

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION**

HLI SOLUTIONS, INC. and)
LITECONTROL CORPORATION,)
)
Plaintiffs,)
)
v.)
)
LIGHTING ASSOCIATES, INC.,)
)
Defendant.)
_____)

Civil Action No: _____

**COMPLAINT
(Jury)**

The Plaintiffs, HLI Solutions, Inc. and Litecontrol Corporation, complaining of the Defendant, Lighting Associates, Inc., allege as follows:

NATURE OF THE ACTION

For nearly eight years, Lighting Associates, Inc. has been the exclusive sales representative for products manufactured by HLI Solutions, Inc. (formerly Hubbell Lighting) and Litecontrol Corporation in a territory which now includes Georgia, North Florida and two counties in South Carolina. Over the years HLI and Litecontrol provided substantial financial assistance to Lighting Associates, first to establish the company as their exclusive sales representative and then to enable it to expand the territory which it serves. By contract, Lighting Associates pledged to continue as the exclusive sales representative through December 31, 2023 and HLI and Litecontrol relied on its representation. In early September 2022, with no warning, Lighting Associates abruptly repudiated the contract and announced its intention to become a sales representative for one of Plaintiffs’ main competitors. In doing so, Lighting Associates willfully breached the contract with HLI and Litecontrol and will cause them to suffer several million dollars in damages.

PARTIES AND JURISDICTION

1. Plaintiff HLI Solutions, Inc. (“HLI”) is a corporation organized and existing under the laws of the State of Connecticut and having its principal place of business in Greenville, South Carolina. HLI was formerly known as Hubbell Lighting, Inc.

2. Plaintiff Litecontrol Corporation (“Litecontrol”) is a corporation organized and existing under the laws of the Commonwealth of Massachusetts and having its principal place of business in Plympton, Massachusetts.

3. HLI and Litecontrol are referred to hereinafter collectively as “Plaintiffs” or the “Company.”

4. The Defendant, Lighting Associates, Inc. (“LAI”), is, on information and belief, a corporation organized and existing under the laws of the State of Georgia and having its principal place of business in Atlanta, Georgia.

5. The matter in controversy exceeds the sum of \$75,000, exclusive of interest and costs.

6. The contract and amendments thereto between the Company and LAI provide that all disputes be tried and litigated in the state or federal courts in South Carolina and that South Carolina law shall apply.

7. This Court has jurisdiction over the parties and subject matter of this litigation under 28 U.S.C. Section 1332(a) in that the action is between citizens of different states and the amount in controversy exceeds \$75,000, and venue is proper in the Greenville Division.

FACTS

8. HLI is a manufacturer which offers a wide range of indoor and outdoor lighting products for industrial, commercial and institutional applications.

9. Litecontrol is a company involved in the design, development, manufacture, and marketing of innovative, high quality architectural lighting systems.

10. HLI and Litecontrol are sister companies which produce complementary lighting products and often operate under a singular contract with a given sales representative.

11. Founded in 1981, on information and belief, LAI is a Georgia-based architectural lighting sales agency specializing in commercial, industrial, hospitality and other sectors and serving the design community throughout the southeast.

12. On information and belief, prior to October 2014, LAI was the long-term exclusive sales representative in Georgia for Acuity Brands, Inc. (“Acuity”), a national manufacturer of commercial and industrial lighting products and one of the Company’s main competitors.

13. On information and belief, in or about October 2014, Acuity terminated its relationship with LAI.

14. At the time of LAI’s termination by Acuity, the Company was the only substantial alternative source for LAI to obtain lighting products similar to the lost product lines it had sold for Acuity.

15. In addition to lacking a source of product lines for sale, LAI, at the time of its 2014 termination, was facing substantial financial consequences resulting from that termination. LAI approached the Company for a bailout from its predicament.

16. On October 1, 2014, the Company contracted with LAI to be its exclusive sales representative for North Georgia, and the contract included a guaranteed income stream and premium commissions.

17. On January 1, 2016, the parties entered into a separate contract which extended LAI's territory to include South Georgia as well as Aiken County and Edgefield County in South Carolina.

18. Thereafter, on January 1, 2017, the parties entered into an Exclusive Sales Representation Agreement which combined the territories. (That contract is attached to this Complaint as **Exhibit 1.**¹)

19. On July 1, 2018, the parties amended the 2017 contract. (That contract, Amendment No. 1 to Exclusive Sales Representation Agreement, is attached to this Complaint as **Exhibit 2.**)

20. On January 1, 2019, the parties again amended the 2017 contract extending LAI's territory to North Florida. (That contract, Amendment No. 2 to Exclusive Sales Representation Agreement, is attached to this Complaint as **Exhibit 3.**)

21. In consideration for LAI's entering into Amendment No. 2, the Company paid LAI a sizable cash signing bonus to enable LAI to invest in developing the North Florida market.

