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MOLLY S. HENDERSON,  
 Plaintiff

v.

LANCASTER NEWSPAPERS, INC.,  
 JOHN M. BUCKWALTER, ERNEST J.  
 SCHREIBER, MARVIN I. ADAMS, JR., HELEN  
 COLWELL ADAMS, CHARLES RAYMOND  
 SHAW, ARTHUR E. MORRIS, GILBERT A.  
 SMART, JOHN H. BRUBAKER, III, DAVID  
 PIDGEON,  
 Defendants.

COURT OF COMMON PLEAS  
 CHESTER COUNTY, PA

CIVIL ACTION NO. \_\_\_\_\_

**VERIFIED COMPLAINT**

CIVIL ACTION – IN TRESPASS

**JURY TRIAL DEMANDED**

**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

**NOTICIA**

LE HAN DEMANDADO A USTED EN LA CORTE. Si usted quiere defenderse de estas demandas expuestas en las paginas siguientes, usted tiene viete (20) dias de plazo al partir de la fecha de la demanda y la notificacion. Usted debe presentar una apariencia escrita o en persona o por abogado y archivar en 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 tomara medidas y puede entrar una orden

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

Chester County Bar Association  
15 West Gay Street – Second Floor  
West Chester, PA 19381-3191  
(610) 429-1500

contra usted sin previo aviso o Notificación y por cualquier queja o alivio que es pedido en la petición de demanda. Usted puede perder dinero o sus propiedades o 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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## COMPLAINT

Plaintiff Molly S. Henderson files this Complaint:

### NATURE OF THE ACTION

1. Because Plaintiff opposed the ever-increasing governmental subsidization of a \$170 million public convention center/private hotel project in downtown Lancaster in which Defendant Lancaster Newspapers, Inc. has a substantial financial ownership interest, Defendants embarked upon a campaign of publishing false and defamatory libels to discredit Plaintiff as an able and trustworthy county commissioner and damage her reputation so severely that she would be forced from office either by resignation or defeat at the next election.

2. The individual Defendants, all of whom are employed by or affiliated with Defendant Lancaster Newspapers, Inc., concluded that Defendant Lancaster Newspapers, Inc.'s financial interests were threatened by Plaintiff's opposition to, and public questioning of, the increased governmental subsidies for the convention center/hotel project (hereinafter "Convention Center and Hotel Project" or the "Project") that effectively shifted the financial risks associated with the Project from the Project's private sector participants to the public. In response to this perceived threat from Plaintiff, Defendants resolved to ruin Plaintiff's reputation, damage her credibility, and promote her removal from office by disseminating numerous false and defamatory publications culminating in a series of articles published between December 14, 2006 and continuing through the election for Lancaster County Commissioner, held on November 6, 2007, that form the basis for the claims in this Action. All of these articles were published in newspapers owned and operated by Defendant Lancaster Newspapers, Inc. and sold throughout Lancaster County and surrounding counties, including Chester County.

## THE PARTIES

3. Plaintiff Molly S. Henderson (the "Plaintiff" or "Henderson") is an adult individual residing at 2051 Rice Road, Lancaster County, Pennsylvania 17603. Plaintiff recently served as one of three members of the Board of Commissioners of the County of Lancaster, having been elected on November 4, 2003, taken office on January 5, 2004, and, having lost her November 6, 2007 bid for re-election, Plaintiff's four-year term concluded on January 7, 2008. Plaintiff is married with two children.

4. Defendant Lancaster Newspapers, Inc. ("LNI") is a Pennsylvania corporation, with a place of business located at 8 West King Street, Lancaster, Pennsylvania 17603. During all times material to this Complaint, LNI published the morning daily *Lancaster Intelligencer Journal* ("*Intelligencer Journal*"), the evening daily *Lancaster New Era* ("*New Era*"), and the weekly *Lancaster Sunday News* ("*Sunday News*"). LNI's combined circulation for its two dailies is approximately 88,833, and the circulation for the Sunday edition is approximately 99,502.

5. Defendant John M. Buckwalter ("Buckwalter") is an adult individual residing at 171 Eshleman Road, Lancaster, Pennsylvania, an employee and Chairman of the Board of LNI and President of LNI's wholly owned subsidiary, Lancaster County Weeklies, Inc., with offices located at 8 West King Street, Lancaster, Pennsylvania 17603. Buckwalter controls and directs the operations of LNI and its subsidiary.

