

VIRGINIA:

IN THE CIRCUIT COURT OF GREENE COUNTY

**ASHBURY INTERNATIONAL GROUP,
INC.,** a Virginia corporation

Plaintiff,

v.

VECTRONIX INC., a Delaware corporation

Serve: Registered Agent
CT Corporation System
4701 Cox Road, Suite 285
Glen Allen, Virginia 23060

and

VECTRONIX AG, a Swiss corporation

Serve: The Secretary of the Commonwealth
Office of the Secretary of the
Commonwealth
Service of Process Department
P.O. Box 2452
Richmond, Virginia 23218-2452

and

POTOMAC RIVER GROUP, LLC, a
Virginia limited liability company

Serve: Frank J. Frysiek, Registered Agent
19775 Belmont Executive Plaza
Suite 525
Ashburn, Virginia 20147

Defendants.

No.

JURY TRIAL DEMANDED

VALIDATE CASE PAPERS
RCPT : 16000001553
DATE : 03/28/16 TIME: 13:39
CASE : 079CL16000046-00
ACCT : ASHBURY INTERNATIONAL
AMT. : \$344.00

COMPLAINT

Plaintiff Ashbury International Group, Inc. (“Ashbury”) respectfully alleges as follows against Defendants Vectronix, Inc., Vectronix AG (together, “the Vectronix Defendants”), and Potomac River Group, LLC (“PRG”) (all defendants collectively, “Defendants”).

INTRODUCTION

1. This is an action to recover damages for Defendants’ breach of oral and written contracts, fraud, tortious interference with business expectancies and existing contracts, and conspiracy to injure Ashbury in its reputation, trade, business, or profession in violation of Va. Code Ann. § 18.2-499 *et seq.* Through a course of dishonesty and trickery spanning four years and continuing to the present, the Vectronix Defendants systematically and repeatedly deceived Ashbury into trusting and accepting that the Vectronix Defendants wished to restore a prior, successful distributor of record business relationship with Ashbury. However, in reality, the Vectronix Defendants used Ashbury to build the Vectronix Defendants’ business in the United States, and then the Vectronix Defendants conspired with PRG to cut Ashbury out of the lucrative military contracts that Ashbury had helped obtain, thus damaging Ashbury. Further, the Vectronix Defendants actively worked against Ashbury, its purported business partner, to damage Ashbury’s business and reputation by spreading false rumors of regulatory noncompliance and causing Ashbury to fail to meet its obligations to its customers, resulting in canceled contracts and threats of legal action. As explained further herein, Ashbury is thus entitled to recover damages and injunctive relief against the Vectronix Defendants and PRG.

THE PARTIES

2. Ashbury is a corporation organized under the laws of the Commonwealth of Virginia having its headquarters and principal place of business in Greene County, Virginia.

3. Ashbury is a minority-owned, small business, government and defense contractor and small arms manufacturer specializing in defense, special operations, homeland security, training, emergency preparedness, and tactical systems integration.

4. Defendant Vectronix, Inc. is a corporation organized under the laws of the State of Delaware. According to the Virginia State Corporation Commission, Vectronix, Inc. has a principal office in Ashburn, Virginia. Vectronix, Inc. also has an office in Bedford, New Hampshire and a registered agent to receive service of process in Henrico County, Virginia.

5. Defendant Vectronix AG is a Swiss corporation having its principal place of business in Max-Schmidheiny-Strasse 202, CH-9435 Heerbrugg, Switzerland. Vectronix AG regularly transacts business in the Commonwealth of Virginia.

6. Vectronix AG is a manufacturer of night vision, thermal imaging, and laser range finding electro-optical equipment for consumers, law enforcement, government, military, and special operations customers.

7. Vectronix, Inc. is the wholly owned subsidiary of Vectronix AG and the U.S.-based supplier of Vectronix AG's manufactured electro-optical equipment.

8. On information and belief, Vectronix AG is part of Sagem (Safron group), an aerospace, defense, and security company headquartered in France.

9. Defendant PRG is a limited liability company organized under the laws of the Commonwealth of Virginia having its principal place of business in Ashburn, Virginia. PRG has a registered agent to receive service of process in Loudoun County, Virginia.

10. PRG provides protection, security, aviation, and marine products and services to law enforcement and military agencies and individuals.

11. Upon information and belief, PRG and Vectronix, Inc. have places of business at the same address in Ashburn, Virginia: 19775 Belmont Executive Plaza, Ashburn, Virginia 20147. Upon information and belief, PRG and Vectronix, Inc. are located on the same floor. Upon information and belief, Vectronix, Inc. is located in Suite 550 and PRG is located in Suite 525.

JURISDICTION AND VENUE

12. This Court has jurisdiction over Defendants because they regularly transact business in Virginia.

13. Venue is proper in Greene County pursuant to Va. Code Ann. § 8.01-262(3) (2016).

FACTS

A. Ashbury's Status as the Vectronix Defendants' Exclusive Distributor Until 2009

14. Ashbury and the Vectronix Defendants shared a thriving twenty-year business relationship wherein Ashbury operated as the Vectronix Defendants' exclusive distributor in the United States for all Vectronix VECTOR products, including various versions of the VECTOR binocular laser range finder, to non-government and government customers such as the United States Army. Ashbury was a non-exclusive distributor for all other non-VECTOR Vectronix products.

15. Between approximately late 2000 and October 4, 2009, Ashbury successfully operated as the Vectronix Defendants' exclusive distributor pursuant to a Distribution Agreement dated December 22, 2000, between Ashbury and Leica Technologies Inc., the predecessor to Vectronix, Inc. ("the 2000 Distribution Agreement").

16. The 2000 Distribution Agreement “grants to [Ashbury] the exclusive distribution, sales and marketing rights to [the Vectronix Defendants’] PRODUCTS in the [United States].” The “PRODUCTS” identified in the 2000 Distribution Agreement include the VECTOR 1000, VECTOR 1500, VECTOR IV, VECTOR IV NITE, VIPER II, VECTOR 21A, VECTOR 21B, VECTOR 21 NITE and VECTOR 23, all different versions of binocular laser range finders.

17. In 2007, Northrop Grumman Intelligence Group contacted Ashbury regarding the eye safe laser rangefinder portion of the U.S. Army Instrument Set, Reconnaissance and Surveying (“ENFIRE”) program then in testing and development.

18. The ENFIRE program called for an in-field tool set to be used by engineer soldiers conducting tactical reconnaissance and construction projects. The ENFIRE equipment set included a tablet PC, software suite, and other devices, including, among others, long, short, and precision range finders. The data sheet for the ENFIRE program includes the Vectronix Defendants’ VIPER II.

19. Ashbury collaborated with, supported, facilitated, and aided the Vectronix Defendants’ efforts to develop a binocular laser rangefinder for inclusion in the ENFIRE program equipment suite, including expending considerable time and resources to rename, rebrand, and retool the Vectronix Defendants’ VECTOR IV and VIPER II models as the ENFIRE VIPER II to meet the requirements and specifications of the ENFIRE program.

20. As a result of the extensive joint effort between Ashbury and the Vectronix Defendants, the Vectronix Defendants manufactured the ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth to satisfy the ENFIRE program’s binocular laser rangefinder requirement.

21. The ENFIRE VIPER II has a part number of 100-41V-1002-00 and the ENFIRE VIPER II with Bluetooth has a part number of 010-03V-0015-00. These part numbers are the

part numbers created and established by Ashbury and Vectronix Defendants and assigned to the Vectronix Defendants' products.

22. The use of the Ashbury-specific part number is significant because product configurations must remain constant and consistent for the duration of the contract. The Ashbury-specific part numbers, National Stock numbers ("NSNs"), and Vectronix AG part numbers ensured that vendors like Azimuth, Inc. ("Azimuth") consistently provided the U.S. Army with the same specific component required under the contract, achieving the required product configuration stabilization.

