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*Attorneys for Plaintiff*

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.

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contra usted sin previo aviso o Notificacion y por cualquier queja o alivio que es pedido en la peticion 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**

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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.

42. Defendant LNI owns substantial office space and operating facilities located adjacent to the site of the Convention Center and Hotel Project and, upon information and belief, Defendant LNI is expecting the completion of the Convention Center and Hotel Project to substantially increase the market value of these offices and operating facilities as compared to their value at the time the Watt & Shand Building remained vacant.

43. Defendant LNI and the other Defendants named in this Action, all of whom work for or are associated financially with Defendant LNI, risk substantial financial loss if the County's failure to guarantee interest payments on LCCCA bonds imperils the completion of the Project and Defendant Morris' ongoing control of the LCCCA Board.

44. Upon information and belief, the potential financial benefit to LNI from the Project significantly exceeds the annual profits from LNI's publishing operations.

**C. PLAINTIFF'S ACTIONS AS COUNTY COMMISSIONER WITH RESPECT TO THE CONVENTION CENTER AND HOTEL PROJECT**

45. After Plaintiff's victory in the November 2003 general election, Plaintiff attended a meeting with the then-three owners of PSP: Defendant Buckwalter, representing Defendant LNI; Dale S. High, representing High Industries; and Rufus Fulton, representing Fulton Bank. During this meeting, PSP's representatives, including Defendant Buckwalter, were visibly discomfited by questions from Plaintiff and took the opportunity to impress upon Plaintiff the importance of County support for the Convention Center and Hotel Project.

46. Upon taking office in January 2004, Plaintiff was not initially confronted with any significant decisions pertaining to the Convention Center and Hotel project and, during the first year of her term, Defendants' news and editorial coverage of Plaintiff in their various publications was generally neutral and, at times, favorable.

47. During 2004, PSP sought a reduction in PSP's direct financial contribution to the private hotel portion of the Project despite PSP previously having secured from the LCCCA a concession that the LCCCA would pay for the majority of the "common space" to be used by both the hotel and convention center at the Project.

48. The dispute over PSP's demand for a further reduction of its financial contribution to the Project escalated to the point where the LCCCA purchased an option to buy the Brunswick Hotel at Queen and Chestnut Streets as a possible alternative location to the site owned by PSP. However, the dispute was resolved when State Senator Gibson C. Armstrong arranged for an amendment of State Act 23 allowing the use of State grant funds for the Project in anticipation of sales tax and State income tax revenue projected for the Convention Center and Hotel Project. The Act 23 funds greatly reduced PSP's costs to build the hotel and essentially provided the reduced financial contribution demanded by PSP.

**1. The TIF Proposal**

49. Despite the availability of Act 23 funds for the Project, during the second year of Plaintiff's term, beginning specifically in February 2005, PSP sought further financial assistance from the City, Lancaster School District ("School District"), and County for the Convention Center and Hotel Project.

50. In February 2005, John Espenshade, the County solicitor and attorney employed at the Stevens & Lee law firm, presented a proposal to the County seeking inclusion of the hotel portion of the Project in a Tax Increment Financing ("TIF") program which would exempt the hotel (and its owners, including PSP and Defendant LNI) from paying its annual real estate taxes despite the fact that the hotel would be privately owned by PSP.

51. On or around this same time, Defendant Buckwalter, acting as LNI's representative, was involved with presenting a similar TIF proposal to the School District.

52. Pennsylvania's TIF Act statute imposes strict requirements upon the use of a TIF which is principally intended to create additional public infrastructure. Given these purposes, the County expressed concern that PSP's proposal for TIF treatment for the hotel at the Project did not meet these conventional uses for TIF financing.

53. To determine whether PSP's TIF proposal met the statutory criteria, Plaintiff and Commissioner Shellenberger voted to hire County special counsel to explore the proposal. The County special counsel, Howard Kelin of Kegel Kelin Almy & Grim, prepared a list of "57 Questions" directed to PSP (as well as to LCCCA and RACL) for response and explanation.

54. Before the County Commissioners voted on the TIF proposal, the School District rejected PSP's TIF proposal prompting a *Sunday News* article entitled "Tiff over a TIF" which reported that "The 57 questions asked by two commissioners appear to have ended one effort to raise money for hotel."

55. Although the LCCCA provided a partial response to the "57 Questions" drafted by the County special counsel, PSP never responded to the "57 Questions" and, at a March 30, 2005 meeting of the Commissioners, a PSP representative informed the Commissioners that PSP would not make the TIF proposal and abruptly left the meeting.

56. Nonetheless, determined to eliminate real estate taxes upon the hotel in the Project even after the School District's TIF rejection, and without responding to the "57 Questions," PSP maneuvered to secure an arrangement whereby RACL would act as the conduit to own the hotel building while PSP leased the space and operated the hotel business. PSP believed that this ownership arrangement would avoid real estate taxes that otherwise would be owed by PSP based on its ownership interest in the hotel.

57. On April 11, 2005, the County Commissioner's special counsel issued an opinion (quoted in part below) concerning the tax consequences associated with the Project's hotel and concluded that real estate taxes would continue to be due on the hotel even under the RACL ownership arrangement promoted by PSP since the sale/lease-back agreement with RACL primarily served private, rather than public, interests:

By entering a 20-year lease purchase agreement that provides PSP public financing of debt service on hotel construction costs, and then grants PSP the right to acquire title of the hotel after 20 years for \$2.25 million -- a figure far below the property's projected fair market value -- [the Redevelopment Authority of the City of Lancaster] is serving primarily a private interest, rather than the public interest.

**2. Bond Issues and the Hotel Tax**

58. In light of the special counsel's conclusions regarding the real estate tax consequences of the largely private benefits of the Project, Plaintiff and Commissioner Shellenberger voted, on April 19, 2005, to require the LCCCA to provide a legal opinion opining on whether the interest paid on the \$40 million County-guaranteed LCCCA bonds issued to finance the Project qualified for exclusion from federal income tax.

59. By May 2, 2005, Plaintiff and Commissioner Shellenberger had lost all confidence in the financing and cost estimates associated with the Convention Center and Hotel Project since the estimated costs for the Project had swelled to \$129 million. Plaintiff publicly supported a lengthy statement drafted by Commissioner Shellenberger withdrawing his support of the Project and providing the reasons supporting his position:

Events of recent months, which have coalesced over the past weeks, make clear the fact that we have arrived at a critical crossroads with regard to the proposed convention center and hotel in the City of Lancaster. I wish to take this opportunity to present my observations and conclusions regarding the plan as it is currently conceived. I have become firmly convinced that construction of the hotel/ convention center according to the latest



plans and most recently estimated cost is the wrong direction. A new focus for Lancaster City revitalization is needed.

What once was a \$75 million project funded with 47% public money has mushroomed into a \$137 million project funded with 93% public money; and I, in good conscience, can no longer stand by while the taxpayers of Lancaster County foot the bill for a project which I believe has become significantly flawed.

*See Exhibit A, a true and correct copy of this article.*

60. On May 4, 2005, Plaintiff and Commissioner Shellenberger voted to support a demand that LCCCA cease all spending and repay the \$40 million County-guaranteed LCCCA bond.

61. On May 4, 2005, Plaintiff and Commissioner Shellenberger also voted to authorize the County's special counsel to investigate whether the County's guarantee of interest payments on the LCCCA bonds could be withdrawn.

