAR AND ITS CO-CONSPIRATORS AGREED TO FIX PRICES FOR PARKING HEATERS.

43. Espar and its co-conspirators had clandestine meetings and discussions, at which they agreed to fix, raise or maintain prices for Parking Heaters.

44. The conspiracy consisted of a continuing agreement, understanding, and concert of action among Espar and its co-conspirators, the substantial terms of which were to fix, stabilize and maintain prices of parking heaters for commercial vehicles sold to aftermarket customers in the United States, as well as elsewhere in North America.

45. As part of the conspiracy, Espar and its co-conspirators discussed prices for Parking Heaters sold for use in commercial vehicles on the aftermarket, agreed to set a price floor for Parking Heater kits, and agreed to coordinate the timing and amount of price increases.

46. Espar and its co-conspirators also agreed to exchange, and did exchange, information in order to monitor and enforce adherence to the agreement.

III. THE STRUCTURE OF THE PARKING HEATER INDUSTRY IS CONDUCTIVE TO COLLUSION.

47. Parking Heaters are sold by manufacturers through distributors, dealers and to original equipment manufacturers. In addition to other methods, Espar engages in contracts with "Master Service Dealers," with assigned market territories, to which it sells Parking Heaters, and that are authorized to sell, install and repair its heaters. Master Service Dealers are required to purchase a minimum dollar value of Espar's products and promote Espar's products through

trade fair exhibitions and via dealers' sales forces, and maintain a network of subdealers and warranty depots to support Espar sales. Espar's network of more than 250 dealers sell its products across the country.

48. "As it stands, only a select few manufacturers continue to control the lion's share of the heating system industry."²³ The three companies that dominate the market are Espar, Webasto Product North America, Inc./Webasto Thermo & Comfort North America, Inc., and Proheat.²⁴

49. Webasto Product North America, Inc. is headquartered in Rochester Hills, Michigan, and its affiliate, Webasto Thermo & Comfort North America, Inc., which manufactures parking heaters for commercial and other vehicles, is headquartered in Fenton, Michigan, where it also operates a manufacturing plant. Webasto Thermo & Comfort SE of Gilching, Germany owns both Webasto Product North America, Inc. and Webasto Thermo & Comfort North America, Inc. (collectively, "Webasto"). Webasto manufactures the Air Top 2000 ST and the Air Top Evo 40/55 air Parking Heaters for commercial vehicles and heavy machinery. Webasto also manufactures four types of coolant Parking Heaters. Webasto promotes itself as the "world market leader" for interior cab and coolant heaters.²⁵ Its heating and cooling systems division accounts for 20% of its more than €2.5 billion sales volume.²⁶ North America is one of its top markets.

²³ Marek Krasusi, *Evolving Technologies Dominate Industry*, Western Trucking News (Dec. 2011).

²⁴ *Id.*; see also Trucking Efficiency, Confidence Report: Idle-Reduction Solutions (2014), at 34-35.

²⁵ <http://www.webasto.com/us/markets-products/truck/heating-systems/>.

²⁶ Webasto Press Release, *Webasto remains on global growth path* (May 22, 2014), available at http://www.webasto-group.com/int/press-zwnjevents/press-releases/news-article/webasto-remains-on-a-global-growth-path/?no_cache=1

50. Marine Canada Acquisition Inc. (“Proheat”) is based in British Columbia, Canada and manufactures air auxiliary heaters for heavy-duty vehicles, including the Proheat Air Parking Heater, along with a Proheat X45 coolant Parking Heater, available in both 2 and 4 kilowatt models, capable of heating both the engine block and the truck cab.

51. The global market for Parking Heaters is highly concentrated, with Webasto alone accounting for 75% of the global Parking Heater market.

52. Espar manufactures and sells Parking Heaters that are interchangeable and in competition with Parking Heaters offered by other manufacturers, including Espar’s main competitors Webasto and Proheat. All Parking Heaters serve the same purpose for consumers as other Parking Heaters; they serve as an alternative to engine idling to provide heat to a compartment and/or to vehicle equipment. Parking Heaters produced by the dominant manufacturers also have generally comparable product attributes, such as fuel consumption rates, heat output, electrical consumption and weight. As such, Parking Heater purchasers are likely to be influenced by price when making a decision regarding which Parking Heater to purchase. In this regard, Parking Heaters act as commodity-like products.