23. Azimuth won the initial ENFIRE award in 2007, and deliveries under the ENFIRE program began in 2008.

24. Pursuant to the 2000 Distribution Agreement, Ashbury was the exclusive distributor of record of the Vectronix Defendants' laser rangefinder product, the ENFIRE VIPER II and the ENFIRE VIPER II with Bluetooth, under the ENFIRE program. Beginning in 2008, Ashbury purchased from the Vectronix Defendants 866 ENFIRE VIPER II and/or ENFIRE VIPER II with Bluetooth models under the ENFIRE program. Ashbury exclusively sold these 866 ENFIRE VIPER II models to Azimuth, which supplied these ENFIRE VIPER II models to the U.S. Army along with other deliverables provided by other entities as part of the ENFIRE program.

25. Throughout the duration of the ENFIRE program, Azimuth submitted purchase orders to Ashbury for ENFIRE VIPER II models. Ashbury subsequently submitted purchase orders to the Vectronix Defendants for the corresponding equipment.

26. Vectronix, Inc. terminated the 2000 Distribution Agreement on October 4, 2009.

B. The Vectronix Defendants Renew Ashbury's Exclusive Distributor Agreement

27. Beginning in 2012, at the express initiation and urging of the Vectronix Defendants, Ashbury and the Vectronix Defendants renewed their prior relationship and entered into a new exclusive distributorship agreement.

28. On May 24, 2012, Vectronix, Inc.'s Vice President Administration and Compliance, Edwin "Ed" Huth, contacted Ashbury's Executive Vice President, Pamela Bergeret, to introduce Vectronix, Inc.'s Acting Vice President, Business Development and Sales, Lawrence "Larry" DeRoche, for the purpose of "see[ing] if [Ashbury] might be willing to enter a distributor agreement with us again, as you were so successful at it before."

29. According to Mr. Huth, Vectronix AG's President and CEO, Jean Harter, expressly asked Mr. DeRoche to reach out to Ashbury for this purpose.

30. In October 2012, Ashbury CEO and President Morris Peterson, Ashbury Vice President of Operations Charles Robert "Bobby" Overbey, Mr. DeRoche, Mr. Harter, and Vectronix, Inc.'s President, Dane Hileman, met at the Association of the United States Army ("AUSA") exhibition in Washington, D.C. to discuss renewing Ashbury's status as the Vectronix Defendants' exclusive distributor.

31. During the October 2012 meeting, Messrs. Harter, Hileman, DeRoche, Peterson, and Overbey discussed the Vectronix Defendants' desire to re-establish Ashbury as the Vectronix Defendants' exclusive distributor for the VECTOR binocular laser range finder. Mr. Harter confirmed his support of Ashbury's re-established status as the Vectronix Defendants' exclusive distributor and directed Messrs. Hileman and DeRoche to finalize the appropriate documentation, including providing a written distribution agreement with Ashbury. In the October 2012 meeting, Mr. Harter specifically authorized product and customer exclusivity to

Ashbury for the U.S. Army's forthcoming ENFIRE program and granted Ashbury distributor of record status.

32. On December 30, 2012, Mr. Harter confirmed in writing to Ms. Bergeret that the Vectronix Defendants believed "that there are several opportunities to increase business together" and that the Vectronix Defendants would "set up a business plan" with Ashbury.

33. In response to an inquiry from Mr. Peterson regarding a "product dealer pricing strategy," on February 14, 2013, Vectronix, Inc.'s Vice President of Business Sales Development, Glenn Barone, represented that the Vectronix Defendants "are currently evaluating and finalizing our distribution strategy."

34. While the Vectronix Defendants repeatedly promised to provide Ashbury with a written document memorializing the parties' distribution relationship, Ashbury and the Vectronix Defendants continued to operate consistent with the parties' prior 2000 Distribution Agreement, the parties' manner and way of doing business together for two decades, and the commitments and representations made during the October 2012 meeting. Specifically, the parties agreed that:

- a. Ashbury would have distributor of record status, with customer and product exclusivity;
- b. Ashbury would have the exclusive right to distribute the Vectronix Defendants' VECTOR products to the U.S. Army as part of the ENFIRE program;
- c. Ashbury would have the exclusive right to distribute the Vectronix Defendants' products to customers in the commercial shooting sports market;

- d. Ashbury would get exclusive distributor pricing for Vectronix products;
and
- e. Ashbury, in return, would promote the sale of the Vectronix Defendants' products, provide distribution functions for such products, and work with the Vectronix Defendants to identify and pursue additional new business for the Vectronix Defendants' products.

Collectively, the forgoing terms, which were consistent with the parties' prior 2000 Distribution Agreement and the parties' manner and way of doing business together for two decades, comprised the "the 2012 Distribution Agreement" between the Vectronix Defendants. Ashbury acted pursuant to the terms of this 2012 Distribution Agreement while waiting for the Vectronix Defendants to memorialize these terms in a written contract, as promised by the Vectronix Defendants.

35. Consistent with the promises, agreements, and representations made in the 2012 Distribution Agreement, on January 15, 2013, the Vectronix Defendants provided Ashbury with exclusive distributor pricing. Ashbury used this exclusive distributor pricing to provide cost quotations to third parties for "one-off" sales of Vectronix products.

36. Consistent with the Vectronix Defendants' agreement, representations, and commitments that Ashbury operated as the Vectronix Defendants' exclusive distributor for VECTOR products in the United States, Ashbury and Vectronix, Inc. executed a Mutual Non-Disclosure Agreement, effective February 14, 2013 ("the NDA"). The NDA governs the exchange of confidential information between Vectronix, Inc. and Ashbury and obligated Vectronix, Inc. to not disclose Ashbury's confidential information (including, among other

things, price lists, pricing policies, financial information, and customer and supplier information) to any third parties.

C. Ashbury's Participation in Later Stages of the ENFIRE Program

37. The 2012 Distribution Agreement positioned Ashbury to be the exclusive distributor of record of the Vectronix Defendants' ENFIRE VIPER II with Bluetooth to third parties like United Federal Systems, Inc. ("UFS"), Technology Advancement Group, Inc. ("TAG"), K3 Enterprises, Inc. ("K3"), Azimuth, and Chenega Corporation ("Chenega") competing for the award of the later phases of the ENFIRE program.

38. The 2012 ENFIRE pre-solicitation, numbered W5J9CQ-13-R-0002 and issued on November 8, 2012, again employed the Ashbury-specific part number of 010-03V-0015-00 for the Vectronix Defendants' ENFIRE VIPER II with Bluetooth kit. On March 15, 2013, the U.S. Army released solicitation number W5J9CQ-13-R-0002.

39. Relying on the 2012 Distribution Agreement, on December 21, 2012, Ashbury coordinated a teleconference call among Michael Sullenberger, ENFIRE Program Manager at Azimuth, Ashbury, and Mr. DeRoche. The purpose of the December 21, 2012 teleconference call among Ashbury, Azimuth, and the Vectronix Defendants was to confirm, reiterate, and consult regarding the Vectronix Defendants' support of and assistance to: (1) Ashbury as the sole and exclusive distributor of record of the ENFIRE VIPER II with Bluetooth; and (2) Azimuth as the incumbent ENFIRE prime contractor responsible for providing all ENFIRE equipment to the U.S. Army.

40. Relying on the 2012 Distribution Agreement and the representations made during the December 21, 2012 teleconference call, on March 14, 2013, Ashbury entered into an agreement to partner and collaborate with Azimuth regarding the new five year indefinite

delivery indefinite quantity (“IDIQ”) phase of the ENFIRE program under solicitation number W5J9CQ-13-R-0002. Azimuth united with Ashbury because of Ashbury’s agreement with the Vectronix Defendants to serve as the Vectronix Defendants’ exclusive distributor of record for the ENFIRE program pursuant to the 2012 Distribution Agreement.

41. In 2013, acting as the Vectronix Defendants’ exclusive distributor pursuant to the 2012 Distribution Agreement and utilizing the exclusive distributor pricing the Vectronix Defendants provided to Ashbury, Ashbury supplied Azimuth, UFS, and K3 with cost and delivery quotations for sales of the Vectronix Defendants’ products required under the ENFIRE program, including the ENFIRE VIPER II with Bluetooth, for eventual delivery to the U.S. Army. Ashbury provided electronic and hard copies of these cost and delivery quotations to the Vectronix Defendants. For example, on March 27, 2013, Ashbury expressly informed the Vectronix Defendants of the cost quotations Ashbury provided to Azimuth, K3, and UFS regarding the ENFIRE program.

