

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION

ANTHONY AVENATTI and)
BARBARA E. AVENATTI)

Plaintiff,)

) **Case No. 2:20-CV-354-JPH-MJD**

v.)

GREE USA, INC., GREE ELECTRIC)
APPLIANCES INC. OF ZHUHAI,)
HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD., MJC)
AMERICA LTD., MJC AMERICA)
HOLDINGS CO., LTD.)

Defendants)

PLAINTIFFS’ BRIEF IN SUPPORT OF PLAINTIFFS’ MOTION FOR SANCTIONS

Plaintiffs, Anthony Avenatti and Barbara E. Avenatti, by their attorneys, submit the following Brief in Support of Their Motion for Sanctions Against All Defendants.

INTRODUCTION

On March 17, 2021, the Court ordered the five Defendants to provide “**complete and unequivocal** supplemental responses to Plaintiffs interrogatories and document requests **within 28 days of the date of this Order.**” (Dkt 72, PageID #1676.) The supplemental responses were due April 14, 2021. As of today, each one of the five Defendants is in violation of the Court’s Order. In fact, the Defendants’ attorneys admit their clients are in violation of the Court’s Order, advising the Court in a May 19, 2021 filing that “Defendants intend to further supplement

interrogatory and document productions as additional information is provided in efforts to come into compliance with the Court's Order."¹ (Dkt 98, PageID #1780.)

The Defendants Court Order violations are on the backs of repeated, ongoing, egregious discovery violations that have persisted from the outset of this case, which conduct is well-documented. As such, the Plaintiffs ask the Court to sanction each of the Defendants, pursuant to Rule 37 and the Court's inherent power. Specifically, the Plaintiffs ask the Court to enter default judgment against each of the five Defendants, accepting as proven each of the allegations in the Plaintiff's operative Amended Complaint. (Dkt. #19.) The Plaintiffs understand this is a severe sanction, but the Defendants have earned it beyond any fair dispute. If the Court is unwilling to enter default judgment, the Plaintiffs ask the Court to order each Defendant pay \$1000/day to the Plaintiffs and the Court for each day they have failed to comply with the Court's March Order, setting a date certain by which every Defendant must comply with the Order, in full, to avoid default judgment, and further ordering the costs and reasonable fees incurred in bringing this motion.

RELEVANT FACTS²

The following facts are pertinent to the motion:³

1. Rule 26 initial disclosures were due by September 4, 2020. (Declaration of Richard A. Schuster ("Schuster Dec."), ¶1, Dkt 100-1, Page ID #1900.) On that date, Defendants collectively served the "Defendants' Initial Disclosures. (Dkt 49-12.) The disclosures did not identify, much

¹ The "additional information [] provided" applies to Defendants' attorneys, not the actual Defendants. The "information" the Court ordered produced is in the possession and control of the actual Defendants; the actual Defendants are not waiting on some third party to provide the responsive information. Instead, it is the Defendants' attorneys who are waiting on the actual Defendants to produce "additional information" to meet the terms of the Court Order.

² Plaintiffs incorporate by reference Plaintiffs' Opposition to Defendants' Motion for an Enlargement of Time (Dkt 96) and the Declaration of Richard Schuster, inclusive of exhibits. (Dkt 96-1.)

³ Where possible, Plaintiffs cite to referenced documents that already appear in the record in an attempt to avoid filing documents again.

less produce, a single person from any of the five Defendant companies, or any other individuals, except for two defense experts. (*Id.*) The disclosures did not identify a single specific document. (*Id.*) Plaintiffs objected to the disclosures and noted for Defendants' counsel that the disclosures were nearly verbatim identical to disclosures made by the Defendants in another matter and heavily criticized by the federal court in that case. (Schuster Dec., ¶2, Ex. 1, Dkt 100-2, Page ID #1905.) Defendants collectively supplemented a month later by providing a copy of an insurance policy but doing nothing else. (Schuster Decl., ¶3, Dkt 100-1, Page ID #1900.)

2. On September 25, 2020, Plaintiffs propounded discovery on Gree Zhuhai, and discovery was propounded on the other Defendants shortly thereafter. (Schuster Dec., ¶4, Dkt 100-1, Page ID #1900; *see also* Dkt 49-2 through #49-10, Page ID #273-399 (Gree Defendants' initial responses to discovery, which re-state the request / interrogatory propounded therein); Dkt 60-5 through #60-7 (MJC's responses, which repeat the Plaintiffs' requests / interrogatories).) After the Plaintiffs provided a voluntary extension at Defendants' request, responses to all discovery propounded on all Defendants were due November 9, 2020. (Schuster Dec., ¶5, Ex. 2 Dkt 100-3, Page ID #1908.) The Defendants' responses were received on November 9, 2020, and are in the record as Exhibits 1-9 to the Schuster Declaration supporting Plaintiffs' motion to compel. (Dkt 49-1, Page ID #273-399.)

3. On December 30, 2020, Plaintiffs filed a motion to compel against the Gree Defendants and sought sanctions due to the blatant nature of the discovery violations. (Dkt 49.) Plaintiffs' motion to compel against the MJC Defendants was filed February 9, 2021. (Dkt 60.) On March 17, 2021, the Court issued a written Order granting both motions and ordering each Defendant to provide "**complete and unequivocal**" supplemental responses to Plaintiffs' interrogatories and requests for production within 28 days. (Dkt 72, PageID #1676.)