62. On May 16, 2005, the County filed, with the approval of a majority of the County Commissioners (including Plaintiff), a Local Government Unit Debt Act Complaint objecting to the City of Lancaster's two guarantees of the private hotel portion of the Project: a \$12 million guarantee to cover interest payments on a \$12 million Act 23 bond issuance sought by RACL; and a \$24 million guarantee extended to cover any possible real estate taxes due on the hotel over a 20-year period during which RACL holds title to the hotel, while the hotel is operated on a for-profit basis by PSP. *See Exhibit B, a true and correct copy of Local Government Unit Debt Act Complaint.*

63. On July 20, 2005, Plaintiff and Commissioner Shellenberger voted to file a Petition for Review in the Nature of a Declaratory Judgment seeking a judgment as to whether the State Department of Community and Economic Development ("DCED") improperly awarded special grants to RACL for use in the private hotel portion of the Convention Center

and Hotel Project under the State's "Act 23" program. *See* Exhibit C, a true and correct copy of the *Intelligencer Journal* article "County will sue city, Pa. agencies," dated July 21, 2005.

64. On September 27, 2005, Plaintiff and Commissioner Shellenberger voted to separate the County's 3.9% hotel "bed" tax (80% of which was used to provide financial support to the LCCCA's construction of the Convention Center and Hotel Project) from the County's 1.1% hotel "excise" tax. By "decoupling" the hotel "excise" and "bed" taxes, the Commissioners made it possible to reduce the County-level financial support provided to LCCCA's construction of the Project without harming the Pennsylvania Dutch Convention and Visitor's Bureau, calling into question the validity of the hotel tax scheme. *See* Exhibit D, a true and correct copy of *New Era* article "Proposal may kill center" dated September 27, 2005.

65. Also in the fall of 2005, three of the LCCCA board members terms ended and the County Commissioners appointed three new board members who had no known affiliation or allegiance to PSP or to any of the Defendants.

66. With the appointment of the new LCCCA board members by the County Commissioners, PSP was no longer assured that its financial proposals relating to the Project would receive the unquestioned support of the LCCCA and PSP faced the likelihood that a fourth and controlling County "swing" vote, with neither affiliation nor allegiance to PSP, would be appointed by the County Commissioners in September 2007.

**D. PLAINTIFF'S ACTIONS AS COMMISSIONER THREATENED DEFENDANTS' FINANCIAL STAKE IN THE CONVENTION CENTER AND HOTEL PROJECT AND FORMED THE BASIS FOR DEFENDANTS' MALICIOUS INTENT TO FALSELY DEFAME PLAINTIFF.**

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67. Upon information and belief, the actions of Plaintiff in protecting against the dissipation of public funds by questioning the hotel tax revenue provided to the LCCCA,

considering reducing or eliminating the County's guaranty of interest payments on LCCCA bonds, eliminating the prospect of TIF tax treatment for the Project, and appointing new LCCCA board members with no demonstrated affiliation or allegiance to PSP were perceived by Defendant LNI as a serious threat to its interest in PSP's economic stake in the Project.

68. Plaintiff's questioning and examination of the validity or logic of the public financing efforts sought by PSP for the Project, including the use of the County hotel tax, the County guaranty of the LCCCA Bonds, and the TIF proposal, were objectionable to PSP and to its 50% owner, Defendant LNI.

69. Upon information and belief, Plaintiff's actions and statements were perceived by PSP as a threat to the significant financial support provided by the County to the Convention Center and Hotel Project.

70. Upon information and belief, the refusal of the School District of Lancaster to approve PSP's TIF proposal in March 2005 was perceived by Defendant LNI and the Defendants employed by LNI to be principally attributable to the "57 Questions" which were authorized by Plaintiff.

71. Based on the report requested by the County Commissioners from the County's special counsel, the County also refused to accept that the sale/lease-back arrangement between PSP and RACL created a "municipally owned" property so as to exempt the private Hotel from its annual real estate tax obligations.

72. Upon information and belief, the Petition for Declaratory Judgment against DCED and RACL authorized by the County Commissioners and filed by the County opposing the special grants given to the Convention Center and Hotel Project under the State's "Act 23" program was objectionable to PSP, including its 50% owner, Defendant LNI.

**E. DEFENDANTS' PURSUE DISCREDITING PLAINTIFF**

73. Beginning in July 2005, following Plaintiff's participation in, and favorable voting upon, the series of actions described herein that sought to reduce the public financing and resources committed to the Convention Center and Hotel Project, Defendants undertook to maliciously defame Plaintiff by publishing false, malicious and defamatory articles in Defendant LNT's print publications.

74. Infuriated by Plaintiff's withdrawal of her support for the Convention Center and Hotel Project and by her opposition to PSP's efforts to continue and expand the public financing used for that Project, Defendants seized the opportunity to exploit both the hiring of Gary Heinke, the County's former Human Services Administrator, and the sale of Conestoga View, the County-owned and operated nursing home, as vehicles to launch their campaign of false, malicious and defamatory attacks on Plaintiff.

**1. Heinke and Conestoga View Controversies**

75. On July 1, 2005, the Commissioners announced the possible sale of the Conestoga View. At the Commissioners' July 6th public meeting, an agreement of sale was presented, and Plaintiff made a motion to delay the vote pending further public comment. After the motion failed, Plaintiff and the other two commissioners unanimously voted to approve an agreement of sale of Conestoga View with affiliates of its long-time private sector manager, Complete HealthCare Resources, Inc. ("CHR"), and to hire Joanne Judge, a law partner of the County Solicitor at the firm of Stevens & Lee, to represent the County in the sale process. Prior to closing the transaction, Plaintiff specifically requested that Stevens & Lee provide an itemized invoice pertaining to the Conestoga View sale and was assured by Joanne Judge that this would promptly occur.

76. Gary Heinke, who was hired by the Commissioners in March 2004 to serve as the Lancaster County Human Services Administrator, was one of two County administrators who had principal oversight for matters relating to the Conestoga View sale.

77. In the three months following the announced Conestoga View sale, issues and concerns regarding the sale of Conestoga View were publicly raised and discussed at numerous public meetings of the County Commissioners. The concerns included whether the sale would affect the care of indigent elderly, the speed with which the sale was consummated, preservation of an historic building, and whether the County's operation of Conestoga View was profitable or not. On September 28, 2005, the CHR agreement was amended at a public meeting in response to the public's concerns.

78. On September 29, 2005, the sale of Conestoga View to CHR closed.

79. In October 2005, after the Conestoga View sale closed, Defendant Morris attacked the resume and qualifications of Gary Heinke through a series of articles published in Defendant LNI's newspapers.

80. On November 10, 2005, in an apparent response to Defendant Morris' vociferous attacks and the accompanying publicity appearing in Defendant LNI's publications, the County's district attorney submitted a Notice of Submission to the Honorable Louis J. Farina, Grand Jury Supervising Judge, to approve the convening of an Investigating Grand Jury to probe the "hiring of Gary Heinke as Lancaster County Human Services Administrator and whether any crimes, including but limited to unsworn falsification to authorities (18 Pa. C.S. § 4904), may have been committed." *See* Exhibit E, a true and correct copy of Grand Jury Report, dated 12/14/06.

81. The district attorney sought this Investigative Grand Jury even though the Human Resources director of the County and outside legal counsel had conducted a two-week internal

investigation of Heinke's hiring after potential improprieties were raised and Heinke resigned on October 28, 2005. The findings of the County investigation are documented in a detailed report, *i.e.*, the Myers-Hofmann Report, which was released on November 9, 2005, and reported on by each of Defendant LNI's papers. *See* Exhibit F, a true and correct copy of the Myers-Hofmann Report. Exhibit G, true and correct copies of the *Intelligencer Journal*, *New Era*, and *Sunday News* articles reporting on the release of the Myers-Hofmann Report.