42. Ashbury’s agreement with the Vectronix Defendants, as embodied in the 2012 Distribution Agreement, to be the Vectronix Defendants’ exclusive distributor of record meant that the Vectronix Defendants authorized Ashbury to sell and supply all of the Vectronix Defendants’ products required by the ENFIRE program to whichever entity won the award from the U.S. Army. Ashbury’s distributor of record status for the ENFIRE program obligated all third parties seeking to provide the Vectronix Defendants’ products for the ENFIRE program to procure those products from Ashbury exclusively and no other entity.

43. Upon information and belief, on August 13, 2013, the U.S. Army awarded UFS the contract for all deliverables under the five year IDIQ phase of the ENFIRE program as

contract number W5J9CQ-13-D-0002. The August 14, 2013 award to UFS corresponds to solicitation number W5J9CQ-13-R-0002.

44. Following the award, as before, UFS submitted a purchase order to Ashbury for the ENFIRE VIPER II with Bluetooth models. Ashbury subsequently submitted a purchase order to Vectronix Defendants for the corresponding equipment.

45. The U.S. Army canceled the award to UFS in approximately November 2013 following a protest from Azimuth filed with the Government Accountability Office (“GAO”). On March 11, 2014, the U.S. Army issued solicitation number W5J9CQ-14-R-0002 following the cancelation of the award to UFS and termination of contract number W5J9CQ-13-D-0002.

46. Consistent with Ashbury’s status as the exclusive distributor of record for the Vectronix Defendants, on March 24, 2014, April 15, 2014, and May 2, 2014, Ashbury provided Chenega, UFS, and TAG, respectively, with cost quotations for the ENFIRE program under solicitation number W5J9CQ-14-R-0002.

47. On August 12, 2014, the U.S. Army awarded Chenega a contract for an interim purchase of ENFIRE VIPER II with Bluetooth models for the ENFIRE program under solicitation number W5J9CQ-14-R-0005-0001. The contract award number for 2014 interim purchase solicitation was W5J9CQ-14-C-0002.

48. Ashbury should have received purchase orders from Chenega for the Vectronix Defendants’ ENFIRE products pursuant to the 2012 Distribution Agreement and Ashbury’s distributor of record status for the ENFIRE program as a result of the interim ENFIRE award to Chenega. As explained below, however, the purchase orders from Chenega were directed by the Vectronix Defendants to PRG, thus breaching the 2012 Distribution Agreement and cutting Ashbury out of the government contracts it had helped secure.

49. Later, on January 24, 2015, Ashbury provided Azimuth with a revised cost quotation for the 2015 Best and Final Offer (“BAFO”) request from the U.S. Army to third parties for the ENFIRE program under solicitation number W5J9CQ-14-R-0002.

50. In approximately late April 2015, Ashbury received notice of the U.S. Army’s award to Azimuth of solicitation number W5J9CQ-14-R-0002 for the ENFIRE program as contract number W5J9CQ-15-D-0006.

51. On April 28, 2015, Mr. Peterson informed Jean-Christophe Mugler, Senior Vice President of Sagem, the Vectronix Defendants’ parent company, that the U.S. Army awarded Ashbury and Ashbury’s business partner and dealer Azimuth the ENFIRE 2015 BAFO contract. Mr. Mugler served as acting interim Vice President Sales and Marketing of Vectronix, Inc. following the termination of Mr. Barone in the fall of 2014. Mr. Mugler continued in that role until William “Bill” Watson was hired as Vectronix, Inc. Vice President of Business Development and Sales in spring/summer 2015.

52. On April 29, 2015, Mr. Mugler congratulated Mr. Peterson on the ENFIRE award and again pledged the Vectronix Defendants’ support of Ashbury. Mr. Mugler also expressly promised to provide a written distribution agreement, representing that “Vectronix[,] Inc. is currently undergoing an effort to finalize formal renewal agreements with all of our partners – *of which Ashbury is a very important one.*” (Emphasis added.)

53. As recently as November 24, 2015, Ashbury issued a revised purchase order, Purchase Order P1273-Rev1, to Vectronix, Inc. for 60 VECTOR neck straps. Ashbury issued the revised purchase order at the direction of Vectronix, Inc.’s Director of Business Development, Tom Ackerman, to reflect distributor pricing.

D. Ashbury's Reliance On and Investment in the Relationship with the Vectronix Defendants

54. Ashbury relied on the Vectronix Defendants' many representations, actions and commitments regarding the 2012 Distribution Agreement by, among others, holding itself out in the market as the Vectronix Defendants' exclusive distributor and representing to Ashbury's own customers that it was the Vectronix Defendants' exclusive distributor for the Vectronix Defendants' VECTOR products under the ENFIRE program and in the commercial shooting sports market.

55. For example, relying on the Vectronix Defendants' many representations, actions and commitments regarding the 2012 Distribution Agreement, on March 7, 2014, Ashbury represented to Eva Cunningham, Director of Procurement for Chenega Corporation ("Chenega"), that Ashbury was "the sole and exclusive distributor for the ENFIRE VIPER II."

56. Between 2012 and 2015, Vectronix, Inc.'s Business Development Manager, Mike Nolan, and sales administrators Janelle Springer, Theresa Golden, Gale Yates, and George Ott, as well as other members of the Vectronix, Inc. sales team, regularly referred customers seeking to make purchases of the Vectronix Defendants' products to Ashbury because of Ashbury's status as the Vectronix Defendants' exclusive distributor. For example, on January 9, 2013, Mr. DeRoche referred to Ms. Bergeret a request from a small business owner in Florida to become a Vectronix dealer.

57. As further reliance on the Vectronix Defendants' many representations, actions and commitments regarding the 2012 Distribution Agreement, Ashbury invested time, money, and resources to develop products and services to complement and accompany the Vectronix

Defendants' ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth, including, but not limited to,

- a. creating, cultivating, and establishing seventy-seven part numbers for the Vectronix Defendants' VECTOR binocular laser range finder models, spare parts, and accessories;
- b. designing and manufacturing accessories for the ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth, including transit cases, pouches, interface cables, battery adapters, protective optics covers, and electro-optical rail grabbers;
- c. creating and designing ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth training programs and instruction cards;
- d. collaborating with the Vectronix Defendants regarding ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth software development;
- e. troubleshooting ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth software problems;
- f. providing daily, weekly and monthly status reports to the Vectronix Defendants regarding the ENFIRE program; and,
- g. devoting thousands of man hours for research, design, development, and in-field training regarding the ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth.

58. In addition to operating as the Vectronix Defendants' exclusive distributor pursuant to the 2012 Distribution Agreement, during this period, Ashbury and the Vectronix Defendants frequently collaborated on joint business ventures, including opportunities to expand the Vectronix Defendants' presence in the United States and abroad.

59. To that end, Ashbury agreed to host, sponsor, and include the Vectronix Defendants at the 2013 Shooting, Hunting, and Outdoor Trade (“SHOT”) Show in Las Vegas, Nevada. Held annually in January since 1979, the SHOT Show is the largest and most comprehensive trade show and exhibition for professionals involved with shooting sports, hunting, and law enforcement industries and is the premier exposition of firearms, ammunition, law enforcement, optics and related products and services. SHOT Show attendees include members of the commercial shooting sports community as well as government and military customers and users. The SHOT Show attracts industry professionals from the United States and more than 100 other countries.

60. In addition to sales, business development, and revenue generation, the SHOT Show also offers educational opportunities for firearms retailers, seminars for law enforcement professionals, and live fire range demonstrations. Upon information and belief, 70,000 individuals attended the January 2014 SHOT Show that included 1,600 exhibitors and vendors in 630,000 square feet of exhibitor space, or 13 acres, roughly the size of the New Orleans Superdome.