4. On March 30, 2020, a status conference was held among Honorable Judge Dinsmore and the parties. During this conference, Defendants advised they were hoping the Court could “help” them by granting more time than the 28 days allowed in the Order and by allowing “rolling production.” (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.) The Court stated it might not be in a “helpful mood” given the Defendants’ conduct and stated 28 days was sufficient to comply with the Order if sufficient resources were deployed, commenting that he considered 21 days in the Order but allowed 28. (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.) The Court advised the Defendants to file a motion for more time, if necessary, or to gain agreement from more time from the Plaintiffs. Judge Dinsmore specifically advised Defendants that if the Order was not timely complied with he expected the Plaintiffs would file a motion for sanctions and, in that event, his recommended order may be default judgment. (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.)

5. Following this conference Plaintiffs wrote to Defendants summarizing the conference and advising that if the Defendants wanted Plaintiffs to agree to more time than allowed in the Order they would have to show Plaintiffs they were “working extremely hard to identify, seek out, and produce everything ordered.” Attorney Schuster explained: “My fear is that no matter how much time your clients are provided they will not take this seriously and they are not going to produce all that has been now Court ordered. ... Again, my fear in agreeing to any extension of time is it just won’t matter, I’ll be made a fool again, that no matter what I do I’m going to get obviously incomplete responses.” (Schuster Dec., ¶7, Ex. 3, Dkt 100-4, Page ID #1909-10.)

6. On April 15, 2021, Defendants provided supplemental responses to interrogatories. (Schuster Dec., ¶17, Ex. 6, Dkt 100-7, Page ID #1918.) They also provided a letter explaining documents produced electronically, but no formal responses to Plaintiffs’ RFPs. (*Id.*) On the same date, Plaintiffs’ counsel wrote to Defendants’ counsel advising that a cursory review of the

interrogatory responses revealed they were incomplete and evasive and outlining specific shortcomings with responses 8, 9, 10, 13, 14, and 15 to the Gree Zhuhai RFPs. (Schuster Dec., ¶8, Ex. 4, Dkt 100-5, Page ID #1911-12.)

7. The parties met and conferred by phone on 4/20/21, during which time Plaintiffs advised that nearly every interrogatory response failed to meet the Court's Order. They parties did not go through the interrogatories one-by-one, because the Defendants stated the responses were sufficient and they were not going to supplement. (Schuster Dec., ¶9, Dkt 100-1, Page ID #1901.) Plaintiffs also pointed out that the RFP responses were incomplete, no documents were provided after 2015, and that all of the documents appeared to simply be from the *MJC v. Gree* case, a fact that Defendants' counsel confirmed, stating "99%-plus" of the documents came from that case. Plaintiffs asked if the Defendants had done anything at all to respond to the actual RFPs and interrogatories in this case or even to produce documents more recent than 2015, and Defendants' counsel stated words to the effect that the companies were asked if such documents existed but they received no response. (Schuster Dec., ¶9, Dkt 100-1, Page ID #1901.)

8. Plaintiffs' counsel sent a four-page letter to Defendants' counsel following the meet and confer and detailing just some of the shortcomings of Defendants' productions and supplemental interrogatory responses. Plaintiffs' counsel highlighted in this letter that "much of what was produced was produced in non-native format," asking questions about "data" folders, and asking that the parties technical representatives be put in touch to sort out what could be sorted out on that front. (Schuster Dec., ¶10, Ex. 5, Dkt 100-6, Page ID #1914.) The letter detailed that the RFP responses "fail[ed] Rule 34(b)(2)(E) on their face." It also discussed a sampling of specific shortcomings with MJC's responses to interrogatories, including interrogatories 4, 5, 6, and 7. (*Id.* at p.2, 4, Dkt 100-6, Page ID #1915, 1916.)

9. Plaintiffs' 4/20/21 email advised that if the Defendants did not immediately comply with the Court's Order, then the Plaintiffs would file a motion seeking sanctions. Plaintiffs warned: "If I file that motion I want to be sure the Defendants are aware that I will seek (1) default judgment and/or (2) a penalty of \$5000/day as a penalty upon each Defendant, which is 1/100,000th of the amount Gree says it made selling defective dehumidifiers, \$500,000,000." (*Id.* at p.4, Dkt 100-6, Page ID #1916.)

10. In response, Defendants produced two spreadsheets on 4/23/21, a "production index" and a "production log," the first of which purportedly was "an index of all Gree documents produced, providing Bates numbers, dates, file names, and additional information," and the second of which provided "further details of the contents of the Gree and MJC productions." (Schuster Dec., ¶11, Ex. 6, Dkt 100-7, Page ID #1918.) Searching the "index" by date revealed that among the documents for which dates are included within the index, none is more recent than 2015. (Schuster Dec., ¶11, Dkt 100-1, Page ID #1902.)

11. On May 5, 2021, a status conference was held telephonically among the parties and Judge Dinsmore. The Defendants led-off that call by noting the voluminous documents they had produced. (Schuster Dec., ¶12, Dkt 100-1, Page ID #1902.) Plaintiffs were asked to detail any problems with the supplemental responses and did so by simply starting with the very first interrogatory propounded on Gree USA, dealing with insurance policy erosion, for which Gree USA failed to provide a response. (Schuster Dec., ¶12, Dkt 100-1, Page ID #1902.) The Court asked the Defendants to explain, and they could not provide any substantive explanation for the failure. The parties walked through a number of interrogatories, the Defendants being unable to provide any explanation for any of their failures. (Schuster Dec., ¶12, Dkt 100-1, Page ID #1902.) At one point the Court asked why other incident data was not provided from 2015 onward and

Defendants claimed it was because Gordon & Rees houses that information on behalf of Gree. (Schuster Dec., ¶12, Dkt 100-1, Page ID #1902.) The Court could made emphatic during the May 5, 2021 status conference that Defendants clearly appeared to be in violation of the Court Order in numerous respects.