82. The Myers-Hofmann Report concluded that Heinke had falsified his resume but not his job application. It also concluded that Commissioners Shellenberger and Shaub, and County Solicitor John Espenshade of the Stevens & Lee law firm, had provided assistance to Heinke that was not furnished to any other candidates. Additionally, the Myers-Hofmann Report concluded that Plaintiff had no involvement in assisting Heinke nor was she aware the other commissioners were doing so.

83. On December 21, 2005, the *New Era* published the article "Behind Closed Doors" which uses the collective term "the commissioners" in stating that "the commissioners" secretly hired Stevens & Lee to represent the County in the Conestoga View sale.

84. The day after "Behind Closed Doors" was published, Plaintiff met with Reporter Defendant Brubaker, whose byline was carried on the article, and requested a correction since she had not "secretly" participated in hiring Stevens & Lee. Defendant Brubaker refused her request for a correction and, when Plaintiff asked him to explain why her request was not reasonable, he responded "no comment." When Plaintiff continued to press for a printed correction to the story that falsely accused her of "secretly" hiring Stevens & Lee, Defendant Brubaker said "God help us all!" and fled the room.

85. After Defendant Brubaker's reaction, Plaintiff contacted Defendants Schreiber and Buckwalter, as well as counsel for Defendant LNI, to seek a retraction for the false statement regarding the "secret" hiring of Stevens & Lee. Defendant LNI's attorney refused the requested retraction.

86. Less than two weeks later, a January 5, 2006 *Intelligencer Journal* editorial claimed that Plaintiff had contemporaneous knowledge of a secret meeting held outside the Courthouse among Commissioners Shellenberger and Shaub, Heinke, and Stevens & Lee pertaining to the Conestoga View sale, that Plaintiff, herself, had participated in such secret meetings, and that Plaintiff had thus violated the state's Sunshine laws on several occasions.

87. Throughout January and February 2006, Defendant LNI's papers published articles similar to the *Intelligencer Journal's* January 5<sup>th</sup> editorial. However, in March 2006, after Plaintiff's many demands, Stevens & Lee finally released its time reports which showed, contrary to the published statements in Defendants' publications, that Stevens & Lee had had no "secret" meetings with Plaintiff prior to the announcement of the Conestoga View sale. *See* Exhibit H, a true and correct copy of Stevens & Lee's time reports.

88. Following the release of the Stevens & Lee time reports, on March 31, 2006, Plaintiff and Commissioners Shellenberger and Shaub issued the Statement of County Commissioners Concerning the Conestoga View Sale ("CV Statement") which was published in each of Defendant LNI's papers.

89. In the CV Statement, Commissioners Shellenberger and Shaub apologize to Plaintiff for failing to inform her of the actions that they were taking with respect to selling Conestoga View; confirm that she had no knowledge of any sale proposal prior to April 2005;

and admit to concealing from her that they had hired Stevens & Lee in March 2004 to investigate the sale of Conestoga View. *See* Exhibit I, a true and correct copy of the CV Statement.

**2. Grand Jury Investigation and Report**

90. After the empanelment of the Grand Jury, the ensuing investigation conducted over a period of several months produced little or no new information about the Heinke hiring process that had not already been reported in the Myers-Hofmann Report.

91. Contemporaneously with the conclusion of the grand jury's investigation of the Heinke hiring process, the Stevens & Lee time reports and the CV Statement were released publicly and Defendants' published several articles alleging that all three commissioners had violated the Sunshine Act by participating in non-public meetings about a Conestoga View sale in the year preceding April 2005 even though the Stevens & Lee's time reports and the CV Statement demonstrated that Plaintiff had no such involvement in these non-public meetings.

92. Following the publication of Defendants' articles criticizing the actions of the County Commissioners related to the Conestoga View sale, the district attorney filed an Amended Notice of Submission for the Investigative Grand Jury seeking permission to expand the scope of the investigation to include the Conestoga View sale and, on May 12, 2006, the Amended Notice was approved.

93. The Amended Submission relied principally on allegations of illegality and impropriety related to the Conestoga View sale drawn from Defendants LNI's publications and misconceptions of municipal law that generated allegations that the process leading to the sale of Conestoga View had produced four underlying "violations" of the County Code, one violation of the Crimes Code, and violations of the Sunshine Act.

94. After having already testified before the Grand Jury concerning the Heinke hiring, Plaintiff received a second subpoena to have her reappear to testify regarding the Grand Jury's



investigation of Conestoga View. In response, Plaintiff filed a Motion to Quash, pointing out, among other things, that the Amended Submission's allegations of illegality were not legally cognizable under the County Code or the Criminal Code.

95. The Grand Jury Report essentially adopted the substantive legal positions regarding the County Code set forth by Plaintiff in her Motion to Quash and concluded that the matters identified in the Amended Submission were not County Code or Criminal Code violations.

96. One alleged County Code violation was the Commissioners' appointment of Special Counsel Joanne Judge, on July 6, 2005, to handle the Conestoga View sale, which the Amended Submission identified as an alleged violation of the County Code as found in 16 P.S. §904.

97. In footnote 36, on page 27, the Grand Jury Report concedes Plaintiff's position concerning 16 P.S. § 904 as set forth in her Motion to Quash.

98. A second alleged County Code violation asserted in the Amended Submission concerned the fact that, in connection with the sale of Conestoga View, the County did not publish "a Request for Proposals" and did not conduct "advertising for bids" or a "competitive bidding process."

99. The County Code specifically provides that:

[W]hensoever the County Commissioners determine that the continued ownership and operation of an institution for the care of dependents is economically unfeasible, [they] may sell the real property . . . together with all of the contents of personal property . . . as a single unit [and] the sale . . . need only comply with the provisions of this act relating to the sale of real property [§ 2306].

Section 2306.1 exempts the personal property from the bidding requirements of §1802, because the property was sold as "one unit" with the nursing home.

100. In contrast to the Amended Submission, footnote 26, on page 22, of the Grand Jury Report concedes Plaintiff's position concerning 16 P.S. §2306 as set forth in her Motion to Quash.

101. The third violation alleged in the Amended Submission concerned County Code Section (16 P.S. §460, Meetings Open to Public), is a 1955 County Code Section, long predating the Sunshine Act, which states:

Nothing contained in this section shall prevent the county commissioners or any such board, commission or authority from holding executive sessions from which the public is excluded, but no final official action shall be taken as to any proposed or existing resolution, ordinance, rule or regulation, or part thereof, at such an executive session.

102. As noted in the Plaintiff's Motion to Quash, no "final official action . . . concerning any 'resolution, ordinance, rule or regulation' was alleged to have taken place at any of the unadvertised meetings of the Commissioners."

103. The Grand Jury declined to issue a presentment under County Code §460.

104. The fourth violation alleged in the Amended Submission concerned County Code §411, a violation of which requires that a Commissioner "neglect[s] or refuse[s] to perform any duty." Plaintiff's Motion to Quash noted that, even if all of the district attorney's factual assertions in the Amended Submission were true, there still would be no basis to support any violation of County Code §411.

105. The Grand Jury declined to issue a presentment under County Code §411.

106. The fifth alleged violation in the Amended Submission concerned §903 of the Crimes Code, criminal conspiracy (18 Pa. Cons. Stat. §903). The Plaintiff's Motion to Quash argued that Plaintiff had not violated 18 Pa. Cons. Stat. § 903.

107. The Grand Jury Report never identifies or alleges the existence of any criminal conspiracy.

108. The final, non-County Code, violation alleged in the Amended Submission concerned a failure to comply with the Sunshine Act, which is codified in the Sunshine Act, not the Criminal Code, as a summary violation carrying a \$100 fine.

