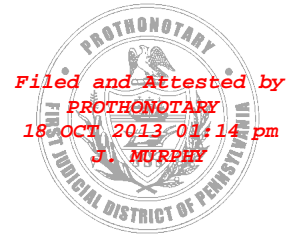


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 Intertrust GCN, LP, Intertrust GCN GP,
 LLC, general partner, and H.F. Lenfest*

INTERTRUST GCN, LP, Intertrust GCN GP, : COURT OF COMMON PLEAS
LLC, general partner, : PHILADELPHIA COUNTY
2711 Centerville Road – Suite 400 : :
Wilmington, DE 19808, : :

and : **October Term, 2013**

H.F. LENFEST, : :
THE LENFEST GROUP : No.
Five Tower Bridge : :
300 Barr Harbor Drive, Suite 460 : :
West Conshohocken, PA 19428, : :

Plaintiffs, : :

v. : :

INTERSTATE GENERAL MEDIA, LLC, : :
801 Market Street – 3rd Floor : :
Philadelphia, PA 19107, : :

Defendant. : :

COMPLAINT – COMMERCE COURT
ACTION FOR DECLARATORY JUDGMENT AND INJUNCTIVE RELIEF

NOTICE

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

LAWYER REFERRAL AND INFORMATION SERVICE
PHILADELPHIA BAR ASSOCIATION
1101 MARKET STREET, 11th FL.
PHILADELPHIA, PA 19107-2911
(215) 238-6333

AVISO

Le han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las paginas siguientes, usted tiene veinte (20) días de plazo al partir de la fecha de la demanda y la notificació. Hace falta asentar una comparencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus objeciones a las demandas en contra de su persona. Sea avisado que si usted no se defiende, la corte tomará medidas y puede continuar la demanda en contra suya sin previo aviso o notificació. Además, la corte puede decidir a favor del demandante y requiere que usted cumpla con todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

LLEVE ESTA DEMANDA A UN ABOGADO INMEDIATAMENTE. SI NO TIENE ABOGADO O SI NO TIENE EL DINERO SUFICIENTE DE PAGAR TAL SERVICIO, VAYA EN PERSONA O LLAME POR TELEFONO A LA OFICINA CUYA DIRECCION SE ENCUENTRA ESCRITA ABAJO PARA AVERIGUAR DONDE SE PUEDE CONSEGUIR ASISTENCIA LEGAL.

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INTERTRUST GCN, LP, Intertrust GCN GP,
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and

H.F. LENFEST,
The Lenfest Group
Five Tower Bridge
300 Barr Harbor Drive, Suite 460
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Plaintiffs,

v.

INTERSTATE GENERAL MEDIA, LLC,
801 Market Street – 3rd Floor
Philadelphia, PA 19107,

Defendant.

: COURT OF COMMON PLEAS
: PHILADELPHIA COUNTY

: October Term, 2013

: No.

COMPLAINT – COMMERCE COURT
ACTION FOR DECLARATORY JUDGMENT AND INJUNCTIVE RELIEF

Introduction

Plaintiffs, Intertrust GCN, LP (“Katz”) and H.F. Lenfest (“Lenfest”) became owners, as members of Interstate General Media, LLC (“IGM”), of *The Philadelphia Inquirer*, *Daily News*, and *Philly.com* in the Spring of 2012. On October 15, 2013, certain members of IGM proceeded with a hastily-scheduled Special Meeting of the Board of Directors of IGM without the participation of Katz and thus without the quorum required by IGM’s governing Limited Liability Company Agreement (the “Agreement”), notwithstanding Plaintiffs’ objections and Katz’s request to adjourn the special meeting until the following week when Lewis Katz would be available to attend in person. Plaintiffs bring this action to enjoin IGM from enforcing or implementing most of the purported “resolutions” adopted at this meeting in contravention of the Agreement. The actions complained of here are part of what has become a continuing course of conduct depriving Katz of his rights under the governing Agreement, depriving Lenfest of his interest in the effectuation of Katz’s rights, and otherwise undermining the provisions of the governing document. See *Intertrust GCN, LP v Interstate General Media, LLC, et al.*, October Term, 2013, No. 000654 (the “Declaratory Judgment Action”) (Plaintiffs’ recently filed action seeking declaratory and injunctive relief as a result of defendants’ *ultra vires* firing of *The Philadelphia Inquirer*’s Pulitzer Prize-winning Editor without, among other things, the consent of Katz required by the Agreement). As set forth herein, unless IGM is enjoined as Plaintiffs request, Katz and Lenfest will suffer immediate and irreparable harm not compensable by money damages.