12. One issue discussed during the May status conference was the format of the Defendants' productions. Plaintiffs explained that load files were missing and wide swathes of the productions were unsearchable. (Schuster Dec., ¶13, Dkt 100-1, Page ID #1903.) Defendants' counsel criticized Plaintiffs for not searching the documents and represented to the Court the documents were produced as kept in the regular course of business and were fully searchable. (Schuster Dec., ¶13, Dkt 100-1, Page ID #1903.)

13. Five days later, Defendants filed what they titled a "Motion for an Enlargment [sic] of Time to Supplement Responses to Plaintiffs' Requests for Production." (Dkt. 94.) In it, Defendants admit "that while some of the document production was fully searchable and had the requested metadata identifying the custodian or origin of the document, other batches were searchable but did not have the load files and/or metadata." (Dkt 94, Page ID #1741.) In fact, large portions of the production are not searchable unless submitted to a time-consuming (and not cheap) optical character recognition ("OCR") procedure. (Schuster Dec., ¶14, Dkt 100-1, Page ID #1903.) They also were not produced in the format kept in the regular course of business, and the Defendants did not, and have not, labelled and indexed the documents by production request. (Schuster Dec., ¶14, Dkt 100-1, Page ID #1903.)

14. On May 13, 2021, Defendants provided formal responses to Plaintiffs' RFPs for each Defendant. (Dkt 98-2 through 98-6.) Most of the RFP responses by each Defendant state, "In response to Plaintiffs' demand, Defendants produced all documents produced in *MJC v. Gree*

(Case No. 2:13-CV-04264-CWx). ... Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, **no documents beyond that time frame are included in the production or in the results noted below.**” (*See, e.g.*, Dkt 98-2, p. 8, Gree Hong Kong RFP Resp.) (emphasis added.)

15. On May 11, 2021, the Defendants also provided certain “metadata overlay” materials, but the May 13, 2021 responses make clear that the 5 “batches” of files provided by Defendants are not all provided in native format, including GREE00000001-0014826, among other ranges. (*See, e.g.*, 98-2, p.8.)

16. The May 13, 2021 productions also included certain communications with Gree’s attorneys and third parties related to the fire made the basis of this lawsuit, about 325 pages of communications in total. The communications failed to include the attachments referenced therein, but the Defendants corrected, in part, this error on May 18, 2021. (Schuster Dec., ¶15, Dkt 100-1, Page ID #1903.)

17. None of the 5 Defendants has produced a single document that has come in response to *this* litigation. That is, each of the documents were either pulled from public records or websites by Defendants’ attorneys or were received from attorneys who represented Gree in the *MJC v. Gree* matter. There is nothing in the record to indicate any of the Defendants have made any present-day effort to respond to it, either before or after the Court Order was entered in March 2021.

18. From the outset of this case, the Plaintiffs have requested to take the corporate depositions of each Gree Defendant. (Schuster Dec., ¶16, Dkt 100-1, Page ID #1903.) Plaintiffs properly noticed those depositions, but voluntarily withdrew the notices after Judge Dinsmore, during a 2020 status conference, indicated if the Defendant’s filed a motion for protective order he would

be inclined to grant it due to COVID-19 issues. (Schuster Dec., ¶16, Dkt 100-1, Page ID #1903.) Plaintiffs' position has always been that if Defendants' desired corporate witnesses are unavailable, for whatever reason (including COVID-19 travel restrictions), then Defendants have a duty to prepare other witnesses for the companies. (Schuster Dec., ¶16, Dkt 100-1, Page ID #1903.) To date, the Defendants maintain their position the Gree Defendants cannot be deposed due to COVID-19 travel restrictions in China, and they refuse to provide dates of availability. (Schuster Dec., ¶16, Dkt 100-1, Page ID #1903.)

19. Despite properly noticing the 30(b)(6) depositions for each Gree entity in November 2020, and repeated requests for cooperation thereafter, none of those depositions, nor any depositions of Gree fact witnesses, have gone forward.

20. The Avenattis were both deposed over five months ago and responded in full to every discovery request propounded up them over six months ago, supplementing numerous times as required under the Rules thereafter.

LEGAL STANDARD

Federal Rule of Civil Procedure 37(b) addresses a party's "failure to comply with a court order." Rule 37(b)(2)(A) discusses the failure to obey with a discovery order, and it enumerates several options:

- (i) directing that the matters embraced in the order or other designated facts be taken as established for purposes of the action, as the prevailing party claims;
- (ii) prohibiting the disobedient party from supporting or opposing designated claims or defenses, or from introducing designated matters in evidence;
- (iii) striking pleadings in whole or in part;
- (iv) staying further proceedings until the order is obeyed;
- (v) dismissing the action or proceeding in whole or in part;
- (vi) rendering a default judgment against the disobedient party; or
- (vii) treating as contempt of court the failure to obey any order except an order to submit to a physical or mental examination.