109. The Grand Jury Report did not issue any presentment for Sunshine Act violations. Only two non-public meetings of the Commissioners, the March 23, 2004 and April 1, 2005 meetings, were found by the Grand Jury to violate the Sunshine Act and no allegation was made by the Grand Jury that any vote to sell Conestoga View was taken at either meeting.

110. The only meeting Plaintiff attended which the Grand Jury Report opined was held in violation of the Sunshine Act was the meeting of April 1, 2005.

**II. DEFENDANTS' FALSELY AND MALICIOUSLY DEFAMED PLAINTIFF IN AN EFFORT TO FORCE HER FROM OFFICE.**

111. On December 14, 2006, Plaintiff entered guilty plea to a summary violation of the Sunshine Act relating to the meeting of April 1, 2005, and paid a \$100 fine. During the four-minute hearing regarding the plea, Plaintiff's counsel issued the following statement:

Your Honor, we came here this morning on the understanding that Commissioner Henderson would be pleading guilty to a violation of the Sunshine Act, and we were only provided with this recitation that was just read by Assistant District Attorney Brown before – or this morning.

We cannot agree that there was official action taken [*i.e.*, a vote or decision to sell property] at any meeting on April 1<sup>st</sup>, but we do understand that three commissioners were present, that Conestoga View was discussed, and that deliberations concerning Conestoga View took place.

Accordingly, on that basis, Commissioner Henderson is pleading guilty.

See Exhibit J, a true and correct copy of the Transcript and Citation from the 12/14/06 hearing. On the same day, Commissioners Shellenberger and Shaub each plead guilty to two Sunshine Act violations, one on April 1, 2005 and one related to the meeting on March 23, 2004 that Plaintiff did not attend. Commissioners Schellenberger and Shaub conceded taking “official action” at the March 2004 meeting to secretly retain the services of Stevens & Lee to research the sale of Conestoga View.

112. The Grand Jury Report filed with the Court on December 14, 2006 was sealed by the Court and not scheduled for public release until January 10, 2007.

113. Following the Sunshine Act proceedings on December 14, 2006, Defendants accelerated their published attacks on Plaintiff, often publishing two or more articles per day that repeatedly distorted the facts and sought to malign and falsely characterize Plaintiff as a dishonest criminal who must resign from her office for the good of Lancaster County.

**A. THE DEFAMATORY ARTICLES**

114. On December 14, 2006, Defendant LNI published the *New Era* article “Commissioners plead guilty” written by Reporter Defendant Brubaker. A true and correct copy of this article is attached as Exhibit K.

- a. In this article, Defendants falsely and maliciously state that Plaintiff’s Sunshine Act violation was a “criminal charge” in order to convince the public that Plaintiff violated the Crimes Code when, in fact, the Sunshine Act violation to which Plaintiff pleaded guilty was not an offense cognizable under the Crimes Code.
- b. In this article, Defendants also falsely and maliciously state that “[t]wo or more of the commissioners actually attended at least five secret meetings before the sale, according to investigations by the New Era over the last year,” when, in fact,

Plaintiff had never been in attendance at more than one of the meetings identified in the Grand Jury Report as a violation of the Sunshine Act.

115. Defendants maliciously published the false statement in the *New Era* article “Commissioners plead guilty” to malign and injure Plaintiff’s reputation, sway public opinion against Plaintiff, and attempt to force Plaintiff’s resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

116. On December 15, 2006, Defendant LNI published the *Intelligencer Journal* editorial, “Time to Resign” stating:

The charges involve a series of private meetings that were conducted in 2004 and 2005 in which the Commissioners met and initiated action that ultimately lead [sic] to the sale of the County property.

The citations claimed that Plaintiff was present only at the April 1, 2005 meeting. Thus, this article is false in that the "charges" did not assert that Plaintiff participated in a “a series of private meetings” where she “met and initiated action that ultimately lead [sic] to the sale of the County property.” A true and correct copy of this editorial is attached as Exhibit L.

117. Defendants maliciously published the false statement in the *Intelligencer Journal* editorial “Time to Resign” to malign and injure Plaintiff’s reputation, sway public opinion against Plaintiff, and attempt to force Plaintiff’s resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

118. On December 31, 2006, Defendant LNI published the *Sunday News* front page “above the fold” article written by Reporter Defendant Smart headlined “Seeking an Inside View” that falsely and maliciously states: “Shaub testified twice before the grand jury, but Shellenberger and Henderson testified only once.” The article proceeds to state:

Shaub, who did not hire a lawyer to represent him during the investigation, has said that Shellenberger and Henderson hired

lawyers to help them avoid testifying a second time. The appearance of 'taking the Fifth' say observers, could be extremely damaging politically.

A true and correct copy of the article is attached as Exhibit M.

119. Although *Sunday News* Associate Editor Smart exchanged emails with Plaintiff about this article before it was published, Defendant Smart never asked Plaintiff whether she had asserted the Fifth Amendment in connection with any proceeding nor did he ask the number of times Plaintiff testified before the Grand Jury or seek any other information from Plaintiff about her contact with the Grand Jury.

120. In fact, Plaintiff testified three times before the Grand Jury, first about the Heinke hiring and then twice more concerning the sale of Conestoga View, without ever invoking the Fifth Amendment right to avoid testifying and Defendants' statement implying in words and effect that Plaintiff was "taking the Fifth" was intentionally or recklessly false and malicious.

121. Plaintiff immediately demanded a retraction of the false and defamatory statements appearing in the December 31, 2006 *Sunday News* article (Ex. M). In response to Plaintiff's demand, Defendants published a "correction/clarification" stating:

In a Page One article last Sunday on the grand jury report regarding the sale of Conestoga View, it was incorrectly reported that Lancaster County Commissioners Dick Shellenberger and Molly Henderson had each only testified once before the grand jury, giving the appearance of "taking the fifth."

Exhibit N is a true and correct copy of this correction/clarification, dated 1/7/07. Even though offered as a "correction/clarification," Defendants exacerbated the harm caused by the December 31, 2006 article by continuing to advance the false and misleading inference that Plaintiff was the subject of criminal charges and sought the protection of the Fifth Amendment to avoid self-incrimination.

122. By January 10, 2007, Defendants had access to the Grand Jury Report so that every false statement of fact and every false inference thereafter published about Plaintiff pertaining to the Grand Jury investigation is attributable solely to Defendants' intentional and wrongful efforts to malign and injure Plaintiff's reputation, sway public opinion against Plaintiff, attempt to force Plaintiff's resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007, and, in particular, prevent or impede Plaintiff from participating in making the fourth "swing" appointment to the LCCCA board in September 2007.

123. On January 10, 2007, Defendant LNI published on the *New Era* front page, an "above the fold" article written by Reporter Defendant Brubaker with the two and one-half inch headline "Grand Jury: Commissioners betrayed public's trust" across the entire front page accompanied by a photograph of Plaintiff. This article includes the following false statement:

The Grand Jury had given the Commissioners a choice: Plead guilty or face a formal presentment recommending that criminal charges be brought against them.

A true and correct copy of this January 10, 2007 *New Era* article is attached as Exhibit O. This statement is false and malicious in that the Grand Jury never presented Plaintiff with the Hobson's "choice" falsely depicted by Defendants and there was no factual basis for publishing that Plaintiff was given a "choice" by the Grand Jury to either plead guilty or face a formal presentment recommending criminal charges.