53. Espar and its leading competitor Webasto manufacture the two leading fuel-operated heaters on the market: Espar’s Airtronic D2 and Webasto’s Air Top 2000; both expend only one gallon of fuel over 20+ hours of operation, come with a built-in thermostat and operate in a similar manner, drawing air and fuel into a heat exchanger.²⁷

54. In addition to aftermarket sales, Webasto and Espar are also the key suppliers to original equipment manufacturers. Parking Heaters are available as factory-installed options and every major truck manufacturer offers optional fuel-operated heaters of either Webasto or Espar,

²⁷ Overdrive staff, *Cold Remedy*, Overdriveonline.com (Dec. 12, 2008), available at: <http://www.overdriveonline.com/cold-remedy/>

or both.²⁸

55. Fuel-operated Parking Heaters have few substitutes. Alternative technologies for heating truck cabs, such as auxiliary power units (“APUs”) or generator set systems (“gen-sets”), which incorporate an HVAC system, cost three to eight times as much as Parking Heaters.²⁹ For example, a gen-set can cost upwards of \$8,000 or more compared to Parking Heaters’ price tag of often less than \$1,500 or less. APUs and gen-sets are more complex to install, add significant weight to the truck cab and require more maintenance.³⁰ Parking Heaters, however, can be installed in a few hours by drilling a few holes and running fuel lines.³¹ And battery powered APUs have a limited runtime of about 10 hours.³² As such, Parking Heaters constitute a distinct product market.

56. There are also high barriers to entry to the Parking Heater industry in the form of technical know-how, including the manufacturing expertise required to make efficient, safe Parking Heaters, and access to distribution channels. Moreover, Espar’s “Master Service Dealers” are not permitted to manufacture, distribute or promote competing products within their designated territories, foreclosing potential entrants’ access to key distribution channels.³³

57. Espar had the opportunity to collaborate with its competitors through Espar’s participation at industry trade shows. By way of example, Espar and Webasto, one of Espar’s main competitors in the Parking Heater industry, both attended the NTEA World Truck Trade

²⁸ Trucking Efficiency, Confidence Report: Idle-Reduction Solutions (2014), at 69.

²⁹ *Id.* at 34-35.

³⁰ *Id.*

³¹ *Id.*

³² Denise Koeth, *Auxiliary Power Unit Update*, fleetequipmentmag.com (Sept. 10, 2012), available at, <http://www.fleetequipmentmag.com/auxiliary-power-unit-update>.

³³ Espar MSD Program & Policy Manual (July 30, 2010), available at http://www.espar.com/fileadmin/data/countrysites/EB_Kanada/pdf/QSF-146_Rev_2_Espar_MSD_Contract_2010_2011.pdf.

Show, held March 4 through 7, 2014 in Indianapolis, Indiana.

58. Espar and Webasto also attended the TMC Annual Meeting & Transportation Technology Exhibition held March 10-13, 2014 in Nashville, Tennessee, as promoted by the American Trucking Association, as well as Truck-World-Canada's National Truck Show held April 10 through 12, 2014 in Toronto, Canada.

59. These trade shows provided Espar ample opportunity to conspire with other Parking Heater industry participants.

60. In addition, Espar and competitors Webasto and Proheat are all scheduled to attend the Mid-America Trucking Show, which is to occur between March 26 and March 28, 2015 in Louisville, Kentucky.

61. The commodity-like nature of Parking Heaters, along with the high barriers to entry into the industry and the fact that the market is highly concentrated, make the Parking Heater market susceptible to anticompetitive conduct and make the conspiracy alleged herein plausible, particularly in light of the opportunities Espar and its unnamed co-conspirators had to conspire at the various trade show meetings they each attended.