61. Ashbury designated a portion of its booth at the 2013 SHOT Show for the display of the Vectronix Defendants’ electro-optical equipment, obtained credentials for the Vectronix Defendants’ personnel to attend the 2013 SHOT Show, and facilitated the demonstration of the Vectronix Defendants’ equipment at the live fire demonstration event. Based on the 2012 Distribution Agreement, Ashbury and the Vectronix Defendants represented to visitors at the 2013 SHOT Show that Ashbury was the Vectronix Defendants’ exclusive distributor in the commercial shooting sports market in the United States. Similar representations were made by the Vectronix Defendants to visitors at the 2014 and 2015 SHOT Shows.

62. Mr. DeRoche attended the 2013 SHOT Show with Ashbury personnel for the specific purpose of briefing dealers and leading internet shooting forum owners regarding Ashbury's status as the Vectronix Defendants' sole and exclusive distributor for the U.S. commercial shooting sports market and explaining Ashbury's exclusive distributor of record status.

63. Mr. DeRoche attended the 2014 SHOT Show to meet with Frank Galli, the owner of SnipersHide.com, the leading internet tactical shooting website, for the express purpose of affirming and explaining Ashbury's sole and exclusive right to distribute Vectronix products to the commercial shooting sports community. Mr. Galli's knowledge of Ashbury's exclusive distributorship was important because, as the trusted owner of the leading internet tactical shooting website and a former United States Marine Scout Sniper, Mr. Galli commands considerable market power, including the thousands of customers and visitors to SnipersHide.com. Mr. Galli is highly regarded and influential in the tactical shooting sports community and promotes reputable vendors, including Ashbury.

64. Mr. DeRoche also attended the 2015 SHOT Show at the invitation and sponsoring of Ashbury. As in prior years, Mr. DeRoche represented to attendees that Ashbury was the Vectronix Defendants' exclusive distributor in the commercial shooting sports market.

65. Ashbury also facilitated introductions of the Vectronix Defendants to other industry colleagues and professionals and informed the Vectronix Defendants of other business opportunities for the express purpose of expanding the Vectronix Defendants' business presence in the United States.

66. For example, in February 2013, Ashbury coordinated the introduction of the Vectronix Defendants to Drew Nelson, Director of Business Strategy Northrop Grumman Laser

Systems. Mr. Barone, Vectronix, Inc.'s Vice President of Business Sales Development, and Mr. Nelson met in February 2013 at the Vectronix, Inc. offices in Ashburn, Virginia. Upon information and belief, Mr. Barone and Mr. Nelson met to discuss business synergies between the Vectronix Defendants and Northrop Grumman and to establish technology cooperation regarding a U.S. Department of Defense program.

67. Additionally, in June 2013, Ashbury identified a business opportunity for the Vectronix Defendants to acquire a new electro-optical technology product line of an Ashbury business associate seeking to sell the intellectual property of that product line.

68. In June 2013, Ashbury hosted an invitation-only private precision long range shooting demonstration and live fire event. The Vectronix Defendants participated in the demonstration and live fire event, including exhibiting the Vectronix Defendants' laser range finder. Ashbury's marketing brochure for the event made prominent use of the Vectronix Defendants' logo in order to help promote the Vectronix Defendants' products.

69. In September 2013, Ashbury cooperated with and supported the Vectronix Defendants' response to renewed inquiries regarding the alleged malfunction of the Vectronix Defendants' VECTOR binocular laser rangefinder sold by Ashbury to the United States Special Operations Command ("USSOCOM") during the initial phases of the war in Afghanistan.

70. In May 2014, Ashbury hosted an invitation-only private workshop and seminar for sniper professionals in law enforcement and military communities. The workshop included familiarizing attendees with the Vectronix Defendants' electro-optics and other equipment. The Vectronix Defendants participated in the workshop. Ashbury's brochure for the workshop made prominent use of the Vectronix Defendants' logo in order to help promote the Vectronix Defendants' products.

71. In January 2015, Vectronix AG partnered with Ashbury to introduce the new MOSKITO TI multi-function sensor, a Vectronix product, at the 2015 SHOT Show. Ashbury facilitated the import of the MOSKITO TI for the 2015 SHOT Show, including obtaining, at Ashbury's expense, the necessary temporary import license and providing interim marketing assistance to Vectronix AG. Ashbury provided a detailed summary of its activities with the MOSKITO TI at the 2015 SHOT Show to Vectronix AG personnel, including forwarding detailed customer feedback and recommendations regarding expanding the MOSKITO TI customer base among law enforcement and military users in the U.S.

72. Throughout 2013, 2014, and 2015, in response to Ashbury's inquiries, the Vectronix Defendants repeatedly promised and represented to Ashbury that it would provide the written exclusive distribution document. Given the parties' prior 2000 Distribution Agreement, the parties' manner and way of doing business together for two decades, and the parties' conduct consistent with the 2012 Distribution Agreement, Ashbury reasonably believed that the parties' 2012 Distribution Agreement would be memorialized in a written document, as the Vectronix Defendants repeatedly promised.

73. Periodically from 2013 through 2015, Ashbury requested updates from the Vectronix Defendants regarding the promised written document memorializing the agreed, in place, and in effect 2012 Distribution Agreement. For example, on May 30, 2013 at Mr. Huth's retirement party, Mr. Barone expressly told Messrs. Peterson and Overbey and Ms. Bergeret that the Vectronix Defendants would timely provide Ashbury with a written document reflecting the agreed terms of the 2012 Distribution Agreement.

74. Following the termination of Mr. DeRoche in 2015, in approximately August 2015, Ashbury specifically inquired of Mr. Ackerman, Mr. DeRoche's replacement, regarding

the status of the promised written document. Again, Mr. Ackerman represented he was working on the written document and that Ashbury would have it soon.

E. Defendants' Misconduct

75. Unbeknownst to Ashbury, beginning in 2014 and continuing through the present, the Vectronix Defendants and PRG engaged in a series of intentional actions calculated to damage Ashbury's business and reputation, strip Ashbury of reasonably expected sales opportunities and government contracts, and eliminate Ashbury's bargained-for distributor of record status.

1. Violations of 2012 Distribution Agreement Regarding the ENFIRE Program and the Commercial Shooting Sports Market

76. At some point prior to 2014, the Vectronix Defendants began engaging PRG, an Ashbury competitor, without Ashbury's knowledge or agreement, to supply the ENFIRE VIPER II and the ENFIRE VIPER II with Bluetooth to Azimuth and/or Chenega as part of the ENFIRE program. Significantly, the Vectronix Defendants' betrayal of Ashbury occurred during the same period of time that the Vectronix Defendants were repeatedly promising to provide Ashbury with the written document memorializing the 2012 Distribution Agreement and while Ashbury was expending significant time and resources working with the Vectronix Defendants and promoting their products.

77. A memorandum dated February 14, 2014 from Vectronix, Inc.'s Senior Director for Business Development and Sales, Mr. DeRoche, to Frank Frysiek of PRG expressly references an existing distribution arrangement between PRG and the Vectronix Defendants during the period Ashbury possessed exclusive distributor of record status. The February 14, 2014 letter clearly shows that PRG was aware of Ashbury's distribution agreement with the Vectronix Defendants.

78. On February 19, 2014, Ashbury received a copy of the February 14, 2014 letter from Mr. DeRoche as per the instructions of Mr. Barone. Upon information and belief, the Vectronix Defendants provided Ashbury with the February 14, 2014 letter to deceive and dupe Ashbury into continuing to trust that the Vectronix Defendants wished to abide by the 2012 Distribution Agreement and the repeated representations the Vectronix Defendants made to that effect. For example, the February 14, 2014 letter states “All other Requests for Quote or Purchase orders will be considered as any other customer outside our distribution network and be referred to one of our other distributors for action.” Ashbury was led to believe and had no reason not to believe that the referenced referral to one of Vectronix Defendants’ “other distributors for action” meant Ashbury would receive the referral pursuant to the 2012 Distribution Agreement.