The Parties

1. Plaintiff Intertrust GCN, LP is a Delaware limited partnership located at 2711 Centerville Road, Suite 4000, Wilmington, DE 19808. Intertrust GCN GP, LLC, is a general partner of Intertrust GCN, LP.

2. Plaintiff Lenfest is an adult individual and Chairman of IGM who maintains an address at Five Tower Bridge, 300 Barr Harbor Drive, Suite 460, West Conshohocken, PA 19428.

3. Defendant IGM was formed in the Spring of 2012 for the purpose of acquiring all or substantially all of the capital stock of Philadelphia Media Network, Inc., and maintains a principal place of business at 801 Market Street, 3rd Floor, Philadelphia PA 19107. IGM owns *The Philadelphia Inquirer*, *Daily News*, and *Philly.com*, among other assets. IGM has six Class A members, including Katz and Lenfest, and its business affairs and operations are controlled by the Agreement, a true and correct copy of which is attached hereto as Exhibit "A."

Venue

4. Venue over Plaintiffs' cause of action properly lies in Philadelphia County under the Pennsylvania Rules of Civil Procedure, as Defendant's usual place of business is in Philadelphia County, and all of the transactions and events from which this cause of action arises took place in Philadelphia County.

Pertinent Background and History

5. In Spring 2012, IGM purchased all or substantially all of the capital stock of Philadelphia Media Network, Inc., the owner of *The Philadelphia Inquirer*, *Daily News*, and *Philly.com*, among other assets.

6. \$61,111,000 of initial capital contributions were made as follows by six Class A members of IGM: Intertrust contributed \$16,000,000 for a 26.1819% interest; Lenfest contributed \$10,000,000 for a 16.3637% interest; General American Holdings, Inc. (“General American”) contributed \$16,000,000 for a 26.1819% interest; Tequesta Investments, LLC (“Tequesta”) contributed \$16,000,000 for a 26.1819% interest; Buckelew Inq LLC (“Buckelew Inq”) contributed \$2,500,000 for a 4.0909% interest; and Wayne Avenue Investments LLC (“Wayne Avenue”) contributed \$611,000 for a 0.9998% interest.

7. Each Class A member has an appointed Director to sit on the Board of IGM. Intertrust’s appointed Director is Lewis Katz; Lenfest’s appointed Director is Lenfest; General American’s appointed Director is George E. Norcross, III (“Norcross”); Tequesta’s appointed Director is Krishna P. Singh, II (“Singh”); Buckelew Inq’s appointed Director is Brian Buckelew (“Buckelew”); and Wayne Avenue’s appointed Director is William P. Hankowsky (“Hankowsky”). (Exhibit “A,” Agreement at Schedules A & B.)

8. Under the Agreement, there are two “Managing Members,” Intertrust (whose interests are represented by Director Katz) and General American (whose interests are represented by Director Norcross). (Exhibit “A,” Agreement at p. 7 & Schedule B.)

9. The Agreement, which governs IGM’s affairs, provides, in relevant part:

Section 5.3 Board of Directors

...

- (d) Action by the Board shall require the approval of Directors appointed by Members or their Member Designees who (together with their Permitted Transferees) hold a majority of the Percentage Interests, *and must be approved by both of the Directors appointed by the Managing Members or their Managing Member Designees.*

...

- (f) . . . The presence (in person or by proxy) of Directors appointed by Members or their Member Designees who (together with their Permitted Transferees) hold a majority of the Percentage Interests shall constitute a quorum for the transaction of business; ***provided that no quorum shall exist and no action can be taken or business conducted by the Board unless both Directors appointed by the Managing Members or their Managing Member Designees are present (in person or by proxy).***
...
- (i) H.F. Lenfest shall serve as Chairman of the Board of Directors for so long as he is a Member of the Company.

(Emphasis added).

10. Because Katz is one of the two “Managing Members,” pursuant to the Agreement, no quorum could exist and no business could be conducted without Katz’s presence either in person or by proxy. (Exhibit “A,” Agreement at § 5.3(f).)

11. Because Lewis Katz is the Director appointed by Managing Member Katz, under the Agreement, no action by the Board can be effective unless approved by Lewis Katz. (Exhibit “A,” Agreement at § 5.3(d).)