IV. GOVERNMENT INVESTIGATIONS OF PARKING HEATER INDUSTRY AND DEFENDANT ESPAR

62. At least since January 26, 2015, the United States, through the New York office of the Antitrust Division of the DOJ has been investigating unlawful and anticompetitive conduct in the Parking Heater industry.

63. As a result of the investigation, the criminal case cited above was brought against Defendant Espar Inc., which was assigned to the Honorable John Gleeson of the Eastern District of New York.

64. On March 12, 2015, Defendant Espar Inc. pled guilty to violating one count of the

Sherman Act for its participation in the conspiracy alleged herein. According to the charge, Defendant Espar Inc. and its co-conspirators discussed Parking Heater prices for commercial vehicles, agreed to set a price floor for Parking Heater kits (which include accessories used when a Parking Heater is installed) sold for use in commercial vehicles on the aftermarket and agreed to coordinate the timing and amount of price increases.³⁴ The conspirators also agreed to exchange, and did exchange, information in order to monitor and enforce adherence to the agreement.³⁵

65. As the criminal Information that accompanied Defendant Espar Inc.'s plea makes clear:

During the [Class Period], for the purpose of forming and carrying out the charged conspiracy, the defendant [Espar Inc.] and its co-conspirators knowingly did those things that they combined and conspired to do, including, among other things:

(a) participating in communications, discussions, and meetings in the United States and elsewhere to discuss aftermarket prices for [Parking Heaters] for commercial vehicles;

(b) agreeing, during those conversations and meetings, to set a price floor for [Parking Heater] kits for commercial vehicles sold to aftermarket customers in the United States and elsewhere in North America;

(c) agreeing, during those conversations and meetings, to coordinate the timing and amount of price increases for [Parking Heaters] for commercial vehicles sold to aftermarket customers in the United States and elsewhere in North America;

(d) exchanging information during those conversations and meetings for the purpose of monitoring and enforcing adherence to the agreements described in subparagraphs (b) and (c) above; and

(e) selling [Parking Heaters] for commercial vehicles to aftermarket customers at collusive and non-competitive prices in the United States and

³⁴ DOJ Press Release, "Parking Heater Company Pleads Guilty in Price-Fixing Scheme" (Mar. 12, 2015), available at http://www.justice.gov/atr/public/press_releases/2015/312477.htm.

³⁵ *Id.*

elsewhere in North America.³⁶

66. Attachment A to the plea agreement contains the named of individuals “who have not received protection under the plea agreement but who have not been indicted.”³⁷

67. Espar Inc. agreed to pay a criminal fine of \$14,970,000. No requirement to pay restitution to those harmed by Espar Inc.’s conduct is contained within the plea.

68. Following Defendant Espar Inc.’s plea agreement, the DOJ issued a press release stating that, “Today’s plea demonstrates the [DOJ’s] Antitrust Division’s commitment to holding companies accountable for conspiracies that fix prices on parts used in every day products.”³⁸

Assistant Attorney General Bill Baer, who leads the Antitrust Division of the DOJ, also stated that “The Antitrust Division will vigorously prosecute companies that engage in schemes that subvert normal competitive processes and defraud American consumers and businesses.”³⁹

69. Espar confirmed that it entered into a plea agreement for collusion related to Parking Heaters, with Espar’s vice president of marketing and communication, John Dennehy, verifying the Department of Justice investigation into Espar’s anticompetitive activity and stating that Espar “has cooperated fully with the US Department of Justice throughout this investigation.”⁴⁰

³⁶ “Information” (March 12, 2015) filed in *Espar*.

³⁷ Letter to Judge Gleeson from Carrie Syme of the Department of Justice, on behalf of the Department of Justice and counsel for Espar, filed in *Espar*, 15-cr-0028.

³⁸ DOJ Press Release, “Parking Heater Company Pleads Guilty in Price-Fixing Scheme” (Mar. 12, 2015), available at http://www.justice.gov/atr/public/press_releases/2015/312477.htm.