6. Defendant Ernest J. Schreiber ("Schreiber") is an adult individual residing at 126 Bentley Lane, Lancaster, Pennsylvania, an employee of LNI and Editor-in-Chief of the *New Era*, with offices located at 8 West King Street, Lancaster, Pennsylvania 17603. Schreiber exercises editorial responsibility and control over the content published in the *New Era*.

7. Defendant Marvin I. Adams, Jr. ("Adams") is an adult individual residing at 45 Four Oaks Drive, Pequea, Pennsylvania, an employee of LNI and Editor-in-Chief of the *Sunday News*, with offices located at 8 West King Street, Lancaster, Pennsylvania 17603. Adams exercises editorial responsibility and control over the content published in the *Sunday News*.

8. Defendant Helen Colwell Adams ("Colwell Adams") is an adult individual residing at 45 Four Oaks Drive, Pequea, Pennsylvania, an employee of LNI and Politics Editor and political writer for the *Sunday News*, with offices located at 8 West King Street, Lancaster, Pennsylvania 17603. Colwell Adams exercises editorial responsibility and control over the content of the political articles and columns of the *Sunday News*.

9. Defendant Charles Raymond Shaw ("Shaw") is an adult individual residing at 1761 Wickersham Lane, Lancaster, Pennsylvania, an employee of LNI, and Editor-in-Chief of the *Intelligencer Journal*, with offices located at 8 West King Street, Lancaster, Pennsylvania. Shaw exercises editorial responsibility and control over the content published in the *Intelligencer Journal*.

10. Defendants Buckwalter, Schreiber, Adams, Colwell Adams, and Shaw are collectively referred to as the "Editor Defendants."

11. Defendant Arthur E. Morris ("Morris"), is an adult individual residing at 434 West Chestnut Street, Lancaster, Pennsylvania, a former mayor of the City of Lancaster, a columnist under contract for the *Sunday News* and a frequent contributor to Defendant LNI's publications, and chairman and acting executive director of the Lancaster County Convention Center Authority.

12. Defendants Gilbert A. Smart, John H. Brubaker, III, and David Pidgeon (the “Reporter Defendants”) are reporters, respectively, for the *Sunday News*, *New Era*, and *Intelligencer Journal*, with offices at 8 West King Street, Lancaster, Pennsylvania.

### VENUE

13. Pursuant to Rules 1006(b), 1006(c), and 2179(a)(2)-(4) of the Pennsylvania Rules of Civil Procedure, venue for this Action properly lies in Chester County where Defendant LNI regularly conducts business and where the causes of action arose and/or where transactions or occurrences took place out of which the causes of action arose. Upon information and belief, Defendant LNI’s publications regularly cover events and occurrences within Chester County and Defendants are aware that Defendant LNI sells, distributes and publishes its publications, including those editions of the *Sunday News*, *New Era*, and *Intelligencer Journal* containing the false and defamatory statements at issue in this Action, in Chester County.

### FACTUAL AVERMENTS

#### **I. FACTS DEMONSTRATING DEFENDANTS’ MOTIVE AND PURPOSE TO MALICIOUSLY DEFAME PLAINTIFF.**

14. Plaintiff was raised in Lancaster County and, for the past thirty years, Plaintiff has lived, worked, and raised her children in south central Pennsylvania. At all times herein mentioned, Plaintiff has been a person of good name, credit and reputation and was deservedly enjoying the esteem and good opinion of diverse persons.

15. In early 2003, Plaintiff began campaigning for one of three seats on the Board of Commissioners of Lancaster County. Prior to seeking this political office, Plaintiff had enjoyed

a demanding but rewarding career in the fields of health education and public health for more than twenty years.

16. During the 2003 campaign for county commissioner, one of the issues receiving particular public scrutiny, comment and interest for Plaintiff and the other candidates for commissioner was the proposed redevelopment project of the vacant Watt & Shand department store building (the "Watt & Shand Building") located on Penn Square in downtown Lancaster City.