12. In addition, pursuant to § 5.3(f) of the Agreement provides: “The presence (in person or by proxy) of Directors appointed by Members or their Member Designees who (together with their Permitted Transferees) hold a majority of the Percentage Interests shall constitute a quorum for the transaction of business; provided that no quorum shall exist and no action can be taken or business conducted by the Board unless both Directors appointed by the Managing Members or their Managing Member Designees are present (in person or by proxy).”

13. As to “Percentage Interests,” Directors Katz and Lenfest represent members whose percentage interest in IGM is 42.5456%. Directors Norcross and Buckelew, Singh, and

Hankowsky, who are aligned with Norcross, represent members whose combined percentage interest in IGM equals 57.4544%.

14. On October 14, 2013, a national holiday, at 7:59 a.m., Norcross sent notice of a Special Meeting of the Board of Directors of IGM (the "Notice") to be held on October 15, 2013 at 8:00 a.m., *just 24 hours and 1 minute* after the Notice was sent. The Notice *barely* complied with the notice requirements under the Agreement. (Exhibit "A" at § 5.3(h).)

15. Attached to the Notice was an agenda for the meeting, which included the following action items:

1. To review and discuss the Complaint filed in the [Declaratory Judgment Action] to determine IGM's position with respect to such Complaint and the related motion for injunctive relief and to appoint legal counsel to represent IGM in this and any related matter.
2. To review and determine IGM's legal rights against potentially responsible parties for attempting to control or influence the editorial or journalistic policies and decisions of *The Philadelphia Inquirer*, by among other things, filing an action against IGM and Robert J. Hall.
3. To determine whether IGM should commence an investigation into conflicts of interest and breaches of fiduciary duties by Lewis Katz as a member of the Managing Committee, and IGM's Board of Directors, and to appoint legal counsel for that purpose.
4. To consider any matters related to the forgoing.

A true and correct copy of the Notice and Agenda are attached hereto as Exhibit "B."

16. On October 15, 2013, prior to the scheduled meeting, Katz sent to the IGM Chairman and Board of Directors an e-mail advising them that he was unavailable to attend the meeting since he was out-of-the-state but wanted to attend the meeting in person in order to respond face-to-face to certain members of the board regarding certain matters on the agenda. A true and correct copy of Katz's October 15, 2013 e-mail is attached hereto as Exhibit "C."

17. Katz's e-mail advised that pursuant to § 5.3(f) of the Agreement, which required Katz's presence for a quorum, the meeting could not proceed, and it requested that the meeting be rescheduled for any day and time the following week so that he could attend in person.

18. Given the pending Declaratory Judgment Action, Katz also desired to attend in person so that he could have counsel and a court reporter present to accurately record the discussions transpiring at the meeting.

19. Since Katz was unable to attend, counsel for Katz, Joseph R. Podraza, Jr., Esquire ("Podraza") phoned into the meeting on Katz's behalf to: (1) advise that Katz could not attend because he was out-of-state; (2) ensure that the Board received Katz's October 15, 2013 e-mail; (3) bring to the Board's attention that because Katz could not attend, the required quorum under § 5.3(f) was lacking; and (4) reiterate Katz's request to have the meeting rescheduled for any day or time the following week.

20. Initially, also in attendance, either telephonically or in person, were Norcross (in person), Lenfest, Singh, Hankowsky, Buckelew, Robert J. Hall, (via telephone) and Michael Lorenca, William Tambussi and Laurence Weilheimer (acting secretary) in person by invitation.

21. The Chairman of the Board, Lenfest, who participated by telephone, stated that Katz's input as co-managing partner was invaluable and necessary and that it was only fair that Katz be permitted to attend the meeting and participate in person.

22. At that point, Norcross stated that Katz and Lenfest had a conflict due to the pending Declaratory Judgment Action and moved for the meeting to continue in Katz's absence. That motion was seconded by one of the Directors aligned with Norcross.

23. Chairman Lenfest stated that a meeting the next week would not prejudice IGM's rights in the pending lawsuit. Chairman of the Board Lenfest further stated that it was obvious

Mr. Katz wanted to speak face to face with Mr. Norcross and respond to the agenda items and undoubtedly had other thoughts or business which Mr. Katz would like to raise before the Board.

24. Directors aligned with Norcross voted to continue the meeting without Katz being present. Chairman Lenfest then stated that the Board's conduct was wrong, unfair, and unreasonable. Chairman Lenfest, who was disgusted with the manner in which the Directors were pushing forward without considering the rights and interests of Katz and Lenfest, disconnected from the call.