124. On January 11, 2007, Defendant LNI published on the *New Era* front page, an "above the fold" article containing Reporter Defendant Brubaker's reporting and analysis of the contents of the Grand Jury Report. The article has two and one-half inch headlines across the entire front page stating "Secrecy, deceit crippled probe" and a photograph of only Plaintiff and

Commissioner Shellenberger, but not Commissioner Shaub. A true and correct copy of this January 11, 2007 article is attached as Exhibit P.

125. The January 11, 2007 *New Era* article (Ex. P) also includes the front page subhead: "How did County Commissioners escape multiple criminal charges? Local grand jurors blame inconsistent testimony and lack of records." This subhead is intentionally false, misleading and malicious as to Plaintiff in that the Grand Jury never found Plaintiff's testimony to be inconsistent or untrustworthy and Defendants had no factual basis for the article's inescapable inference that the Grand Jury had found Plaintiff's testimony to be inconsistent or untrustworthy.

126. Additionally, this January 11, 2007 *New Era* article (Ex. P) written by Reporter Defendant Brubaker includes the following front page statement:

The Grand Jury Report makes it clear that the Commissioners and Gary Heinke, the former human services administrator hired to help conduct the nursing home sale, avoided other criminal charges only because the Grand Jury lacked sufficient corroborating evidence.

Exhibit P is a true and correct copy of this article. As to the Plaintiff, this statement is intentionally false, misleading and malicious as Defendants had no factual basis for the article's inescapable inference that Plaintiff had avoided criminal charges only because the Grand Jury lacked sufficient corroborating evidence. Further, by emphasizing the absence of sufficient "corroborating evidence," this article deliberately created the false and defamatory impression in the minds of readers that there *was* tangible evidence that supported the lodging of criminal charges against Plaintiff but that Plaintiff had escaped such charges only because there was insufficient evidence to "corroborate" those charges.

127. Plaintiff immediately demanded a retraction of the false and defamatory statements appearing in the January 11, 2007 article (Ex. P). In response to Plaintiff's demand



for a retraction, on January 12, 2007, Defendant LNI published deep within another article harshly headlined "Local leaders urge commissioners: Step Down Now," without any special marking or emphasis, the following statement:

The *New Era* reported that the investigating Grand Jury said the Commissioners avoided further criminal charges only because the grand jury lacked sufficient evidence. Actually, the Grand Jury Report presents no evidence to support further criminal charges against Henderson.

Exhibit Q is a true and correct copy of this January 12, 2007 *New Era* article. This statement represents explicit acknowledgement that Defendant LNI published false statements about Plaintiff but Defendant LNI continues to advance the false and misleading inference that Plaintiff was the subject of "criminal charges" by stating that there was "no evidence to support further criminal charges."

128. On January 11, 2007, Defendant LNI published two front page, "above the fold," *Intelligencer Journal* articles containing Defendant Pidgeon's reporting and analysis of the contents of the Grand Jury Report. The articles had two inch headlines and were accompanied by a photograph of the Plaintiff. The first article headlined "Grand jury blasts three commissioners" stated:

However, the key officials involved in the sale – from the three Commissioners to the deposed county administrator who helped conduct the sale – escaped serious criminal charges because the grand jury could not corroborate much of the evidence.

As to Plaintiff, this statement is intentionally false, defamatory and malicious in that the Grand Jury had no evidence to support a criminal charge against Plaintiff and there is no factual support for the assertion that Plaintiff had "escaped serious criminal charges because the grand jury could not corroborate much of the evidence." A true and correct copy of this January 11, 2007 article is attached as Exhibit R. This article also included the front page statement:

While the report does not recommend criminal charges, it does document how the Commissioners: Kept the sale process "cloaked in a veil of secrecy"; Orchestrated the hiring of a hand-picked administrator, Gary Heinke, to facilitate the sale; Sought a political contribution from an attorney involved in the sale; Involved administrators to help them maintain the secrecy.

As to Plaintiff, this statement, too, is intentionally false, defamatory, and malicious as the Grand Jury Report draws no conclusion and does not "document" that Plaintiff engaged in any of the described actions. As Defendants could then readily ascertain from the Grand Jury Report then available to them, there was no factual basis for such allegations against Plaintiff.

129. The second article by Reporter Defendant Pidgeon published on January 11, 2007, entitled "Report details 'veil of secrecy' in County" with the subhead "Secret meetings on 'Charlie Victor'" states:

The report describes how the commissioners and their surrogates tried to circumvent the Sunshine Act while discussing this sale, even code-naming the nursing home 'Charlie Victor' to keep their discussions confidential.

As to Plaintiff, these statements are intentionally false, defamatory and malicious. A true and correct copy of this January 11, 2007 article is attached as Exhibit S. In fact, the Grand Jury Report reveals that the use of the code name "Charlie Victor" was to prevent Plaintiff from learning about Stevens & Lee's investigation of the potential sale. Indeed, Defendants knew at the time this article was published that the Grand Jury Report stated:

A constant theme of the off-site meetings was that no one outside of "the team" should know about the plan to, or even the possibility of, selling Conestoga View. Commissioner Shaub specifically told team members that Commissioner Henderson should be kept in the dark.

Ex. E (Grand Jury Report). Additionally, Defendants knew that the Grand Jury Report and the previously released Myers-Hofmann Report both had reached the conclusion that Plaintiff had no involvement in the improprieties related to the hiring of Gary Heinke. The false and defamatory

statements appearing in Defendant Pidgeon's articles were deliberately and wrongfully published by Defendants to malign and injure Plaintiff's reputation, sway public opinion against Plaintiff, and attempt to force Plaintiff's resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

130. In response to Plaintiff's demand for a retraction of the false and defamatory statements appearing in the January 11, 2007 articles published under Reporter Defendant Pigeon's byline, Defendant LNI published on January 12, 2007, under the heading "Corrections/Clarifications," the following:

A story in Thursday's *Intelligencer Journal* grouped Henderson with commissioners Pete Shaub and Dick Shellenberger when reporting on what the newspaper described as "serious criminal charges" considered by the grand jury. The *Intell* erred by failing to make it clear that Henderson was not mentioned in the grand jury report in relation to these charges.

Exhibit T is a true and correct copy of this correction/clarification. By this retraction, Defendant LNI explicitly acknowledged that it had published false statements concerning Plaintiff but the "correction and clarification" was deliberately buried inside the paper in a conscious editorial decision made by Defendants to limit the exposure of the "correction/clarification" to the reading public.

131. On January 12, 2007, Reporter Defendant Brubaker admitted, in an email sent to Plaintiff, that his understanding of the Grand Jury Report showed that Plaintiff had not participated in the same secret meetings as had the other Commissioners, and that she was not involved in manipulating Heinke's hiring:

Representative Katie True, former Representative Bob Walker and former Mayor Art Morris are calling for all Commissioners to resign in the wake of the investigating Grand Jury Report. Other people we have contacted have not gone that far, but all are saying the same thing: the Commissioners cannot function under the present conditions. No one will trust them to do the right thing.

They say these are practical, not political or personal or philosophical concerns. I understand that your situation is different from Commissioner Shellenberger's. However, no one I have talked to has suggested that there is any difference in the result for Lancaster County government. That's the story: government cannot function with its current leaders. Please respond. Thanks, Jack.

Exhibit U, a true and correct copy of Defendant Brubaker email, dated 1/12/07.

132. On January 13, 2007, Defendant LNI published the *New Era* front page, "above the fold," article headlined "Citizens: GET OUT" included the following statement on the front page:

The 37-page report, made public Wednesday, provides details of how commissioners secretly manipulated the sale of the county nursing home, Conestoga View, and the hiring of one of the key administrators responsible.