79. Ashbury relied on the Vectronix Defendants’ representation in the February 2014 letter of product and customer exclusivity and distributor of record status when Ashbury communicated with Chenega in March 2014 that Ashbury was the Vectronix Defendants’ exclusive distributor of record under the ENFIRE program and in the commercial shooting sports market. Although the February 2014 letter implied the existence of a prior relationship between the Vectronix Defendants and PRG that originated after the termination of the 2000 Distribution Agreement, Ashbury trusted the plain language of the letter that expressly indicated that Vectronix Defendants would refer requests for quotes and purchase orders to it as the Vectronix Defendants’ “distributor[] for action.” Before receiving the February 2014 letter, Ashbury was not aware of the Vectronix Defendants’ prior agreements with PRG.

80. Despite the representations in the February 2014 letter to the contrary, the Vectronix Defendants continued to breach and violate the 2012 Distribution Agreement without

Ashbury's knowledge. Indeed, Ashbury later learned that in 2014 Mr. Barone provided a cost quotation directly to TAG for ENFIRE solicitation number W5J9CQ-14-R-0002, flagrantly undercutting and undermining the cost quotation Ashbury provided to TAG on May 2, 2014, and in violation of Ashbury's distributor of record status and the 2012 Distribution Agreement.

81. In addition, the Vectronix Defendants continued to permit PRG to provide the Vectronix Defendants' products to U.S. customers, including the U.S. Army. Unbeknownst to Ashbury, the Vectronix Defendants and PRG cooperated to facilitate Chenega's purchase of 385 ENFIRE VIPER II with Bluetooth models from PRG instead of Ashbury under interim purchase contract number W5J9CQ-14-C-0002, in direct violation of the 2012 Distribution Agreement and Ashbury's ENFIRE distributor of record status. By sanctioning, permitting, and authorizing PRG's sale of the 385 ENFIRE VIPER II with Bluetooth models to Chenega, the Vectronix Defendants circumvented Ashbury's exclusive distributor of record status and undermined all of the work that Ashbury had invested in promoting the Vectronix Defendants' products in the ENFIRE program.

82. As part of its significant investment in the Vectronix Defendants' products, Ashbury designed and created certain ENFIRE accessories for which Ashbury was the only provider. In August and September 2014, PRG, which lacked any ENFIRE accessories, surreptitiously tried to purchase large quantities of ENFIRE accessories from Ashbury's online retail store. Upon information and belief, PRG attempted to purchase these accessories to accompany the 385 ENFIRE VIPER II with Bluetooth models that PRG procured from the Vectronix Defendants in violation of the 2012 Distribution Agreement. When PRG's covert efforts to purchase accessories through Ashbury's online retail store failed, Chenega stepped in and ordered the accessories it needed for the 385 ENFIRE VIPER II with Bluetooth models

already supplied to Chenega by PRG and the Vectronix Defendants, in violation of the 2012 Distribution Agreement.

83. In September or October 2014, Mr. Hileman acknowledged to Ashbury that the Vectronix Defendants' received an order from PRG for the ENFIRE program. Although Mr. Hileman represented to Ashbury that the Vectronix Defendants planned to investigate whether to reject the unauthorized ENFIRE order from PRG, Vectronix, Inc. terminated Mr. Hileman before Mr. Hileman completed his purported investigations of the PRG's unauthorized ENFIRE purchase.

84. The Vectronix Defendants never rejected the unauthorized and improper ENFIRE order from PRG. Upon information and belief, the Vectronix Defendants never intended to investigate the improper PRG ENFIRE order and misrepresented their intentions to Ashbury to ensure that Ashbury would forego taking action against the Vectronix Defendants so that the Vectronix Defendants could continue to breach the 2012 Distribution Agreement.

85. On approximately October 21, 2014, Ashbury received a letter from Azimuth accusing Ashbury of misrepresenting its exclusive distributorship arrangement with the Vectronix Defendants. The letter indicated that Azimuth learned that PRG had ordered 385 Vectronix VECTOR IV products for the ENFIRE Program directly from the Vectronix Defendants and without any involvement or participation by Ashbury.

86. Ashbury provided the October 21, 2014 letter to all members of the Vectronix Defendants' upper management, including Messrs. Harter and Hileman, and upper management at the Vectronix Defendants' parent, Sagem.

87. Azimuth's October 21, 2014 letter to Ashbury and Ashbury's conversations with Mr. Hileman signaled the first time that Ashbury became aware that the Vectronix Defendants

specifically diverted Ashbury's ENFIRE business to PRG in violation of the 2012 Distribution Agreement. Accordingly, in October 2014, Mr. Peterson sent Mr. DeRoche a letter regarding the Vectronix Defendants' improper, underhanded, and unlawful diversion to PRG of Ashbury's exclusive ENFIRE business.

88. The Vectronix Defendants deceived Ashbury into believing that the Vectronix Defendants remained committed to the 2012 Distribution Agreement, by, for example, continuously expressing to Ashbury a desire to discuss the exclusive distributorship arrangement and frequently communicating a commitment to honor the 2012 Distribution Agreement.

89. For example, on January 7, 2015, Mr. Peterson sent Vectronix, Inc.'s acting CEO Henri Pruvot (also the then Director of Portable Optronics at Sagem) a letter regarding the wrongful diversion of Ashbury's exclusive Vectronix business to other companies and breach of the 2012 Distribution Agreement. Mr. Pruvot served as interim CEO of Vectronix, Inc. following the termination of Mr. Hileman as Vectronix, Inc.'s President. On January 20, 2015, Mr. Pruvot became Chairman and CEO of Vectronix, Inc.

90. Mr. Peterson also sent a copy of the January 7, 2015 letter to Mr. Mugler at the Vectronix, Inc. offices in New Hampshire. On January 12, 2015, Mr. Mugler acknowledged his receipt of the January 7, 2015 letter and informed Mr. Peterson of management changes at Vectronix, Inc. and Vectronix AG, including specifically the termination of Mr. Hileman and Mr. Barone from Vectronix, Inc. in the fall of 2014 and the resignation of Mr. Harter from Vectronix AG in early 2014. Mr. Mugler told Mr. Peterson that "I would like to hold a phone call with you in order to better understand your statements and your motivations. On our side, despite the difficulties we were facing till recently, we would like to overcome them *and continue business through [Ashbury].*"

91. On January 14, 2015, Mr. Peterson and Mr. Mugler participated in a lengthy teleconference call discussing the issues plaguing the relationship between Ashbury and the Vectronix Defendants. During that telephone call, Mr. Mugler told Mr. Peterson that he would attend to Ashbury's exclusive ENFIRE business and the long promised but undelivered written distribution agreement. Later that same day, Mr. Peterson emailed Mr. Mugler to "sincerely thank [Mr. Mugler] for [his] call today. [The] conversation provide[d] [Mr. Peterson] with confidence that Ashbury's relationship with Vectronix can indeed be sustained and potentially grow through mutual respect, a commitment to doing good business and focusing on success."

92. In February 2015, Messrs. Peterson, Mugler, and DeRoche met in Ashburn, Virginia to discuss the Vectronix Defendants' and Ashbury's business relationship, including the promised written document memorializing the 2012 Distribution Agreement and the ENFIRE business. Following the February 2015 meeting, Mr. Peterson thanked Mr. Mugler for "giv[ing] attention to Ashbury's business with Vectronix."

93. Relying on the representations made by the Vectronix Defendants during the February 2015 meeting, Mr. Peterson "f[elt] confident after talking with [Mr. Mugler] that [Ashbury's] business concerns are receiving attention from [Mr. Mugler] and [his] Sagem colleagues." Mr. Peterson specifically inquired again regarding the promised written distribution agreement, but Mr. Mugler did not respond to this inquiry.

94. In August 2015, Vectronix, Inc.'s Senior Director of Business Development, Thomas Ackerman, who replaced Mr. DeRoche upon Mr. DeRoche's termination in April 2015, again promised and represented to Ashbury that Mr. Ackerman assumed responsibility for the promised written document memorializing the 2012 Distribution Agreement. Mr. Ackerman represented at that time that the written document was forthcoming.