25. Podraza advised the Board that if their reason for refusing to postpone the meeting to allow Katz to participate face-to-face was due to filing deadlines in connection with the Declaratory Judgment Action, Katz and Lenfest would be willing to accommodate any additional time required by IGM to file its responses.

26. Podraza was thereupon told to hang up.

27. Before hanging up, Podraza stated that he would comply with their request but would like the opportunity to make the following statements for the record: First, he asked that the minutes reflect Katz's objection to the meeting and that in Katz's absence, the appropriate quorum requirements under § 5.3(f) were not met. Second, Podraza requested that Katz's e-mail sent prior to the meeting be attached to the minutes of the meeting. And, third, Podraza requested that the minutes reflect his statement that Plaintiffs in the Declaratory Judgment Action were willing to accommodate any timing needs of IGM to enable the Board of Directors meeting to be rescheduled for any day and at any time the following week at the Board's discretion. Podraza then hung up from the call.

28. On these items on the agenda (described in Paragraph 15 and Exhibit "B") the positions of Katz and Lenfest were as follows:

a. With respect to proposed Agenda item 1 (reviewing and discussing the Complaint in the Declaratory Judgment Action and IGM's position), Katz and Lenfest would have recused themselves from participation and declined to vote on this resolution since they are the plaintiffs in that action. Katz and Lenfest had no intention of preventing IGM from retaining counsel in connection with the Declaratory Judgment Action.

b. With respect to proposed Agenda item 2 (investigating whether the filing of the Declaratory Judgment Action was an attempt to control or influence journalistic policies and decisions of *The Philadelphia Inquirer*), Katz and Lenfest would have voted "no" on this resolution since, if adopted, it would result in expenditures by IGM that would be a waste of company resources. The Declaratory Judgment Action seeks to enjoin the unauthorized firing of *The Philadelphia Inquirer's* Editor and restore the status quo, not to influence or control journalistic policies and decisions. Because the Agreement requires Katz's approval of any corporate actions, this resolution would have failed, in addition to the fact of the absence of the required quorum.

c. With respect to Agenda item 3 (investigating conflicts of interest and breaches of fiduciary duties by Katz as a member of the Management Committee and IGM's Board of Directors), if it is a valid function and interest of IGM to learn more about the actions and motivations of the Management Committee Members, then Plaintiffs believe that any investigation of those matters should be evenhanded and conducted by independent persons. Accordingly, Katz and Lenfest would have proposed an amendment to the resolution that called for: (1) the mutual investigation of Katz *and* Norcross (who approved the unauthorized firing of the Pulitzer-Prize winning Editor) for potential conflicts of interest and breaches of fiduciary duties as members of the Management Committee, and (2) the appointment of *independent* legal

counsel by the Management Committee (*i.e.*, mutually agreed by Katz and Norcross). If the amendment were adopted, both Katz and Lenfest would have voted in favor of it. If the amendment were not adopted, both Katz and Lenfest would have opposed this resolution on the grounds that it would be a waste of corporate assets for the sole purpose of an unwarranted personal vendetta against Katz.

d. If Katz and Lenfest's proposed amendment to Agenda item 3 were rejected and Katz was unlawfully precluded from voting on the resolution on conflict grounds, in the interest of fairness and to ensure evenhanded treatment of the Management Committee, Katz and Lenfest would have proposed the following additional resolution: "To authorize IGM to commence an investigation into conflicts of interest and breaches of fiduciary duties by George E. Norcross, III as a member of the Management Committee and IGM's Board of Directors, and to retain independent legal counsel to be appointed by the Management Committee for that purpose." If Katz was precluded from voting on the resolution regarding investigation of him due to conflict, Norcross would likewise be precluded from voting on this proposed resolution due to conflict.

29. Soon after the October 15th meeting, counsel for Lenfest and Katz sent a letter to IGM requesting a copy of the meeting minutes and that they be informed what actions the Board purportedly agreed to take. A true and correct copy of this letter is attached hereto as Exhibit "D."

30. The minutes of the October 15th meeting were provided to Plaintiffs' counsel on October 16, 2013. A true and correct copy of the meeting minutes is attached hereto as Exhibit "E."

31. The meeting minutes reveal that Directors aligned with Norcross, unanimously voted to, and did, continue the meeting notwithstanding that in Katz's absence, they did not have the quorum necessary to transact any business pursuant to the Agreement.