Likewise, courts have the inherent authority to sanction a party for discovery misconduct, which sanctions may include (1) monetary relief, (2) fines (*Maynard I*, 332 F.3d at 470) (recognizing that fines are “among the tools available to trial courts to remedy the harms of discovery violations”), and (3) the “power to dismiss for discovery violations.” *Dotson v. Bravo*, 321 F.3d 663, 667 (7th Cir. 2003). This power is “permissibly exercised not merely to remedy prejudice to a party, but also to reprimand the offender and to deter future parties from trampling upon the integrity of the court.” *Salmeron v. Enter. Recovery Sys., Inc.*, 579 F.3d 787, 797 (7th Cir. 2009) (internal quotation marks omitted). Such sanctions are appropriate when “there is a record of delay” or “contumacious conduct.” *Dotson*, 321 F.3d at 667.

“In civil cases, the facts underlying a district court’s decision to dismiss the suit or enter a default judgment as a sanction under Rule 37 or the court’s inherent authority need only be established by a preponderance of the evidence.” *Ramirez v. T&H Lemont, Inc.*, 845 F.3d 772, 781 (7th Cir. 2016). “Rule 37 sanctions must be applied diligently ‘to penalize those whose conduct may be deemed to warrant such a sanction, [and] to deter those who might be tempted to such conduct in the absence of such a deterrent.’” *Roadway Express, Inc. v Piper*, 447 U.S. 752, 763-64 (1980) (internal citations omitted). The sanction of default judgment is an “available and an appropriate and integral part of the discovery process.” *Hall v. Leon Cty. Bldg. Supply Co.*, 84 F.R.D. 372, 372 (N.D. Fla. 1979). *See also, e.g., National Hockey League v. Metropolitan Hockey Club, Inc.*, 427 U.S. 639, 96 S.Ct. 2778, 49 L.Ed.2d 747 (1976), *Green v. District of Columbia*, D.D.C.1991, 134 F.R.D. 1, *Domanus v. Lewicki*, 742 F.3d 290 (7th Cir. 2014).

The Seventh Circuit has summarized that default judgment is warranted “**when there is a clear record of delay or contumacious conduct ...**” *Williams v. Chicago Bd. of Educ.*, 155 F.3d 853, 857 (7th Cir.1998) (emphasis added) (discussing dismissal, the corollary to default judgment for a

disobedient plaintiff); *Schilling v. Walworth County Park & Planning Com'n*, 805 F.2d 272, 278 (7th Cir.1986). It is also appropriate when there is a finding of “willfulness, bad faith, or fault” by the court, even if there is no prior order or sanction imposed by the court. *In re Golant*, 239 F.3d 931, 936 (7th Cir.2001); *Langley v. Union Elec. Co.*, 107 F.3d 510, 514 (7th Cir.1997); *cf. In re Rimsat, Ltd.*, 212 F.3d 1039, 1046-47 (7th Cir.2000); *Maynard v. Nygren*, 332 F.3d 462, 468 (7th Cir.2003) (“*Maynard I*”) (overruled on other grounds by *Ramirez v. T&H, Incorporated*, 845 F.3d 772, 777) (7th Cir. 2016).

Willfulness or bad faith may be inferred through a party’s “pattern of contumacious conduct or dilatory tactics.” *Crown Life Ins. Co. v. Craig*, 995 F.2d 1376, 1383 (7th Cir.1993). “Fault” is established when a party’s discovery conduct demonstrates an objective lack of reasonableness. *Marrocco v. Gen. Motors Corp.*, 966 F.2d 220, 224 (7th Cir.1992) (explaining that fault refers to “the reasonableness of the conduct—or lack thereof—which eventually culminate[s] in the violation.”)

On appeal, one cannot “understate the difficult of the task litigants face when challenging a district court’s choice of sanctions. They must convince us that the district court abused its discretion in sanctioning them—a burden which is met only when it is clear that no reasonable person would agree with the trial court’s assessment of what sanctions are appropriate.” *Id.* at 223-24. “Our case law is adamant that an appellant faces an uphill battle in seeking to reverse an award of sanctions by the district court.” *Langley by Langley v. Union Elec. Co.*, 107 F.3d 510, 513 (7th Cir. 1997).

ARGUMENT

Each of the five Defendants to this matter have engaged in a cascade of discovery abuses from the outset of this case. First, basic initial disclosures, as required by Rule 26, were blatantly deficient, a matter brought to Defendants’ attention and ignored. (Schuster Decl, ¶2-3, Dkt 100-1, Page ID #1900 and Ex. 1, Dkt 100-2, Page ID #1905-07.) Rather than file a motion to compel

proper initial disclosures, upon not receiving proper responses the Plaintiffs served written discovery to get what should have been volunteered and other information. (Schuster Decl, ¶4, Dkt 100-1, Page ID 1900.) As the Court knows and the record reflects, each of the five Defendants failed to properly respond to Plaintiffs’ discovery. (*See generally*, Dkt 72.) Responding to the Plaintiffs’ two motions to compel (Dkt. 49, 60), the Defendants made what the Court described as “some of the most stunningly meritless arguments the undersigned has seen in over a decade on the bench.” (Dkt 72, PageID #1668.)