95. Ashbury reasonably relied on the Vectronix Defendants' communications, commitments, and expressions and trusted that the Vectronix Defendants would honor the 2012 Distribution Agreement and would provide a written document reflecting the as-agreed and in effect terms of the 2012 Distribution Agreement.

96. Unbeknownst to Ashbury and in direct contradiction to the repeated assurances the Vectronix Defendants gave regarding the 2012 Distribution Agreement and the long-promised written document, Ashbury later learned that the Vectronix Defendants continued to violate and breach the 2012 Distribution Agreement with the involvement of PRG, and tortiously and maliciously diverted Vectronix sales away from Ashbury and to PRG.

97. The U.S. Army projected the maximum contract value of the ENFIRE program as \$97.5 million. According to cost quotations Ashbury provided to other entities in 2013 and 2015, Ashbury projected gross revenue of approximately \$17 to \$19 million over the five years of the ENFIRE program. Additionally, Ashbury projected gross revenue of approximately \$10.7 million to the Vectronix Defendants' from sales of the Vectronix Defendants' products to Ashbury over the five years of the ENFIRE program

98. Between January 1, 2014 and December 31, 2015, Ashbury lost at least \$8.3 million in Vectronix products and associated Ashbury accessories sales revenue for the ENFIRE program as a result of the Vectronix Defendants' breach of the 2012 Distribution Agreement and the wrongful diversion of Ashbury's exclusive ENFIRE business from Ashbury to PRG. In addition, between January 1, 2014 and December 31, 2015, Ashbury lost approximately \$6.1 million in sales revenue for lost business opportunities stemming from the Vectronix Defendants' failure to provide Ashbury with cost quotations and delivery information.

99. Upon information and belief, Ashbury projects lost revenue of \$32 million under the U.S. Army's Instrument Set, Reconnaissance and Surveying ("ISRS") program, issued on November 4, 2015 as solicitation number W5J9CQ-16-RFI0002. Ashbury's lost revenue projections are based on the quantity and delivery schedules contained within solicitation number W5J9CQ-16-RFI0002.

100. The ISRS program, a five-year program, calls for approximately 281 ISRS systems per year. The Vectronix Defendants' ENFIRE VIPER II with Bluetooth is a component of the ISRS program, identified under PRG part number V903216. The ISRS program is the successor to the ENFIRE program. The November 4, 2015 ISRS solicitation number W5J9CQ-16-RFI0002 identifies the required product as Vectronix VIPER II BT Kit Long Distance Laser Range Finder, but the product is the ENFIRE VIPER II with Bluetooth.

101. The conversion of the part number in W5J9CQ-16-RFI0002 from an Ashbury part number to a PRG part number chokes off and cuts out Ashbury's participation in the ISRS program because configuration management and product stabilization require that entities procure the required component from PRG exclusively as a result of the inclusion of PRG's part number in solicitation number W5J9CQ-16-RFI0002.

102. The U.S. Army issued solicitation number W5J9CQ-16-RFI0002 after determining the requirements had changed from the ENFIRE program. Previously, the U.S. Army canceled the April 2015 award to Azimuth under contract number W5J9CQ-15-D-0006 after UFS protested the award to Azimuth. Pursuant to the 2012 Distribution Agreement, Ashbury, as the Vectronix Defendants' exclusive distributor of record, should have been the exclusive supplier of the Vectronix Defendants' ENFIRE VIPER II with Bluetooth for the ISRS program. Instead, in breach of the 2012 Distribution Agreement, the Vectronix Defendants

engaged and permitted PRG to change the product description and to distribute its ENFIRE VIPER II with Bluetooth for the ISRS program.

103. With the Vectronix Defendants' permission and approval, PRG has been holding itself out in the marketplace as a distributor of the Vectronix Defendants' products, by identifying on its website that the Vectronix Defendants' laser range finder products, such as the ENFIRE VIPER II, are available on PRG'S General Services Administration ("GSA") schedule. <http://www.potomacrivergroup.com/prodiv.html> (last accessed February 19, 2016).

104. The GSA schedule "establishes long-term government-wide contracts with commercial firms to provide access to millions of commercial products and services at volume discount pricing." <http://www.gsa.gov/portal/content/197989>. PRG's inclusion on the GSA schedule allows U.S. government customers to purchase the Vectronix Defendants' products from PRG for contracts like the ENFIRE and ISRS programs without Ashbury's involvement.

105. The Vectronix Defendants and PRG conspired to facilitate the inclusion of the Vectronix Defendants' products on PRG's GSA schedule, tortiously interfering with Ashbury's reasonable business expectancies and distributor of record status.

106. With the aid, assistance, and approval of the Vectronix Defendants, PRG has sold other Vectronix products to the commercial shooting sports community as an online retailer in violation of the 2012 Distribution Agreement, including, but not limited to, the Vectronix Defendants' Terrapin laser range finder, despite Ashbury's product and customer exclusivity in the commercial shooting sports market.

107. In March 2015, Ashbury learned that the Vectronix Defendants conspired with another Ashbury competitor, Euro Optic, to flood the U.S. marketplace with the Vectronix Defendants' PLRF-10/15 precision laser rangefinder. The Vectronix Defendants previously

represented to Ashbury, who had purchased quantities of the PLRF-10/15 on an exclusive basis, that no PLRF-10/15 remained available for sale. After the Vectronix Defendants made these representations to Ashbury regarding PLRF-10/15 unavailability, Euro Optic began selling the PLRF-10/15 at dramatically reduced prices, diminishing the value of the inventory Ashbury purchased from the Vectronix Defendants and violating Ashbury's product exclusivity.

2. Misconduct Affecting Ashbury's Dealer Networks and Existing Customer Relationships

108. In addition to the above actions, the Vectronix Defendants have refused and failed to provide timely delivery and delivery information regarding Ashbury's individual customers' orders, thus preventing Ashbury from meeting customer orders in a timely manner and tarnishing its reputation and standing in the market.

109. For example, in late 2014, an Ashbury customer purchased one Vector IV S from Ashbury. As part of this sale, Ashbury contracted to deliver the Vector IV S to this customer on or about early February 2015. On December 24, 2014, Ashbury submitted Purchase Order P929 to the Vectronix Defendants for this order. Purchase Order P929 lists a fulfillment date of January 9, 2015.

110. Beginning in early February 2015 and following the expiration of the January 9, 2015 fulfillment date listed on Purchase Order P929, Ashbury began frequent communications with the Vectronix Defendants regarding the status of this Vectronix order. The Vectronix Defendants repeatedly promised and assured Ashbury that the order would ship soon. The Vectronix Defendants never expressed to Ashbury that they could not or would not ship this order to Ashbury.

111. Upon information and belief, despite representing to Ashbury that they would ship this order in a timely fashion, the Vectronix Defendants never intended to complete and ship the order. As of December 29, 2015, over one year after Ashbury's customer placed his order with Ashbury and over one year after Ashbury submitted the purchase order to the Vectronix Defendants, the Vectronix Defendants have failed to ship the order to Ashbury and have failed to provide accurate information regarding the lack of delivery and the unfilled order. As a result of the Vectronix Defendants' failure to ship the ordered product, the Ashbury customer threatened to pursue legal action against Ashbury stemming from Ashbury's inability to deliver his Vectronix order pursuant to his sales contract with Ashbury.

112. The Vectronix Defendants' malicious and wrongful failure to provide Ashbury with accurate delivery information resulted in Ashbury's inability to meet its obligations to the customer, tortiously interfering with Ashbury's contract and business relationship with this customer.

113. Similarly, another Ashbury customer, Global Test Supply ("GTS"), terminated its participation in Ashbury's dealer network and demanded that Ashbury cancel orders GTS already placed with Ashbury because Ashbury could not meet its obligations to deliver the Vectronix' Defendants' products to GTS. Upon information and belief, the Vectronix Defendants intentionally refused to deliver products to Ashbury and provided inaccurate delivery information so as to maliciously and tortiously interfere with Ashbury contractual and business relationships with GTS.