A true and correct copy of this January 13, 2007 article is attached as Exhibit V. Since both the Grand Jury Report and the previously released Myers-Hofmann Report then available to Defendants concluded that Plaintiff had absolutely no involvement in the improper hiring process of Gary Heinke, this statement, as it refers to Plaintiff in using the collective "commissioners," is intentionally misleading, false, and defamatory and was published by Defendants to malign and injure Plaintiff's reputation, sway public opinion against Plaintiff, and attempt to force Plaintiff's resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

133. On January 14, 2007, Defendant LNI published a *Sunday News* front page article stating:

The stories last week focused on the machinations behind the deal, the "actively deceitful" manner in which Lancaster County Commissioners handled the sale of Conestoga View.

A true and correct copy of this January 14, 2007 article is attached as Exhibit W. The Grand Jury Report did not find that Plaintiff handled the Conestoga View sale in an “actively deceitful” manner. Indeed, as Defendants then knew, the Grand Jury Report reveals that the use of the code name “Charlie Victor” was to prevent Plaintiff from learning about Stevens & Lee’s investigation of the potential sale of Conestoga View and, as to Plaintiff, this statement describing the “ ‘actively deceitful’ manner in which Lancaster County Commissioners handled the sale of Conestoga View” is intentionally misleading, false, and defamatory and was published by Defendants to malign and injure Plaintiff’s reputation, sway public opinion against Plaintiff, and attempt to force Plaintiff’s resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

134. On January 14, 2007, Defendant LNI also published a *Sunday News* editorial, “Commissioners Shellenberger and Henderson: Have grace to resign” which began:

It’s time for Dick Shellenberger and Molly Henderson to resign.  
That is the inescapable conclusion that arises from the scathing  
Grand Jury Report on the hiring of Gary Heinke and the sale of  
Conestoga View by the Lancaster County Commissioners.

Exhibit X is a true and correct copy of this article. The statement describing the “inescapable conclusion” that readers must reach is, as to Plaintiff, intentionally misleading, false, and malicious because, as Defendants then knew, the Grand Jury Report and the previously released Myers-Hofmann Report both conclude that Plaintiff had absolutely no involvement in the improper hiring process of Gary Heinke and was deliberately isolated from decisions regarding the sale of Conestoga View. This Editorial also includes the following statement about Plaintiff: “She sold the elderly and poor of this county for 30 pieces of silver” a clear reference to Judas Iscariot, history’s most ignominious traitor, who was paid for betraying Jesus Christ. This statement, which falsely implies that Plaintiff received a personal financial benefit from the sale

of Conestoga View, is false and misleading and was purposely designed by Defendants to sway public opinion against Plaintiff and force Plaintiff to resign from office and/or not pursue reelection in the upcoming primary and general elections.

135. A January 21, 2007, Defendant LNI published a *Sunday News* editorial which states:

At the conclusion of a damning report on the way the Commissioners pulled the wool over the public's eyes in the hiring of Gary Heinke as chief services officer and the sale of the Conestoga View nursing home, the grand jury issued recommendations that ought to be required reading not only on the fifth floor of the courthouse but in the state Capitol.

Exhibit Y is a true and correct copy of this January 21, 2007 editorial. At the time of publication of this editorial, Defendants were fully aware that the Grand Jury Report and the Myers-Hofmann Report had concluded independently that Plaintiff did not engage in "secret machinations" in the hiring of Gary Heinke. Defendants' publication of this statement is intentionally misleading, false, and defamatory and designed to malign and injure Plaintiff's reputation, sway public opinion against Plaintiff, and attempt to force Plaintiff's resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

136. On May 1, 2007, Defendant LNI published a *New Era* article which states that the Lancaster County Commissioners "secretly sold" Conestoga View. That statement was intentionally misleading, false, and malicious because, as the Grand Jury Report demonstrates, Plaintiff was not involved in any effort to secretly sell Conestoga View. Exhibit Z is a true and correct copy of this article.

137. On May 9, 2007, Defendant LNI published in the *New Era* a retraction to the May 1st article under “Corrections/Clarifications” in which Defendants acknowledge that there had been no “secret sale” of Conestoga View and stated the following:

A May 1 news story about the county’s former almshouse noted that the Lancaster County Commissioners “secretly sold” the county’s nursing home, Conestoga View: In fact, the Commissioners, in a secret meeting, authorized the county to negotiate a sale with one buyer. The Commissioners were apprised of these negotiations at two other secret meetings. Then they approved the sales agreement in public.

Exhibit AA is a true and correct copy of this “correction/clarification.”

138. With the malicious intent of convincing the public of the truth of their intentionally false publications about Plaintiff, Defendants buried this single “correction/clarification” that related to an issue that Defendants had made the subject of five false but emphatic front page stories or Editorials deep into the interior of the May 9, 2007 edition of the *New Era*. Upon information and belief, hundreds of thousands of people read the five stories falsely accusing Plaintiff of participating in a “secret sale” of Conestoga View but only a fraction of this same readership read the belated “corrections/clarifications” that explicitly acknowledged the false statements that had directly accused Plaintiff of participating in a “secret” sale of Conestoga View. Under these circumstances, as deliberately contemplated by Defendants, this “correction/clarification” completely failed to ameliorate the falsity of the earlier publications and was ineffectual in repairing any of the damage caused to Plaintiff and to Plaintiff’s reputation by the earlier false and defamatory publications.

139. Even after Defendants’ explicit acknowledgement in previous “correction/clarifications” that they had published false statements about Plaintiff, Defendants’ interest in impairing Plaintiff’s reputation and impeding her performance as a County Commissioner led them to continue to publish prominently placed defamatory articles only to

issue buried retractions soon after. This pattern and practice was specifically employed throughout the fall of 2007 as the election approached with the intent and purpose of swaying public opinion against Plaintiff to ensure Plaintiff would not be reelected in the general election.

140. On September 13, 2007, Defendant LNI published the *New Era* front page article with Plaintiff's picture and one inch headline "Former exec sues county" which states:

A Grand Jury Report released early this year indicated that the County Commissioners secretly manipulated the hiring of Heinke and held secret negotiations prior to selling the nursing home.

Exhibit BB is a true and correct copy of this article. At the time of publication of this September 13, 2007 article, Defendants knew that the Grand Jury Report and Myers-Hofmann Report had concluded independently that Plaintiff did not "secretly manipulate" the hiring of Gary Heinke. The above statement is intentionally misleading, false, and defamatory as to Plaintiff and was intended by Defendants to malign and injure Plaintiff's reputation, sway public opinion against Plaintiff, and attempt to force Plaintiff's resignation from office and/or forego the pursuit of reelection in the upcoming general election scheduled in November 2007.

141. On September 17, 2007, Defendants printed a retraction of the September 13<sup>th</sup> *New Era* article under "Corrections/Clarifications":

A September 13 news story on a lawsuit filed by Gary Heinke, former county human services director, against the Lancaster County Commissioners, provided background on a grand jury finding issued last January that the Commissioners had secretly manipulated Heinke's hiring. That grand jury finding applied only to majority Commissioners Dick Shellenberger and Pete Shaub, not to minority Commissioner Molly Henderson.

Exhibit CC is a true and correct copy of the 9/17/07 retraction. By this

"Correction/Clarification," Defendants explicitly acknowledged that Defendant LNI had published false statements about Plaintiff but, by design, this "Correction/Clarification" was



buried on an inside page of the paper where significantly fewer readers would observe it than had read the false statements published earlier.