**A. PLAINTIFF'S CAMPAIGN POSITION ON REDEVELOPMENT OF WATT & SHAND BUILDING**

17. The Watt & Shand Building became vacant in March 1995 when the Bon Ton department store closed. Three years later, in 1998, several developers made development proposals for the property. One of those offers was submitted by Penn Square Partners ("PSP"), a partnership formed with Defendant LNI and Fulton Bank as limited partners, and Penn Square General Corp. (an affiliate of High Industries, Inc. which is the largest industrial employer in Lancaster County) as the general partner. PSP's offer to purchase the property was accepted by Bon Ton Stores.

18. In the Spring of 1999, PSP's proposal for the redevelopment of the Watt & Shand Building contemplated the construction of the Project which included a convention center, owned by a public convention center authority, with a privately owned and financed hotel adjacent to the convention center. PSP promoted the proposal as a "partnership" between the public and private sector with an estimated cost (in 1999) of \$35 million for the convention center portion, to be financed by a \$15 million state grant and a County hotel tax to pay the debt service on a \$20 million private loan.

19. In September 1999, the Lancaster County Convention Center Authority ("LCCCA") was created to own and operate the proposed convention center. The activities of the LCCCA were partially funded by an annual Lancaster County 3.9% hotel "bed" tax (80% of which was allocated to the LCCCA with the remaining 20% to directed to the Pennsylvania Dutch Convention and Visitor's Bureau).

20. The LCCCA Board consists of seven board members, serving staggered four year terms, three appointed by the County of Lancaster (the "County"), three by the City of Lancaster (the "City"), with the final "swing" member appointed alternately by the City and County. Plaintiff and the other two county commissioners were due to appoint the "swing" member in September 2007.

21. In the Spring of 2007, the City appointed Defendant Morris to the LCCCA Board.

22. Since its creation, the LCCCA has consistently supported PSP's repeated requests for increased financial support from the City, County, and State for the Convention Center and Hotel Project that has had the effect of dramatically increasing the proportion of Project costs borne by the public. Although there have been several occasions where the LCCCA initially resisted demands by PSP that the LCCCA bear a larger portion of the cost and risk of the Project, in each case the LCCCA ultimately acceded to the demands of PSP.

23. In the four years between PSP's initial proposal for the Convention Center and Hotel Project and the 2003 general and primary elections for County Commissioner, Lancaster County residents voiced increasing concern about the financial impact that the Project would have on the County's finances as well as on residential property taxes.

24. Plaintiff and each of the candidates for County Commissioner were pressed by the voting public to comment on the Project during the course of the 2003 campaign.

25. During the Spring 2003 primary election in which Plaintiff was vying for one of two Democratic nominations for County Commissioner, she publicly supported the Convention Center and Hotel Project provided that the Project did not require any greater subsidization from the County than the proceeds from the then-existing level of hotel bed tax and that there be no County guaranty on the LCCCA bonds.

26. In the May 2003 primary election, Plaintiff won the Lancaster County Democratic nomination for County Commissioner receiving 30% more than her next closest rival. In the general election campaign, Plaintiff was engaged in a six-way race for three slots on the Lancaster County Board of Commissioners.

27. While campaigning toward the November 2003 general election, Plaintiff's position on the Convention Center and Hotel Project never changed.

28. In October 2003, following the LCCCA's disclosure that the estimated expense and costs for the convention center portion of the project had significantly increased from \$35 million to \$55 million, the then Board of Commissioners was presented with LCCCA's proposal for the County to guarantee half the interest payments on up to \$40 million in bonds that the LCCCA proposed to issue to finance the Project.

29. Plaintiff publicly opposed the guaranty proposal in a campaign debate and was reported in the *Intelligencer Journal* as stating: "I am very much in favor of the convention center but I do not support the county backing of the bond. The convention center must be self-supporting."

30. Only days before the November 2003 general election, County Commissioners Paul Thibault and Ron Ford, the two lame duck members of the three member Board of County Commissioners, agreed that the County would guarantee the interest payments on the LCCCA

bonds. Neither Thibault nor Ford was a candidate for re-election in the November 2003 general election.

31. On November 4, 2003, Plaintiff was elected to the three-member Board of Commissioners of Lancaster County along with Republicans Richard "Dick" Shellenberger and incumbent Howard "Pete" Shaub.