3. False Accusations of Regulatory Noncompliance

114. Beginning in 2015, the Vectronix Defendants attempted to destroy Ashbury's reputation by maliciously and falsely alleging and insinuating that Ashbury was committing

violations of certain International Traffic in Arms Regulations (“ITAR”) regarding Ashbury’s import and/or export of Vectronix products.

115. In the summer of 2015, Ashbury became aware of the possible existence of a Vectronix-generated report falsely accusing Ashbury of committing ITAR violations. Upon learning of the possible existence of such a report, Ashbury immediately informed the Vectronix Defendants’ of the fabricated nature of the report and vehemently denied any ITAR noncompliance. For example, Mr. Peterson corresponded with Vectronix AG CEO Efthimios Katsidis in September 2015 and contested the false allegations and mistreatment of Ashbury.

116. Upon information and belief, this report was generated by Vectronix, Inc.’s Vice President of Corporate Governance, Tinna Beldin, the officer responsible for ITAR compliance for Vectronix, Inc. At a meeting with Ashbury personnel and Ashbury’s ITAR legal counsel in February 2015, Ms. Beldin expressed animosity towards Ashbury and insinuated that Ashbury had violated ITAR in its work with Vectronix. Ms. Beldin also misrepresented her role in delaying Ashbury’s customer orders, suggesting she had no involvement. Upon information and belief, Ms. Beldin in fact refused to authorize shipments to Ashbury, thus causing Ashbury to fail to meet its delivery obligations to its own customers

117. Upon information and belief, Ms. Beldin orchestrated the false allegations regarding Ashbury’s purported ITAR violations in order to damage Ashbury in its reputation, trade, business or profession, and Ms. Beldin distributed the false ITAR report to upper management of the Vectronix Defendants and Sagem to further undermine Ashbury’s relationship with the Vectronix Defendants. Upon information and belief, Ms. Beldin’s animosity towards Ashbury was motivated in part by her racial prejudice against Ashbury’s minority owner, Morris Peterson.

4. Disclosure of Ashbury's Confidential Information

118. Upon information and belief, Mr. Nolan and other Vectronix, Inc. personnel disclosed to PRG personnel certain confidential information in breach of the NDA, including, but not limited to:

- a. confidential information provided by Ashbury to the Vectronix Defendants regarding Azimuth's ENFIRE proposals, ENFIRE award protest, and operational status;
- b. Ashbury's price information and pricing strategy regarding the ENFIRE program; and,
- c. confidential information regarding Ashbury's efforts to stabilize pricing of Vectronix products in the U.S. market.

119. Upon information and belief, Vectronix, Inc.'s wrongful disclosure of Ashbury's confidential information to PRG occurred in the building where Vectronix, Inc. and PRG both maintain business offices.

120. Upon information and belief, the Vectronix Defendants disclosed Ashbury's confidential information to PRG in furtherance of the Vectronix Defendants' and PRG's joint efforts to destroy Ashbury's business.

121. Upon information and belief, Vectronix, Inc. personnel made similar disclosures to TAG personnel in breach of the NDA.

COUNT I: Breach of the 2012 Distribution Agreement Against the Vectronix Defendants

122. The allegations of paragraphs 1 through 121 above are incorporated herein by reference.

123. The 2012 Distribution Agreement between the Vectronix Defendants and Ashbury is a valid and enforceable contract by which the Vectronix Defendants agreed that Ashbury would operate as its exclusive distributor of record in the United States for the U.S. Army ENFIRE program and for customers in the commercial shooting sports market and other identified programs and markets where the Vectronix Defendants named Ashbury their distributor of record.

124. The 2012 Distribution Agreement granted Ashbury customer and product exclusivity and distributor of record status, among other things.

125. Ashbury has fully performed its obligations under the 2012 Distribution Agreement.

126. The Vectronix Defendants have breached the 2012 Distribution Agreement as described above.

127. Ashbury has demanded that the Vectronix Defendants honor the 2012 Distribution Agreement and cease utilizing other distributors, cease violating Ashbury's product and customer exclusivity, and cease violating Ashbury's distributor of record status for ENFIRE program and the commercial shooting sports market. The Vectronix Defendants have failed and refused to do so.

128. As a direct and proximate result of the breaches of the 2012 Distribution Agreement, Ashbury has suffered and will continue to suffer damages, in an amount to be determined at trial, but not less than \$14 million.

COUNT II: Breach of Non-Disclosure Agreement Against Vectronix, Inc.

129. The allegations of paragraphs 1 through 128 above are incorporated herein by reference.

130. The NDA is a valid and enforceable agreement in which Vectronix, Inc. and Ashbury agreed not to disclose confidential information received from the other party.

131. Ashbury has fully performed its obligations under the NDA.

132. Upon information and belief, Vectronix, Inc. has breached the NDA by disclosing Ashbury's confidential information to, including, but not limited to, Ashbury's competitors PRG and TAG as described above.

133. As a direct and proximate result of the breach of the NDA, Ashbury has suffered and will continue to suffer damages in an amount to be determined at trial, but not less than \$14 million.

COUNT III: Fraud Against the Vectronix Defendants

134. The allegations of paragraphs 1 through 133 above are incorporated herein by reference.

135. The Vectronix Defendants and Ashbury agreed that Ashbury would operate as the Vectronix Defendants' exclusive distributor of record in the United States for the ENFIRE program and in the commercial shooting sports market.

136. The Vectronix Defendants represented to third parties, including, but not limited to, the U.S. Navy, U.S. Army, Azimuth, K3, SnipersHide.com, and other customers that Ashbury was the Vectronix Defendants' exclusive distributor according to the terms of the 2012 Distribution Agreement.

137. Upon information and belief, Vectronix, Inc. sales personnel regularly referred customers to Ashbury when such customers contacted the Vectronix Defendants to make purchases of the Vectronix Defendants' products because of Ashbury's status as the Vectronix Defendants' exclusive distributor.

138. Ashbury relied on the Vectronix Defendants' representations as to Ashbury's status as the Vectronix Defendants' exclusive distributor pursuant to the 2012 Distribution Agreement as described above.

139. The Vectronix Defendants misled Ashbury by misrepresenting: (1) Ashbury's status as the Vectronix Defendants' exclusive distributor of record in the United States for the ENFIRE program and the commercial shooting sports community with product and customer exclusivity; (2) the Vectronix Defendants' promise to provide a written document memorializing the 2012 Distribution Agreement; and, (3) the Vectronix Defendants' commitment to honor the 2012 Distribution Agreement.

140. Despite repeatedly representing to Ashbury that Ashbury was the Vectronix Defendants' exclusive distributor, the Vectronix Defendants deliberately and wrongfully engaged and used other distributors, including PRG.

141. Despite repeatedly representing to Ashbury that the Vectronix Defendants would honor the 2012 Distribution Agreement and provide a written document memorializing the same, upon which Ashbury reasonably relied, the Vectronix Defendants misled Ashbury to its detriment and the Vectronix Defendants never intended to provide a written agreement memorializing the terms of the 2012 Distribution Agreement.

142. The Vectronix Defendants' false representations were made intentionally, or in the alternative, negligently.

143. Ashbury has suffered and will suffer damages as a result of relying on the Vectronix Defendants' intentional or negligent false representations, in an amount to be determined at trial, but not less than \$14 million.

COUNT IV: Tortious Interference with Business Expectancy Against Defendants

144. The allegations of paragraphs 1 through 143 above are incorporated herein by reference.

145. The 2012 Distribution Agreement and Ashbury's distributor of record status with product and customer exclusivity for the ENFIRE program gave Ashbury the reasonable expectation of (a) making all sales of the Vectronix Defendants' ENFIRE VIPER II and ENFIRE VIPER II with Bluetooth to third parties like Azimuth, Chenega, and others as part of the ENFIRE program, and (b) making all sales of the Vectronix Defendants' products pursuant to the ISRS program to third parties like Azimuth, Chenega, and others.