142. Defendants' bias and motive to maliciously defame Plaintiff is grounded in Defendant LNI's financial interest in the Convention Center and Hotel Project and in seeking to insure that public opinion was cultivated to accept the ever-increasing public risk and subsidization of that Project. This purpose and motive, which demonstrates Defendants' actual malice in publishing the multitude of false and defamatory statements concerning Plaintiff that are described herein, is explicitly acknowledged by Defendant Smart, an Associate Editor of the *Sunday News*, who has admitted that Defendants were required to report on the Convention Center and Hotel project differently than if Defendant LNI did not have a financial stake in its success. On August 2, 2007, Defendant Smart published, on his blog entitled "Smart Remarks" which appears on Defendant LNI's website, that "we have not covered this issue [the Convention Center Project] as we would have had someone else been running the show. We have absolutely pulled punches." Exhibit DD is a true and correct copy of this "Smart Remarks" blog posting.

143. On information and belief, not only was Defendant Buckwalter, as the senior executive for Defendant LNI, requiring Defendant LNI's reporters and editors to attack Plaintiff for her actions that were contrary to the financial interests of PSP and Defendant LNI regarding the Convention Center and Hotel Project but, on at least one occasion according to former *New Era* reporter John M. Spidaliere, Defendant Buckwalter authorized the Editor Defendants to publish an article attacking Plaintiff that used a specific reporter's byline even though the reporter did not write the article.

144. On information and belief, Defendant Buckwalter also encouraged and expected the Editor Defendants to attack Plaintiff in their "opinion" driven editorials. For example, on

February 4, 2007, Defendant LNI published the *Sunday News* column written by Defendant Marvin I. Adams, Jr. headlined “Coaxing a big smile.” The column stated:

Q. The commissioners pleading guilty to violating the Sunshine Act was like pleading guilty to speeding.

A. You're right; the penalty is about the same. However most speeders haven't secretly sold off a valuable chunk of public real estate.

Exhibit EE is a true and correct copy of this February 4, 2007 article. The intended inference that Plaintiff had “secretly sold” Conestoga View” was designed to dovetail with Defendant’s previous defamatory reporting of Plaintiff’s role in the Conestoga View sale and incite public scorn directed at Plaintiff.

**B. DEFENDANTS CONSPIRE TO PUBLISH DEFENDANT MORRIS' ATTACKS TO BOLSTER DEFENDANTS' DEFAMATORY ARTICLES.**

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145. Defendant LNI published Defendant Morris’ false and malicious attacks on Plaintiff because Morris’s comments/column worked in tandem with Defendants LNI’s other defamatory articles and furthered Defendants’ goal of protecting Defendant LNI’s financial interest in the Project by damaging Plaintiff’s reputation, swaying public opinion against Plaintiff, and attempting to force Plaintiff’s resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

146. Defendant Morris is a long-time proponent of the Project who serves as chairman of the board and acting executive director of the LCCCA.

147. Defendants relied upon Defendant Morris to criticize Plaintiff under the guise of publishing a “neutral” and well-known member of the community’s reaction to the Sunshine violation and Grand Jury proceedings.

148. In the *Intelligencer Journal* article published on December 15, 2006 – headlined “Grand Jury Concludes Yearlong Probe; Commissioners Guilty of Violating State Law” – the only member of the “public” quoted is Defendant Morris, where he states: “The criminal act they committed far outweighs the penalty they paid.” Exhibit FF is a true and correct copy of this article.

149. Upon information and belief, the practice of Defendant LNI is to publish short “letters to the editor,” preferably around 200 words or less, but Defendant Morris, as a regular writer of “letters to the editor,” was subject to no such limitation when attacking Plaintiff.

150. The *Sunday News* on December 17, 2006, published a lengthy letter to the editor purported to be authored by Defendant Morris concerning Plaintiff in which he rhetorically says “How stupid does she think the readers are.” A true and correct copy of this letter is attached as Exhibit GG.

151. Defendant LNI maliciously published Defendant Morris’ attacks on Plaintiff in the December 17, 2006 *Sunday News* “letter” to act as a springboard for three other articles that were published that day, each highly critical of Plaintiff. Exhibit HH is a true and correct copy of the *Sunday News* articles published on 12/17/06.

152. On January 15, 2007, Defendant LNI wrongfully published Defendant Morris’ *New Era* “letter to the editor” in which Defendant Morris knowingly makes the false accusation that Plaintiff voted to hire Gary Heinke even though she “knew beforehand that he [Heinke] was never the assistant superintendent of Pillager School District, as stated on his county employment application, and even though he was not qualified for the position” and that Plaintiff “knew his [Heinke’s] employment application wasn’t accurate.” Exhibit II is a true and correct copy of the January 15, 2007 *New Era* letter from Defendant Morris. In fact, as Defendant Morris knew, or

recklessly disregarded since the Grand Jury Report had been publicly disclosed and was readily available to him, the Grand Jury Report reflects that Plaintiff did not have any knowledge that Heinke's application was inaccurate nor did Plaintiff vote to hire Heinke even though she "knew" he was not qualified for the position of Chief Services Officer.

153. On January 28, 2007, Defendant LNI wrongfully published Defendant Morris' *Sunday News* "Sunday's Guest" column in which Defendant Morris knowingly makes the false accusation that Plaintiff "knew" that Heinke's county employment application was inaccurate and voted for Heinke "knowing that Heinke was not qualified." Exhibit JJ is a true and correct copy of the January 28, 2007 *Sunday News* "Sunday's Guest" column. In fact, the Grand Jury Report reflects that Plaintiff did not have any knowledge that Heinke's application was inaccurate nor did Plaintiff vote to hire Heinke even though she "knew" he was not qualified for the position of Chief Services Officer, as Defendant Morris knew because he specifically acknowledged the "great detail" contained in the Grand Jury Report that he had read, or should have read, prior to making the false and defamatory statements found in his column.

154. Upon information and belief, despite the fact that the Grand Jury Report formed no basis for Defendant Morris' statements in either the January 15, 2007 *New Era* letter or the January 28, 2007 *Sunday News* "Sunday's Guest" column, Defendants purposefully published Defendant Morris' false statements because those statements portrayed Plaintiff as deceitful, incompetent and not worthy of the public's trust or vote for reelection.

## **COUNT I**

### **CLAIM FOR DEFAMATION**

155. Plaintiff incorporates herein by reference the averments set forth in the preceding paragraphs as though fully set forth herein at length.

156. The articles identified and described above (*see supra* Part II and Exs. K-M, O-P, R-S, V-Z, BB, and GG-JJ) are defamatory and were wrongfully published by Defendants with the knowledge and intent that they would be understood by the reading public to apply to Plaintiff and for the purpose of damaging Plaintiff's reputation, swaying public opinion against Plaintiff, and attempting to force Plaintiff's resignation from office and/or forego the pursuit of reelection in the upcoming primary and general elections scheduled in 2007.

157. Defendants' publication of the articles identified and described above (*see supra* Part II and Exs. K-M, O-P, R-S, V-Z, BB, and GG-JJ) was maliciously done with knowledge that these publications were false, or with reckless disregard for their truth or falsity, or with serious doubts as to their truth, for the purposes of: (a) injuring Plaintiff's reputation; (b) diminishing or eliminating Plaintiff's political influence so as to protect the financial interest of Defendant LNI in the Convention Center and Hotel Project and Defendant Morris' position on the LCCCA Board; (c) forcing the resignation of Plaintiff from office so as to protect the financial interest of Defendant LNI in the Convention Center and Hotel Project; or (d) preventing the reelection of Plaintiff in 2007 so as to protect the financial interest of Defendant LNI in the Convention Center and Hotel Project.