32. On the day of the general election, Defendant LNI published an article in its *Intelligencer Journal* written by Jeff Hawkes pertaining to Plaintiff's position on the LCCCA bonds which stated:

When questioned about her stand against the loan guarantee, for example, Henderson said she wouldn't budge, even if it meant Watt & Shand would have to remain dark. 'I guess they'll have to sell it,' she said blithely.

33. Days after this article appeared in Defendant LNI's publication, Defendant Buckwalter approached Plaintiff's husband on the street and strenuously objected to Plaintiff's position on the County bond guaranty as expressed in the Hawkes column.

34. Within days of Defendant Buckwalter's accosting of Plaintiff's husband, front page articles, with photographs, appeared in both the *Intelligencer Journal* and the *New Era* concerning the fact that in 2002, Plaintiff and her husband had obtained annual reductions of their real estate taxes by placing their property in a program known as "Clean & Green." The articles' headlines, placement, and tone insinuated that Plaintiff and her husband had done something improper in obtaining "Clean & Green" status for their property when, in fact, no such impropriety had occurred.

35. The Hawkes column, Defendant Buckwalter's complaints directed at Plaintiff's husband, and the publication of the "Clean & Green" articles – all of which occurred immediately after the general election -- foreshadowed Defendants' purpose and intent to

wrongfully use their "power of the press" to protect Defendant LNI's ownership and financial interests in the Project and retaliate for Plaintiff's opposition to a County guaranty for bond interest payments on the Project.

**B. DEFENDANTS' FINANCIAL STAKE IN THE CONVENTION CENTER AND HOTEL PROJECT**

36. As configured today, PSP consists of two partners: general partner Penn Square Partner General Corp., an affiliate of High Industries, Inc. ("High Industries"), and limited partner Penn Square Ltd., LLC, an affiliate of Defendant LNI. Upon information and belief, the profits and losses of PSP are allocated equally between Penn Square Partner General Corp. and Penn Square Ltd. LLC.

37. The Project has proved to be highly rewarding for PSP's partners. For example, High Associates, Ltd., another High Industries affiliate, serves as the "master developer," and High Construction, Inc., yet another affiliate of High Industries, initially served as the "construction manager," for both the public Convention Center and the private Marriott Hotel, which afforded them the opportunity to set the bidding criteria and standards for construction contractors. After creating these bid standards, in June 2006 High Construction "resigned" as construction manager for the convention center and subsequently submitted the successful bid to become the general contractor for the Convention Center and Hotel Project. This led to High Concrete Structures, Inc., another affiliate of High Industries, being awarded the concrete subcontract on the bid documents developed by High Construction. A twenty-year food and beverage concession for the Convention Center also has been awarded on a no-bid basis to another affiliate of High Industries. The law firm of Stevens & Lee, which represented the LCCCA in the negotiation of these contracts, also represents High Industries.

38. PSP leases the private hotel portion of the Convention Center and Hotel Project from the Redevelopment Authority of the City of Lancaster ("RACL") under terms that include an option granted to PSP to purchase the hotel at the end of the lease term for a nominal price. The hotel will be operated under the Marriott flag but will be managed by Interstate Hotels and Resorts, Inc., which is the manager PSP insisted upon retaining to manage both the hotel and the convention center. High Hotels, Ltd., still another affiliate of High Industries, owns several Marriott-flag hotels in close proximity to the location of the Project and, as manager, Interstate will have substantial influence over whether convention center "overflow" guests are directed to these other High Industries-owned area hotels.

39. On information and belief, Defendant LNI, as a partner of PSP, has obtained a 50% ownership interest in the hotel portion of the Project, which has an estimated value of \$85 million or more, for a comparatively minimal cash investment. To protect its ownership and financial position in PSP, Defendant LNI, in its publications, has consistently promoted the Project, endorsed PSP's efforts to obtain ever-increasing governmental subsidization of the Project, and avoided inquiry or comment regarding the conflicts of interest created by the simultaneous involvement of the numerous affiliates of its partner, High Industries, in the development and construction of the Project.

40. The arrangements between PSP, the private lessee and operator of the hotel, and the LCCCA are such that most of the financial benefits associated with the Convention Center and Hotel Project will inure to the benefit of PSP and its partners.

41. After a relatively small cash investment, PSP stands to obtain an enormous private financial benefit from the operation of the private Hotel portion of the Convention Center and Hotel Project whether or not the public Convention Center portion ever operates at a profit.