³⁹ *Id.*

⁴⁰ “Company colluding on parking heaters will plead guilty in US,” *Global Competition Review* (February 26, 2015), available at http://globalcompetitionreview.com/news/article/38078/company-colluding-parking-heaters-will-plead-guilty-us/?utm_source=Law+Business+Research&utm_medium=email&utm_campaign=5402514_GC R+Headlines&dm_i=1KSF,37SLU,9GQ5EU,BIN9N,1

70. In addition, a fleet manager at a trucking company who was affected by the conspiracy also confirmed that he had received paperwork notifying him of the case against Espar.⁴¹

71. The DOJ has confirmed that its investigation into a conspiracy to fix prices for Parking Heaters is ongoing.⁴² As part of its plea agreement, Defendant Espar Inc. has agreed to cooperate with the DOJ in its ongoing investigation into the conspiracy alleged herein. This cooperation includes cooperation from both Espar Defendants, as well as their German parent companies Eberspaecher Climate Control Systems GmbH & Co. KG (formerly known as J. Eberspaecher GmbH & Co. KG) and Eberspaecher Gruppe GmbH & Co. KG. Pursuant to this cooperation, Espar will provide documents to the DOJ and secure cooperation from officers, directors and employees, including through interviews and testifying before a grand jury if so called.

**FRAUDULENT CONCEALMENT AND THE TOLLING OF
THE STATUTE OF LIMITATIONS.**

72. Plaintiff did not discover and could not have discovered through the exercise of reasonable diligence that it was injured by the conspiracy to fix prices for Parking Heaters until February 11, 2015.

73. Triple Cities learned that Espar had conspired with other Parking Heater manufacturers to fix prices on February 11, 2015, when Triple Cities received a letter from the DOJ stating that it “is a potential victim of the crime to be charged” against Espar. *See* Exhibit A.

74. Before the government investigations into the Defendants’ alleged misconduct was revealed for the first time on February 11, 2015, Plaintiff could not have stated facts

⁴¹ *Id.*

⁴² DOJ Press Release, “Parking Heater Company Pleads Guilty in Price-Fixing Scheme” (Mar. 12, 2015), available at http://www.justice.gov/atr/public/press_releases/2015/312477.htm.

plausibly suggesting a concerted and conspiratorial effort to conspire to fix prices for Parking Heaters.

75. The unlawful activity of Espar and its co-conspirators to fix prices for Parking Heaters was inherently self-concealing. By its very nature, the alleged misconduct of Espar and its co-conspirators was self-concealing. The internal communications between Espar and their co-conspirators were not public information, rendering impossible any ascertainment of the specific misconduct of Espar or its co-conspirators.

76. As a result of the self-concealing nature of the collusive scheme of Espar and its co-conspirators, no person of ordinary intelligence would previously have discovered their conspiracy to fix prices for Parking Heaters to the detriment of Plaintiff and the Class.

77. In addition, Espar made affirmative representations during the Class Period that it priced competitively, stating in 2010, for example, that “Espar provides uncompromised quality at competitive pricing.”⁴³

78. Triple Cities had no knowledge of the unlawful conduct alleged in this Complaint, or of any facts that could or would have led to the discovery thereof, until receiving this letter on February 11, 2015.

79. Because Espar and its co-conspirators employed acts and techniques that were calculated to wrongfully conceal the existence of such unlawful activity conduct, including through clandestine meetings at which information was exchanged, Plaintiff could not have discovered the existence of this unlawful conduct any earlier than February 11, 2015.

80. Because of Espar’s fraudulent concealment, any applicable statute of limitations affecting or limiting the rights of action by Plaintiff or members of the Class has been tolled

⁴³ “Espar Can Help: Product Options to Positively Impact Our Environment” (2010), available at http://www.granitestatecleancities.nh.gov/calendar/2011/documents/espar_heaters.pdf.

during the period of such fraudulent concealment.

DEFENDANTS' ANTITRUST VIOLATIONS

81. During the Class Period, as explained above, Espar and its co-conspirators entered into a continuing contract, combination, or conspiracy to unreasonably restrain trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1). Upon information and belief, these activities included agreeing to fix, increase, stabilize and/or maintain prices of Parking Heaters sold in the United States.