32. The meeting minutes also reveal that the Directors aligned with Norcross resolved to proceed with Norcross' proposals to:

- (1) form a Special Committee comprised of the Directors aligned with Norcross to determine IGM's response to the Declaratory Judgment Action Complaint, appoint counsel to represent IGM in that action, and determine IGM's "indemnification obligation with respect to Mr. Hall who is named individually as a defendant in the lawsuit";
- (2) form a Special Committee comprised of the Directors aligned with Norcross to "investigate whether Mr. Katz has attempted to control or influence the editorial or journalistic policies and decisions of The Philadelphia Inquirer by, among other things, filing the Complaint" and to hire counsel for that purpose; and
- (3) form a Special Committee comprised of the Directors aligned with Norcross to "investigate alleged conflicts of interests and breaches of fiduciary duty of Mr. Katz" and to hire counsel for that purpose.

33. These resolutions (except resolution number 1 as it relates to the funding of defenses to Plaintiffs' actions) clearly are aimed at damaging the Plaintiffs and the implementation of these resolutions (except resolution number 1 as it relates to the defenses to Plaintiffs' actions) will require the unwarranted waste of IGM's extremely limited resources.

34. Pursuant to the Agreement, the Board is not authorized to proceed with the proposed actions, which were not approved by Katz. Moreover, the creation of these "Special Committees" run by Directors aligned with Norcross is unauthorized, and any actions they purport to take are nullities.

35. As a direct consequence of the actions of the Directors aligned with Norcross, the Plaintiffs were irretrievably denied their rights as Directors to vote and bring new business to the

Board for a vote. Additionally, Katz was denied the opportunity to dispute Norcross' position with respect to Katz's purported conflict.

36. In addition, Plaintiffs are irreparably harmed due to Defendant's deprivation of Katz's right to be heard on the matters considered and acted upon by the Board, which directly affect Katz's interest in IGM. Moreover, Plaintiffs' (particularly Katz's) preclusion by Defendant to be heard on matters involving significant expenditures that constitute corporate waste amounts to irreparable harm.

37. IGM will not suffer any appreciable injury if the requested injunction is entered because the status quo will be restored and voting upon resolutions can occur at a meeting held next week with the required quorum. IGM will merely be restrained from implementing purported corporate actions adopted in violation of the plain and unambiguous provisions of the Agreement by which it is bound. If the requested injunction is entered, IGM will be spared a waste of corporate resources that will be expended in implementing the *ultra vires* resolutions in question.

38. Katz and Lenfest have no adequate remedy at law to prevent the improper conduct at issue here or to remedy the ongoing adverse consequences of such conduct. Accordingly, the only available remedy for this breach of the provisions of the Agreement is undoing the breach and restoring IGM to a pre-breach posture.

39. IGM's wrongful conduct is actionable; the rights of Plaintiffs are clear; and Plaintiffs are likely to succeed on the merits of their claims.

40. Katz and Lenfest now seek, through equity, injunctive relief to enjoin IGM from moving forward with or taking any action as a result of any decisions or resolutions adopted during the October 15, 2013 meeting (except resolution number 1).

COUNT I
Injunctive Relief

41. The previous paragraphs of this Complaint are incorporated by reference in this Count as though set forth in their entirety.

42. Based on the foregoing, including the absence of a quorum and the lack of approval by Katz required by the Agreement, this Court should enjoin IGM from taking any actions or expending any resources to implement any resolutions or proposals purportedly adopted at the meeting held on October 15, 2013 (except resolution 1).

WHEREFORE, Plaintiffs, Intertrust GCN, LP, Intertrust GCN GP, LLC, general partner, and H.F. Lenfest, respectfully request that this Court: (1) enter a Judgment in Plaintiffs' favor and against the Defendant; (2) enter preliminary and permanent injunctions enjoining IGM from taking any actions or expending any resources to implement resolutions (except resolution number 1 as it relates to the funding of defenses to Plaintiffs' actions) purportedly adopted at the meeting held on October 15, 2013; and (3) grant such additional relief as the Court deems just and proper.

Respectfully submitted,

SPRAGUE & SPRAGUE

By: /s/ Richard A. Sprague

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H.F. Lenfest*

VERIFICATION

I, Lewis Katz, hereby state that: I am a representative of a plaintiff; I am authorized to make this Verification on behalf of Plaintiff; I verify that the statements set forth in the foregoing Petition are true and correct to the best of my knowledge, information, and belief; I understand that these statements are made subject to the penalties of 18 Pa.C.S.A § 4909, relating to unsworn falsification to authorities. Executed on October 18, 2013

Dated: 10/18/13



Lewis Katz