I. The Supplemental Productions are Not Complete and Unequivocal.

Despite this background, and despite the innumerable admonishments and warnings of the Court during multiple status conferences, as of today each of the Defendants’ responses to Plaintiffs’ interrogatories and RFPs are incomplete in the extreme. The shortcomings are so numerous they are difficult to enumerate in organized fashion. The Defendants’ Court-ordered supplemental interrogatory responses violate the Court’s demand that the Defendants “provide **complete and unequivocal** supplemental responses to Plaintiffs [sic] interrogatories and document requests **within 28 days of this Order**” in at least the following ways (Dkt 72, PageID # 1676):

MJC Supplemental Interrogatory Responses Failures to Comply with Court Order⁴	
<u>ROG #</u>	<u>Issue / Non-Compliance</u>
1	- ROG asks for insurance policy information, including erosion, for all policies, but the response does not provide erosion information, does not point to any MJC insurance policy, and identifies an “indemnity agreement” but does not produce it or indicate where it can be located.
2	- ROG asks about the relationship between MJC and all other Defendants, but the answer only outlines the relationship between MJC and Hong Kong, not the other Gree Defendants or even the relationship between the two MJC Defendants.

⁴ The two MJC entities provided a joint supplemental response, so the criticisms apply equally to both entities.

3	- The ROG seeks information on when MJC first became aware the Recalled Dehumidifiers had potential problems and a host of related information, but the response only states when MJC <i>alerted Gree</i> to problems, not when <i>MJC first learned</i> of problems, and it fails to respond at all to much of the interrogatory.
4	- ROG seeks information on the number of Gree-made dehumidifiers MJC distributed from 2010 onward, and the response indicates certain data was harvested by a “third party litigation service” at some time, and makes excuses for a 2016 destruction, but does not answer the question substantively.
5	- ROG seeks claim information from 2010-2019, but the response mirrors that to #4 and does nothing to answer the question.
6-7, 9, 16	- Same as 4 and 5, MJC makes difficult to understand excuses for destroying evidence but does not answer the question substantively at all.
10	- ROG asks who provided information to prepare the responses or assisted in the preparation of the responses, to the ROGs, but the answers states, “Defendant’s responses were prepare with the assistance of counsel.” The question regarding who provided information is without any response.
12	- The responses only answers part of the ROG, which asks if MJC believes the dehumidifier recalls were timely made and also seeks to discovery any criticism MJC has with any Gree entity investigation into dehumidifier problems. The response states MJC does not have a position on the interrogatory. The company either has criticisms or they do not, and the response is non-substantive and incomplete. They should be made to answer whether they have criticisms of Gree or not.
13	- The response does not answer the question posed at all.
15	- Response is incomplete and does not indicate the year to which the response applies.

Gree USA Supplemental Responses Failures to Comply with Court Order	
<u>ROG #</u>	<u>Issue / Non-Compliance</u>
1	- The ROG seeks insurance information not provided, most specifically erosion of any applicable insurance policies <u>and</u> whether there is more than <u>only</u> policy that might provide coverage
4.	- Coding information on component parts of the product was requested and the response is that this information is not in Defendant’s custody or control, but it surely is, these are component parts bought by Gree from suppliers, and Gree certainly has the ability to find out from suppliers (if it truly does not already know) what the codes on those parts mean.

5	- The ROG asks what can be done after a fire to determine if the product is a Gree. The response skirts the question by stating the “dehumidifiers are not designed for uniqueness, ...” It claims Defendant is unaware of “any markings or features ... that are <u>exclusive</u> to Defendant,” but the response never details how, <u>in fact</u> , Defendant identified the product at issue as a Gree, and the ROG is not limited to “exclusivity.”
6	- The ROG asks why Defendant claims the dehumidifier is not defective, but the response does not provide an answer.
7	- The response is incomplete and states only that Gree USA “was responsible for dehumidifiers including recalled models [sic] distributing ...”, which is incomprehensible. The question is what was Gree USA’s role with respect to the Subject Product.
8	- The ROG asks the relationship between Gree USA and Gree North America, and no response is provided.
9.	- The ROG asks Gree USA to identify any other claims for the past 10 years and the response fails to do so, stating only that there have been “more than 2,000 reported incidents” as of 2016, failing to provide information on the claims and failing to provide even the number of claims for the past 5 years.
11	- The ROG is not answered, instead the Plaintiffs are directed to all of the documents produced in the case.
12	- The ROG seeks information, including addresses, for Gree USA officers, shareholders, and employees, and the response fails to provide the great bulk of information requested.
14	- The ROG asks Gree USA to estimate the revenue <i>and profit</i> for dehumidifier sales for <i>each</i> of the past 10 years, but the answer states only that the company estimates it has sold approximately \$500 million.

Gree Hong Kong Supplemental Responses Failures to Comply with Court Order	
ROG #	Issue / Problems
1	- The ROG response is incomplete, because it does not state what is Gree HK’s business, what the company actually <i>does</i> , it merely states Gree HK is a subsidiary of Gree Zhuhai
2	- The ROG is not answered. It specifically asks whether Gree Zhuhai funds Gree Hong Kong and whether Gree Hong Kong buys products from Gree Zhuhai at arms’ length, neither of which is responded to.
5	- The response does not answer the question at all and appears to be a cut/paste from some other party’s response to some other question.
7	- The ROG requests information about Gree HK employees, and the response admits the employees exist but only that they are “searching for information responsive to this demand.” The response has not been supplemented.
9	- Again, the response is incomplete in the extreme. The ROG asks for the identities of employees for Gree HK who dealt with Gree USA employees

	for a designated time period, and the response is a copy/paste of an answer indicating only board member names.
10	- The ROG seeks information about other incidents involving the Model Product and all Similar Products. The response does not provide the requested information, stating only that 2000 incidents occurred prior to 2016, making it incomplete both as to time and for failing to identify the actual claims, as requested.
11	- The ROG asks who has an ownership interest in Gree HK, and the response makes a qualified answer that “ <i>at the time of the subject incident, Gree HK was a wholly owned subsidiary of Gree Zhuhai.</i> ”
12	- The ROG asks Gree HK to identify assets in the USA and to disclose their value. The answer identifies Gree USA but does not state whether there are other assets and does not value the asset identified.