82. The conspiracy alleged herein has had the following effects, among others:

- (a) price competition in the sale of Parking Heaters by Espar and its unnamed co-conspirators has been restrained, suppressed and eliminated throughout the United States;
- (b) prices charged to Plaintiff and the other members of the Class for Parking Heaters have been raised, fixed, maintained and stabilized at artificially high and non-competitive levels; and
- (c) Plaintiff and the other members of the Class have been deprived of the benefits of free and open competition in the purchase of Parking Heaters.

83. As a direct and proximate result of the unlawful conduct of Espar and its unnamed co-conspirators, Plaintiff and the Class have been injured in their business and property in that they paid more for Parking Heaters than they otherwise would have paid in the absence of the unlawful conduct of Espar and its unnamed co-conspirators.

CLAIM FOR RELIEF
VIOLATION OF SECTION 1 OF THE SHERMAN ACT
(15 U.S.C. § 1)

84. Plaintiff incorporates by reference the preceding allegations.

85. Espar and its co-conspirators entered into and engaged in a contract, combination or conspiracy in unreasonable restraint of trade in violation of Section 1 of the Sherman Act and Section 4 of the Clayton Act.

86. The contract, combination or conspiracy has resulted in an agreement, understanding or concerted action between and among Espar and its co-conspirators in furtherance of which Espar and its co-conspirators raised, fixed, stabilized and maintained prices for Parking Heaters. Such contract, combination or conspiracy constitutes a *per se* violation of the federal antitrust laws.

87. Espar and its co-conspirators' contract, combination, agreement or conspiracy occurred in or affected interstate and international commerce. Espar and its co-conspirators' unlawful conduct was through mutual understanding or agreement between or among Defendants and their co-conspirators. These other co-conspirators either have acted willingly or, due to coercion, unwillingly in furtherance of the unlawful restraint of trade alleged herein.

88. The unlawful contract, combination or conspiracy of Espar and its co-conspirators has had at least the following effects:

- (a) prices charged by Espar and its co-conspirators to Plaintiff and the members of the Class for Parking Heaters were fixed, raised, stabilized and maintained at artificially high and non-competitive levels in the United States;
- (b) Plaintiff and the other members of the Class had to pay more for Parking Heaters than they would have paid in a competitive marketplace, unfettered by Espar's and its co-conspirators' collusive and unlawful activities;
- (c) price competition in the sale of Parking Heaters was restrained, suppressed and eliminated in the United States; and

(d) as a direct and proximate result of the unlawful combination, contract or conspiracy, Plaintiff and the members of the Class have been injured and financially damaged in their businesses and property, in amounts to be determined.

89. Plaintiff and members of the Class are each entitled to treble damages for the violations of the Sherman Act alleged herein.

RELIEF SOUGHT

WHEREFORE, Plaintiff prays for relief as follows:

A. That the Court determine that this action may be maintained as a class action under Rule 23(b)(3) of the Federal Rules of Civil Procedure, that Plaintiff Triple Cities be appointed as class representative, and that Plaintiff's counsel be appointed as counsel for the Class;

B. That the unlawful conduct alleged herein be adjudged and decreed to be an unlawful restraint of trade in violation of Section 1 of the Sherman Act and Section 4 of the Clayton Act;

C. That Defendants, their subsidiaries, affiliates, successors, transferees, assignees and the respective officers, directors, partners, agents and employees, as well as all other persons acting or claiming to act on its behalf, be permanently enjoined and restrained from continuing and maintaining the conspiracy alleged in the Complaint;

D. That Plaintiff and the Class recover damages, as provided under federal antitrust laws, and that a joint and several judgment in favor of Plaintiff and the Class be entered against Defendants in an amount to be trebled in accordance with such laws;

E. That Plaintiff and the Class recover their costs of the suit, including attorneys' fees, as provided by law; and

F. That the Court direct such further relief it may deem just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38(a) of the Federal Rules of Civil Procedure, Plaintiff Triple Cities demands a jury trial as to all issues triable by a jury.