146. The Vectronix Defendants and PRG knew that Ashbury's status as the Vectronix Defendants' exclusive distributor for the ENFIRE program with product and customer exclusivity gave Ashbury the sole right to sell the Vectronix Defendants' ENFIRE products to all third parties in the United States and earn revenue and profits from those sales to third parties.

147. Ashbury gave the Vectronix Defendants copies of the cost and delivery quotations provided to third parties. Upon information and belief, the Vectronix Defendants shared that information with PRG in violation of the NDA between Ashbury and Vectronix, Inc.

148. Defendants tortiously and intentionally interfered with Ashbury's reasonable ENFIRE and ISRS business expectancies with third parties like Azimuth, K3, UFS, TAG, and Chenega by improper means, proximately causing a violation of Ashbury's reasonably expected sales under the ENFIRE and ISRS programs to these third parties, by improperly circumventing Ashbury as the Vectronix Defendants' exclusive distributor through the use of converted part numbers, sanctioned availability of Vectronix products on PRG's GSA schedule, and authorized sales in contravention of the 2012 Distribution Agreement, as described above.

149. The conversion and manipulation of the part numbers and NSNs from the Ashbury-specific number to the PRG number cut Ashbury off from and out of future ENFIRE and ISRS participation and eliminates Ashbury's receipt of ENFIRE and ISRS revenue, which Ashbury reasonable expected to receive based on the 2012 Distribution Agreement. PRG could not include the Vectronix Defendants' products on PRG's GSA schedule without the express permission and approval of the Vectronix Defendants.

150. The 2012 Distribution Agreement and Ashbury's distributor of record status in the commercial shooting sports market gave Ashbury the reasonable expectation of making all sales of the Vectronix Defendants' products in the commercial shooting sports market to third party customers.

151. The Vectronix Defendants and PRG knew that Ashbury's status as the Vectronix Defendants' exclusive distributor in the commercial shooting sports market authorized Ashbury to sell the Vectronix Defendants' products to all commercial shooting sports customers in the United States and earn revenue and profits from those sales to third parties.

152. Defendants tortiously and intentionally interfered with Ashbury's business expectancies with third parties in the commercial shooting sports market by improper means, proximately causing a violation of Ashbury's sales to these third parties, as described above.

153. Ashbury has suffered and will continue to suffer damages as a result of Defendants' tortious intentional interference with its business expectancies to third parties under the ENFIRE and ISRS programs and to Ashbury's customers in the commercial shooting sports market, including but not limited to, lost profits, loss of goodwill, and damage to business reputation, in an amount to be determined at trial, but not less than \$14 million.

COUNT V: Tortious Interference with Contract Against the Vectronix Defendants

154. The allegations of paragraphs 1 through 153 above are incorporated herein by reference.

155. The Vectronix Defendants have further tortiously and intentionally interfered with Ashbury's existing contracts with its customers in the commercial shooting sports market and Ashbury's dealer network by refusing and failing to provide timely delivery or delivery information to Ashbury regarding Ashbury's customers' Vectronix orders as described above.

156. The Vectronix Defendants have further tortiously and intentionally interfered with Ashbury's existing contracts with Ashbury's customers in the commercial shooting sports market and Ashbury's dealer network by inventing and disseminating false allegations of noncompliance with ITAR, as described above.

157. The Vectronix Defendants' intentional failure to meet its delivery obligations to Ashbury caused: (1) Ashbury to fail to meet its existing obligations to customers; (2) Ashbury customers to threaten legal action against Ashbury; (3) Ashbury customers to terminate longstanding relationships and participation in Ashbury's dealer network; and (4) Ashbury customers to cancel existing orders.

158. The Vectronix Defendants' false insinuations and allegations regarding Ashbury's ITAR noncompliance caused injury to Ashbury's reputation and standing in the market.

159. Ashbury has suffered and will continue to suffer damages as a result of the Vectronix Defendants' tortious intentional interference with Ashbury's existing contracts with Ashbury's customers, including but not limited to, lost profits, loss of goodwill, and damage to business reputation, in an amount to be determined at trial, but not less than \$14 million.

COUNT VI: Conspiracy to Injure Ashbury in its Reputation, Trade, Business, or Profession Against Defendants

160. The allegations of paragraphs 1 through 159 above are incorporated herein by reference.

161. Va. Code Ann. § 18.2-499 *et seq.* makes it unlawful to conspire to injure another in his or her reputation, trade, business, or profession.

162. The Vectronix Defendants and PRG combined and conspired for the purpose of willfully and maliciously injuring Ashbury in its business and committed overt acts in furtherance of that conspiracy, including, among others:

- a. violating Ashbury's agreement with the Vectronix Defendants' regarding Ashbury's status as the Vectronix Defendants' exclusive distributor of record for the ENFIRE and ISRS programs and in the commercial shooting sports community through the use of PRG as the Vectronix Defendants' distributor;
- b. wrongfully treating PRG as the Vectronix Defendants' exclusive distributor;
- c. wrongfully converting Ashbury part numbers and NSNs to PRG part numbers;
- d. wrongfully sharing and acting on the unlawful disclosure of Ashbury's confidential information; and,
- e. wrongfully offering the Vectronix Defendants' products for sale on PRG's GSA schedule, all which caused damage to Ashbury.

163. Conveniently having their headquarters located on the same floor of the same building, the Vectronix Defendants and PRG communicated regarding the conspiracy to injure Ashbury and joint overt acts in furtherance of that conspiracy.

164. The Vectronix Defendants and PRG's conspiracy to injure Ashbury and overt acts in furtherance of that conspiracy caused customer confusion, violated the 2012 Distribution Agreement, obstructed Ashbury's ability to fulfill its own commitments and contracts with its customers, and resulted in desertion of long-standing Ashbury customers, cancelation of contracts, and threats of legal action against Ashbury.

165. Ashbury has suffered and will continue to suffer damages as a result of Defendants' conspiracy to injure Ashbury in its reputation, trade, business or profession, including but not limited to, lost profits, loss of goodwill, and damage to reputation, in an amount to be determined at trial, but not less than \$14 million.

PRAYER FOR RELIEF

WHEREFORE, Ashbury respectfully requests that this Court:

- a. Enter judgment in favor of Ashbury and against Defendants, jointly and severally;
- b. Award Ashbury damages resulting from the Vectronix Defendants' breach of the 2012 Distribution Agreement, in an amount to be determined at trial, but not less than \$14 million;
- c. Award Ashbury damages resulting from Vectronix, Inc.'s breach of the Non-Disclosure Agreement, in an amount to be determined at trial, but not less than \$14 million;
- d. Award Ashbury damages resulting from the Vectronix Defendants' fraud, in an amount to be determined at trial, but not less than \$14 million;

e. Award Ashbury damages resulting from Defendants' tortious interference with Ashbury's business expectancies with third parties under the ENFIRE and ISRS programs and tortious interference with Ashbury's business expectancies in the commercial shooting sports market, in an amount to be determined at trial, but not less than \$14 million;

f. Award Ashbury damages resulting from the Vectronix Defendants' further tortious interference with Ashbury's existing contracts with Ashbury's customers as a result of false allegations of regulatory noncompliance and the Vectronix Defendants' malicious and tortious failure to meet its obligations to Ashbury, in an amount to be determined at trial, but not less than \$14 million;

g. Award Ashbury threefold damages, costs, and attorneys' fees for Defendants' conspiracy to injure Ashbury in its reputation, trade, business, or profession and in violation of Va. Code Ann. § 18.2-499 *et seq.*, in an amount to be determined at trial, but not less than \$42 million;

h. Enjoin Defendants from continuing to interfere with Ashbury's ability to participate in the ENFIRE and ISRS programs, including through the substitution of Ashbury's part numbers and NSNs for Vectronix products and parts;

i. Enjoin the Vectronix Defendants from continuing to make false accusations and insinuations that Ashbury violated ITAR or any other regulations;

j. Award Ashbury post-judgment interest at the legal rate; and,

k. Award such other and further relief as the Court deems just and proper.

Plaintiff respectfully requests a trial by jury on all issues so triable.

Date: March 28, 2016

Respectfully submitted,

ASHBURY INTERNATIONAL GROUP, INC.



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