Gree Zhuhai Supplemental Interrogatory Response Failures	
ROG #	Issue / Non-Compliance
1	- The ROG requests information about policy erosion and limits. The response does not provide any information on erosion and states only that the policy limit of \$10,000,000 is “upon information and belief.”
2	- The ROG asks for answers about the control Gree Zhuhai exerts over other entities, and the response does not answer the question, artfully avoiding and, while among other things indicating that from 2012-2019 Gree HK was a subsidiary but not describing the current relationship, if any, and not answering at all the question with respect to Gree USA employees.
5	- The ROG asked for an explanation of the coding on Gree Zhuhai dehumidifier compressors, and the response indicates a supplier provides the part and that information on the part is beyond Gree’s control, which is incorrect.
6	- The ROG asks how a Gree dehumidifier can be identified post-fire, and the response denies that is possible, though it is known with respect to this exact case that Gree has, in fact, identified the product or it would not have paid claims resulting from this fire, but it has. The company must disclose how it has identified the product, it should not be allowed to hide this information.
7	- The ROG asks if Gree Zhuhai disputes the product at issue is defective and, if so, why. The response improperly points to the answer to the complaint and states “discovery is ongoing.” The question is aimed at <i>why</i> Gree Zhuhai is denying the product at issue is defective, and the response is evasive and incomplete.
8	- The ROG asks what efforts were made to investigate what model products should be recalled and for details on Gree Zhuhai’s investigation, if any, and the response merely states they conducted “internal investigations,” failing to describe those investigations and completely failing to answer how it was determined what models would be included in the successive recalls.

9	- The ROG asks what is the relationship between Gree Zhuhai and Gree North America, and no response is provided, instead pointing to the answer to ROG #2, which itself is incomplete and also does not include any information about Gree North America.
10	- The ROG seeks information on other claims involving Gree dehumidifiers. The response does not identify the other claims, instead simply stating there were over 2000 claims prior to 2016, also improperly cutting off the answer at 2016, five years ago.
11	- The ROG seeks statistics on the frequency of Gree dehumidifier failures. The response is unresponsive. It also points to the entire productions made by Defendants, failing to identify any specific document(s).
12	- The ROG asks for information on profits, and the response does not provide the information requested.
13	- The ROG seeks specific descriptions of safety testing conducted on the product at issue and the response merely states that “internal testing on the recalled models” was performed, failing to describe any testing, and leaving unclear whether any product testing occurred prior to the product being sold.
15	- The ROG requests two dates, (1) when Gree China became aware of a potential defect and (2) when it filed a section 15(b) report with the CPSC. The response provides only one date, “July of 2012,” and does not indicate to what that date refers.

The Defendants’ Supplemental Responses to Plaintiffs’ RFPs are equally flawed. First, the documents provided include nothing more recent than 2015, which is violative of the Court Order on its face. This failure highlights another failure: that none of the Defendants has actually reviewed the discovery, sought out the documents requested, properly identified them, and produced them as demanded by the Court and Rule 34. Instead, the Defendants’ attorneys have rounded up documents from the *MJC v. Gree* case possessed by other attorneys and forwarded those along. The problems in doing so are glaring. First, there is no assurance that what was produced is all responsive to the actual RFPs, as opposed to some mix of responsive documents buried among a mountain of non-responsive information. Second, there is no assurance that the

materials produced in *MJC v. Gree* encompassed all the documents requested in this case, and that likelihood is highly implausible.⁵

In addition, the documents produced by the Defendants do not comply with Rule 34's mandate that they be provided as kept in the regular course of business or that the Defendants index and label the productions. The Defendants have admitted as much (Dkt. #94, PageID #1741) and also have admitted wide swatches of the productions are not searchable and did not contain load files, after first misrepresenting both facts to the Court even after the problems were tipped up in writing by Plaintiffs' counsel. (Schuster Dec., ¶¶13-14, Dkt 100-1, Page ID #1903; Dkt. 94.) In fact, the Defendants brazenly ask the Court for more time to supplement their RFPs (while simultaneously admitting they are in violation of Court Order and arguing they are not asking for more time to comply with *that* Order, only the May 5th verbal Order which they have also now violated) so that they can try to comply with Rule 34(b)(2)(E) in the way they want, avoiding work they want to saddle the Plaintiffs with, that of indexing and labelling. (Dkt 98, PageID #1780, fn.1).

As such, in summation, over half of the Court-Ordered supplemental interrogatory responses provided by each Defendant are evasive, incomplete, and/or non-responsive. The Court-Ordered RFP responses were not received until May 2021, and the information provided is admittedly incomplete and not provided in either of the two ways allowed by Rule 34(b)(2)(E)(1).