158. As demonstrated above (*see supra* ¶¶ 121, 127, 130, 137-38, 141 and Exs. N, Q, T, AA, and CC) the Defendants on at least five separate occasions would prominently publish a statement concerning Plaintiff known to be false and then either refuse to publish a retraction, or publish only a diluted "correction/clarification" that was often intentionally unclear as to the nature of the original error being "corrected" and that, by design, would be buried inside the paper for the purpose of insuring that it would only be read, if at all, by a tiny fraction of the readers of the original false statement. The "corrections/clarifications" that were published by

Defendant did not remedy the harm caused by Defendants false and defamatory publications, and were not intended by Defendants to remedy such harm.

159. As a direct and proximate result of the false and defamatory statements published by Defendants with actual malice, Plaintiff has suffered substantial harm to her reputation as well as anguish, humiliation, and undue embarrassment.

**WHEREFORE**, Plaintiff Henderson demands that the Court enter judgment in her favor and against all Defendants, jointly, severally and individually, for:

- (a) an award of compensatory damages in excess of \$50,000, exclusive of interest and costs, for the harm suffered by Plaintiff as a result of Defendants' wrongful conduct;
- (b) an award of punitive damages as determined by the jury;
- (c) an award of costs, interest, and attorney's fees; and
- (d) such other relief as the Court deems just and proper.

## **COUNT II**

### **FALSE LIGHT**

160. Plaintiff incorporates herein by reference the averments set forth in the preceding paragraphs as though fully set forth herein at length.

161. The aforementioned articles identified and described above (*see supra* Part II and Exs. K-M, O-P, R-S, V-Z, BB, and GG-JJ), collectively as well as individually, and without regard to their truth or falsity, also created false impressions of Plaintiff by repeatedly, widely, and extensively publicizing information which stated or implied falsehoods about Plaintiff that

exposed Plaintiff to contempt and ridicule within the community and placed her before the public in a false light of a kind highly offensive to a reasonable person.

162. As a direct and proximate result of Defendants' intentional, malicious, reckless statements and charges contained in the articles identified and described above, and Defendants' printing, publication, and circulation of the *Intelligencer Journal*, *New Era*, and *Sunday News* newspapers containing those articles on the dates indicated in Chester and Lancaster Counties and elsewhere, Plaintiff has sustained damages as aforementioned to her reputation, and has suffered anguish, humiliation, and undue embarrassment.

**WHEREFORE**, Plaintiff Henderson demands that the Court enter judgment in her favor and against all Defendants, jointly, severally, and individually for:

- (a) an award of compensatory damages in excess of \$50,000, exclusive of interest and costs, for the harm suffered by Plaintiff as a result of Defendants' wrongful conduct;
- (b) an award of punitive damages as determined by the jury;
- (c) an award of costs, interest, and attorney's fees; and
- (d) such other relief as the Court deems just and proper.

### **COUNT III**

#### **CIVIL CONSPIRACY**

163. Plaintiff incorporates herein by reference the averments set forth in the preceding paragraphs as though fully set forth herein at length.

164. Defendants conspired to intentionally and wrongfully defame Plaintiff for the purpose of protecting Defendant LNI's financial and ownership interests in the Project and with

the intent to harm Plaintiff's reputation and thereby neutralize Plaintiff as an opponent of the increased public financing of the Project sought by Defendant LNI through PSP, and, ultimately, to force Plaintiff, a duly elected public official, to leave office either by resignation or through a failure to be reelected.

165. On information and belief, Defendants formed an agreement to use the "power of the press" through Defendants' use of Defendant LNI's various publications to intentionally and maliciously defame Plaintiff.

166. On information and belief, Defendants formed this agreement for the wrongful purpose of protecting the Convention Center and Hotel Project from legitimate questions and challenges raised by a duly elected official and to neutralize Plaintiff's opposition to Defendants' repeated efforts to expand the public risk and subsidization of the Project.

167. On information and belief, the agreement and conspiracy was formed in or around the Summer of 2005 and continued into 2007, at least to the time Defendant Morris was appointed (by the City) to the Board of the LCCCA.

168. Defendants' wrongful actions and statements in furtherance of this conspiratorial agreement and conspiracy were maliciously done with knowledge that the statements published by Defendants were false, and with reckless disregard for their truth or falsity, or with serious doubts as to their truth, for the purposes of: (a) injuring Plaintiff's reputation; (b) exposing Plaintiff to contempt or ridicule within the community, (c) diminishing or eliminating Plaintiff's political influence so as to protect the financial interest of Defendant LNI in the Convention Center and Hotel Project; (d) forcing the resignation of Plaintiff from office so as to protect the financial interest of Defendant LNI in the Hotel and Convention Center and Hotel Project; and (e) limiting the influence of Plaintiff in County LCCCA Board appointments in September 2007



so as to allow Defendant Morris to consolidate his control as Chairman and acting Executive Director of the LCCCA, and (f) preventing the reelection of Plaintiff in 2007 so as to protect the financial interest of Defendant LNI in the Convention Center and Hotel Project.

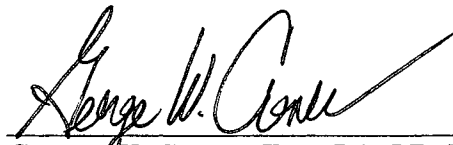
169. As the direct result of Defendants' agreement and conspiracy, Plaintiff has suffered harm to her reputation as well as anguish, humiliation, and undue embarrassment.

170. Defendants' concerted conduct was, and is, intentional, willful, wanton, outrageous, malicious and in reckless disregard of Plaintiff's rights, thereby warranting the imposition of punitive damages.

**WHEREFORE**, Plaintiff Henderson demands that the Court enter judgment in her favor and against all Defendants, jointly, severally, and individually for:

- (a) an award of compensatory damages in excess of \$50,000, exclusive of interest and costs, for the harm suffered by Plaintiff as a result of Defendants' wrongful conduct;
- (b) an award of punitive damages as determined by the jury;
- (c) an award of costs, interest, and attorney's fees; and
- (d) such other relief as the Court deems just and proper.

Dated: January 8, 2008



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*Attorneys for Plaintiff*

**VERIFICATION**

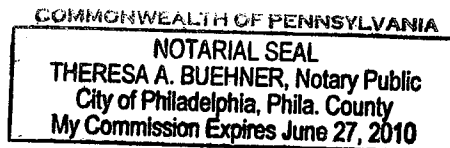
COMMONWEALTH OF PENNSYLVANIA :  
: SS.  
COUNTY OF PHILADELPHIA :

I, Molly S. Henderson, being duly sworn according to law, hereby depose and say  
that the facts alleged in the foregoing Complaint are true and correct to the best of my  
knowledge, information and belief.

Molly S. Henderson  
Molly S. Henderson

Sworn to and Subscribed  
Before me this 8<sup>th</sup> day  
of January, 2008.

Theresa A. Buehner  
Notary Public



**CERTIFICATE OF SERVICE**

I, Christina Donato Saler, hereby certify that a true and correct copy of the *Complaint* was served via United States mail, first class, postage pre-paid on Tuesday, January 8, 2008 upon the following.


George C. Werner, Esquire  
Megan R. Ford, Esquire  
BARLEY SNYDER LLC  
126 East King Street  
Lancaster, PA 17602-2893

Attorneys for Defendants:

*Lancaster Newspapers, Inc; John M. Buckwalter;  
Ernest J. Schreiber; Marvin I. Adams, Jr.;  
Helen Colwell Adams; Charles Raymond Shaw;  
Gilbert A. Smart; John H. Brubaker, III; and  
David Pidgeon.*

Service is effected upon all nine (9) Defendants as represented by Barley Snyder LLC.

Dated: January 8, 2008

  
\_\_\_\_\_  
Christina Donato Saler