22. The 2017 Exclusive Sales Representation Agreement and the two amendments thereto are referred to hereinafter collectively as the "Agreement."

23. Pursuant to the Agreement, LAI was bound to act as the Company's exclusive sales representative through December 31, 2023.

¹ Certain commercially sensitive information is redacted from **Exhibits 1, 2 and 3.**

24. The two amendments specifically extended the period during which LAI was prohibited from terminating its relationship with the Company without cause. Thus, the Agreement provided no right to LAI to unilaterally withdraw as the Company's exclusive sales representative. The Company relied on that obligation in its dealings with LAI.

25. From 2014 to 2022, LAI established itself as a premier sales representative responsible for over one hundred million dollars in sales of the Company's products and earned millions of dollars in premium commissions for itself.

26. In July 2022, principals of LAI met with representatives of the Company at HLI's headquarters in Greenville, South Carolina, and, among other things, the parties discussed mutual strategies to sustain and grow sales.

27. Representatives of the Company left the meeting with the impression that LAI's principals were excited about the parties' work together. At no time did LAI or its principals give any indication that there was any problem in the parties' relationship that might lead to termination in the near term.

28. Yet, on September 12, 2022, LAI's President and CEO, Douglas A. Bogue, unexpectedly informed the Company that LAI was "resigning" as the exclusive sales representative and, on September 13, 2022, confirmed that intention in a letter.

29. On September 14, 2022, the Company notified LAI in a letter that LAI's purported resignation was a breach of the Agreement and LAI was still legally bound to the terms, conditions and obligations of the Agreement.

30. On September 19, 2022, Mr. Bogue reiterated in a letter to the Company that LAI was terminating the Agreement.

31. In the September 19 letter, Mr. Bogue admitted that, in the event of termination, LAI is bound to repay the unamortized portion of the Signing Bonus as that term is defined in the Agreement.

32. On information and belief, LAI has agreed, in derogation of its duties under the Agreement, to become an exclusive sales representative for Acuity in the geographic area in which it is obligated to sell the Company's products.

33. LAI's breach of the Agreement will result in several million dollars in damages to the Company in the form of lost profits due to LAI's failure to complete its term as exclusive sales representative and the costs to find and onboard a new sales representative.

FIRST CAUSE OF ACTION
(Breach of Contract)

34. Plaintiffs incorporate the allegations of the foregoing paragraphs of the Complaint as if fully set forth herein.

35. In purporting to resign as exclusive sales representative, LAI has breached the Agreement.

36. Pursuant to the Agreement, LAI must repay the unamortized portion of the Signing Bonus.

37. In addition, as a proximate result of the breach, the Company will lose sales and profits from those sales, suffer damage to its goodwill, and incur costs to find and onboard a new sales representative.

38. The Company is entitled to an award of actual damages resulting from breach of the Agreement, including, but not limited to, the amount of the unamortized portion of the Signing Bonus, lost profits due to LAI's failure to complete its term as exclusive sales representative, and costs to find and onboard a new sales representative.

SECOND CAUSE OF ACTION
(Contractual Indemnity)

39. Plaintiffs incorporate the allegations of the foregoing paragraphs of the Complaint as if fully set forth herein.

40. Section 11 of the Agreement provides, in relevant part, as follows:

The Representative agrees to indemnify, defend and hold harmless the Company from and against costs, expenses, damages, claims and liabilities, including attorneys' fees and costs of litigation, arising out of or in connection with any breach of this Agreement by the Representative

41. In purporting to resign as exclusive sales representative, LAI has breached the Agreement.

42. Pursuant to Section 11 of the Agreement, LAI is responsible for the Company's costs, expenses, damages, claims and liabilities, including attorneys' fees and costs of litigation, incurred in connection with this action.

WHEREFORE, Plaintiffs pray for judgment against the Defendant as follows:

1. For an award of actual damages against the Defendant in an amount to be determined by the trier of fact;
2. For an award of the attorneys' fees and other costs of litigation incurred in prosecuting this action; and
3. For such other relief as the Court may deem just and proper.

PLAINTIFFS HEREBY DEMAND A TRIAL BY JURY.

WOMBLE BOND DICKINSON (US) LLP

s/Charles J. Baker III

Charles J. Baker III (Fed. ID No. 1165)

5 Exchange Street (29401)

P.O. Box 999

Charleston, SC 29402-0999

(843) 722-3400

chuck.baker@wbd-us.com

Pressly M. Millen (to be admitted pro hac vice)

555 Fayetteville Street, Suite 1100

Raleigh, NC 27601

(919) 755-2100

Press.Millen@wbd-us.com

Attorneys for Plaintiffs

CHARLESTON, SC
September 22, 2022