II. The Defendant's Conduct is Improper, Persistent, and in the Face of Numerous Warning from the Court.

The Court ordered that the Defendants "shall provide **complete and unequivocal** supplemental responses to Plaintiffs [sic] interrogatories and document requests **within 28 days**

⁵ There is also no indication that any Defendant, much less all of the Defendants, compared the discovery requests in *MJC v. Gree* to the RFPs in this case and determined that everything requested in this case was both requested in the prior case and produced in that case.

of this Order.” (Dkt 72, PageID # 1676.) In the same Order, the Court “decline[d] Plaintiffs’ request that it proactively impose daily monetary sanctions to apply in the event Defendants fail to comply with this Order,” further stating “Obviously, any failure to comply with this Order will subject Defendants to the full panoply of sanctions available to the Court pursuant to Federal Rule of Civil Procedure 37(b)(2)(A), up to and including default judgment.” (*Id.* at 1677.) The Plaintiffs’ original motions to compel and for sanctions, the first of which was filed in December 2020, asked the Court to order that if the Defendants do not comply with the order they be sanctioned \$1000/day.

The deadline established by the Order was April 14, 2021. Six weeks after that deadline has expired (and 10 weeks after the Order was penned), the Defendants concede they are in ongoing violation of the Court’s Order. (Dkt 98, PageID #1780) (“Defendants intend to further supplement interrogatory and document production as additional information is provided in efforts *to come into compliance with the Court’s Order.*”) (emphasis added.) In fact, as shown above, they are in violation of the Order in numerous, glaring respects. These are not minor issues the Defendants “missed” in good faith and moved to correct quickly. Rather, over half of the interrogatory responses are incomplete and the RFP responses are fundamentally flawed and incomplete.

Confoundingly, while they admit their violations, at no point have the Defendants offered any legitimate excuse for them. Indeed, even the admission is odd; what do the Defendants mean when they say they will supplement “as additional information is provided”? It appears this is the Defendants’ attorneys advising the Court they intend to supplement if their clients, the Defendants, provide additional information. Of course they will; but it is not the attorneys’ conduct that is under scrutiny, it is their clients’ conduct. The question is not whether the

Defendants' attorneys will supplement if they receive more information, the question is why have the Defendants not provided that information yet? What is it about the Court's written Order that seems optional to Defendants? What is it about the Federal Rules of Procedure that seems inapplicable to them?

Whatever the Defendants' reasons for non-compliance, there can be no question they have been forewarned, numerous times, of the risks associated with perpetuating discovery failures and not abiding the Court's Order. During the May 5, 2021, status conference the parties and the Court walked through several of the Court Order violations Plaintiffs allege. (Schuster Decl, ¶12, Dkt 100-1, Page ID #1902.) The Court repeatedly indicated the supplemental responses appeared to violate the Court's Order and asked for explanations. (*Id.*) They admitted during the status conference that the *only* documents produced by any Defendant were documents their lawyers were able to receive from the lawyers who handled the *MJC v. Gree* litigation that ended ~6 years ago.⁶ (*Id.*) No person in attendance at the May 5, 2021 status conference could have left with any impression other than that the Defendants were in violation of the Court's Order and that the Court was not happy about it.

In addition to the admonishments on May 5, 2021, the Court Order specifically states sanctions, including default judgment, were possible if the Defendants' conduct persisted, that warning being issued by the Court after it refused Plaintiffs' request for an Order upfront that spelled out what would happen if the Defendants failed to comply with the Order.

Moreover, at a March 30, 2021 status conference, Attorney Ghosn asked the Court if it could "help the Defendants out" by allowing more than 28 days to comply with the Order. (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.) The Court stated that the breadth of the discovery

⁶ Notably, in that case, Gree USA was a nominal party only, based on the pleadings, and it is unknown if they ever produced any documents in that case.

is what led to the 28-day timeframe, the Court having also considered 21 days. (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.) Moreover, the Court stated that it was not likely to be in a “helpful mood” given the Defendants failures, and alerted Defendants that it expected Defendants could comply with the Order if they dedicated sufficient resources. (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.) Nonetheless, the Court advised the Defendants that if they wanted more time they should file a motion or, if they were so willing, gain agreement from the Plaintiffs. (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.) During the status conference, the Court specifically told Defendants’ counsel Josef Ghosn that if the Defendants violated the Court Order, then the Court expected the Plaintiffs would file a motion for sanctions and that the Court’s resulting recommendation may be for default judgment. (Schuster Dec., ¶6, Dkt 100-1, Page ID #1901.)

As such, the Court Order warned the Defendants of the potential for default judgment, and the Defendants were warned again during the March status conference. Each of the Defendants decided not to file a motion seeking more time; the Plaintiffs believe this was avoided because it would have required an explanation. Thereafter, at the May status conference the Court made clear to the Defendants its frustration that Defendants appeared to have violated the Order and the Court again explained the potential consequences if this motion was filed, once again indicating default judgment was on the table. None of these warnings, nor the Court’s written Order, nor the Federal Rules of Civil Procedure, have done anything to bring the Defendants in line.

III. Defendants’ Failures are Willful, in Bad Faith, and Objectively Unreasonable

Given the number of warnings and chances they have been provided, it is truly incredible that now, a full 3 weeks since the May 5th conference, the Defendants have done almost nothing to correct their errors and to come in line with the Order, even at this late date over two months after the Order issued. They provided formal responses to RFPs, but they admit the responses do

not meet the requirements of Rule 34, because the documents produced are not all as “kept in the regular course of business.” (Dkt. #94) (Schuster Dec. ¶14, Dkt 100-1, Page ID #1903.) Moreover, they have still not provided any documents more recent than 2015, nor information on other incidents, insurance erosion, internal communications, and wide range of other issues. In fact, the only new documents produced after May 5th are several dozen pages of duplicative emails between Defendants’ counsel and Pekin, the Avenattis’ homeowner’s insurer.⁷ (Schuster Dec., ¶15, Dkt 100-1, Page ID #1903.)