Dated: March 16, 2015

Respectfully submitted,

/s/ Brent W. Landau

Brent W. Landau
Jeannine M. Kenney
HAUSFELD LLP
325 Chestnut Street, Suite 900
Philadelphia, PA 19106
Telephone: (215) 985-3270
Facsimile: (215) 985-3271
blandau@hausfeld.com
jkenney@hausfeld.com

Michael D. Hausfeld
Seth R. Gassman
HAUSFELD LLP
1700 K St. NW, Suite 650
Washington, D.C. 20006
Telephone: (202) 540-7200
Facsimile: (202) 540-7201
Email: mhausfeld@hausfeld.com
Email: sgassman@hausfeld.com

Bonny E. Sweeney
Christopher L. Lebsack
HAUSFELD LLP
44 Montgomery Street
Suite 3400
San Francisco, CA 94104
Telephone: (415) 633-1908
Facsimile: (415) 358-4980

bsweeney@hausfeld.com
clebsock@hausfeld.com

Arthur N. Bailey
ARTHUR N. BAILEY & ASSOCIATES
111 West Second Street, Suite 4500
Jamestown, NY 14701
Telephone: (716) 664-2967
Facsimile: (716) 664-2983
artlaw@windstream.net

Counsel for Plaintiff

EXHIBIT A



U.S. Department of Justice

Antitrust Division

New York Field Office

26 Federal Plaza
Room 3630
New York, New York 10278-0004

TEL: 212/335-8000

FAX: 212/335-8023

February 10, 2015

BY U.S. MAIL

Triple Cities Acquisition
7 Walter Avenue
Binghamton, NY 13901

Re: United States v. Espar, Inc., (1:15-CR-00028-JG) (EDNY)

Dear Triple Cities Acquisition:

This letter is to inform you that the above-referenced case was filed on January 26, 2015 and that, pursuant to the Crime Victims' Rights Act ("CVRA") (18 U.S.C. § 3771(e)), Triple Cities Acquisition is a potential victim of the crime to be charged in that case because certain products purchased by Triple Cities Acquisition may have been subject to the charged conduct.

On March 12, 2015 the Antitrust Division of the United States Department of Justice is scheduled to file an Information charging Espar Inc. with an antitrust offense. In addition, on that date, the Court will hold a hearing to determine whether to accept a guilty plea from Espar Inc. pursuant to a Plea Agreement that it has executed with the United States and, if that plea is accepted, sentence Espar Inc. The March 12th hearing will take place at 11:00 a.m. in Judge John Gleeson's courtroom (6C South) in the courthouse for the United States District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201. A copy of the Information may be obtained from the Antitrust Division's website at www.usdoj.gov/atr/cases.html after the hearing.

Crime victims have the following rights under the CVRA: (1) the right to be reasonably protected from the accused; (2) the right to reasonable, accurate, and timely notice of any public court proceeding, or any parole proceeding, involving the crime or of any release or escape of the accused; (3) the right not to be excluded from any such public court proceeding, unless the court, after receiving clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding; (4) the right to be reasonably heard at any public proceeding in the district court involving release, plea, sentencing, or any parole proceeding; (5) the reasonable right to confer with the attorney for the Government in the case; (6) the right to full and timely restitution as provided in law; (7) the right to

proceedings free from unreasonable delay; and (8) the right to be treated with fairness and with respect for the victim's dignity and privacy. The Victim Witness Handbook, available at <http://www.justice.gov/atr/victim/vwhandbook.htm>, may be helpful in answering any initial questions.

If you have any questions, please feel free to contact Kim Fontaine at (212) 335-8042 or kimmi.fontaine@usdoj.gov.

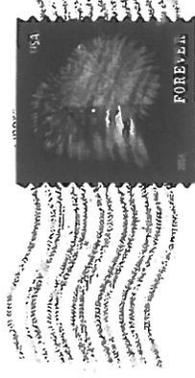
Sincerely,


CARRIE A. SYME
Trial Attorney
U.S. Department of Justice
Antitrust Division

U.S. Department of Justice

Antitrust Division
New York Office
26 Federal Plaza, 36th Floor Room 3630
New York, NY 10278

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Triple Cities Acquisition
7 Walter Avenue
Binghamton, NY 13901

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