The bottom line is that months after the Court’s Order the Defendants have not produced anything close to the complete and unequivocal responses to Plaintiff’s interrogatories or RFPs the Court ordered. The evidence indicates that no Defendant has done anything, at any time since discovery was propounded ~9 months ago, to even lift a finger to comply with their discovery obligations, first under the Federal Rules of Civil Procedure, and then even after being Court-ordered to do so. Every document has been retrieved from a public source by Defendants’ attorneys or rustled up from other attorneys in cases gone by and only partially related. As Defendants’ attorneys admit, they have asked their clients for additional responsive materials but have received nothing. (Schuster Dec., ¶9, Dkt 100-1, Page ID #1901-02.) Every indication is that the Defendants, *themselves*, have done nothing in this case to comply but, instead, have acted only to delay, obfuscate, and to prevent the full truth coming to light, just as predicted by Plaintiffs nearly a year ago. At every turn they—or their attorneys—come up with some new roadblock, some new excuse, some new strategy, the most recent being, “Look at all the stuff we produced (in haphazard fashion),” misdirecting the Court from the fact that the documents are not produced

⁷ Even here, these emails were produced without the attachments, yet again, though this error was partially corrected when brought to Defendants’ attention.

in response to the discovery *in this case*, as ordered by *this Court*, and admitting only upon questioning that even that effort was incomplete.

Default judgment is warranted “**when there is a clear record of delay or contumacious conduct ...**” *Williams v. Chicago Bd. of Educ.*, 155 F.3d 853, 857 (7th Cir.1998) (emphasis added). A clearer record of delay could hardly exist than that painted in this case. Default judgment can also be ordered when a discovery failure is characterized by willfulness, bad faith, or fault. Willfulness and bad faith may be inferred through a party’s “pattern of contumacious conduct or dilatory tactics.” *Crown Life Ins. Co. v. Craig*, 995 F.2d 1376, 1383 (7th Cir.1993). “Fault” is established when a party’s discovery conduct demonstrates an objective lack of reasonableness. *Marrocco v. Gen. Motors Corp.*, 966 F.2d 220, 224 (7th Cir.1992) (explaining that fault refers to “the reasonableness of the conduct—or lack thereof—which eventually culminate[s] in the violation.”)

In this case, all of the conduct that can lead to default judgment is on full display. First, “fault” applies beyond fair dispute. The Defendants were ordered by the Court, in bold letters, to provide “**complete and unequivocal**” supplemental responses. They were warned numerous times what could happen if they failed to comply. They were told on May 5th they appeared to be in violation of the Order by Judge Dinsmore. They were asked repeatedly by the Court for an explanation, but offered nothing. And yet, even now, their conduct persists, and their failures are so obvious that, in large part, they are admitted, though never explained.

In addition, the pattern of conduct over nine months is both dilatory and contumacious.⁸ Gree Zhuhai holds itself out as one of the largest, if not *the* largest, appliance manufacturer in the

⁸ The Court has ordered the Plaintiffs not to discuss any of Defendants’ failures in other cases and for that reason only the Plaintiffs shall not mention any such failures, though Plaintiffs believe such conduct is relevant to the issue of willfulness and dilatory conduct.

world. It makes *billions* of dollars of *profits* every year, so certainly has the funds necessary to comply with discovery rules and Court orders. None of the Defendants sought additional time from the Court. In addition, critically, all of the Defendants declined Plaintiffs' offer of more time to comply with the Court's Order on the condition that they detail the efforts they were making to comply. (Schuster Dec., ¶7, Ex. 3, p. 2, Dkt 100-4, Page ID #1910.) ("If your clients need more time, I'm not interested ***unless prior to asking for the extension they can show to us they've been working extremely hard to identify, seek out, and produce everything ordered.***") (emphasis added.)

Moreover, the nature of what has been produced to date evidences the Defendants are purposefully ignoring the Court's Order, because not a single document provided in this case to date was produced by Defendants contemporaneously with this case; it is always their attorneys back-channeling for disinterested clients and attempting to cover for clients that, by every indication, just do not care. Literally not one document exists that Defendants' attorneys can point to and say, "We sent the discovery in this case to our client and they sent us document 'X' as responsive to request 'Y'." Initially they produced nothing; then they produced some emails (but not the attachments thereto) that had numerous bates stamps on them, revealing they were not original but came from other lawsuits; then, after the Court Order, they produced still more documents from another lawsuit, this time a suit only partially relevant to the current case, and which documents Defendants' attorneys received from other U.S. attorneys. At no time have any of the Defendants actually done anything, because they simply do not respect this Court's Orders, the Plaintiffs, or the U.S. judicial system as a whole. Nothing else can explain the conduct, especially given the status conference warnings that have been unmistakably provided by the Court.

The reality is the Defendants' most recent effort was intended to placate the Court by producing reams of documents from a prior, partially related, litigation, which required nothing of the Defendants themselves, and almost nothing from their attorneys other than shuffling papers from other attorneys to Plaintiffs here. Their strategy was revealed at the outset of the May 5th status conference, when they insisted on being heard first and then spent six minutes talking about the *volume* of the documents produced in an attempt to end-run the real issue of whether the productions were “**complete and unequivocal**” responses to the requests made in this case. (Schuster Dec., ¶12, Dkt. 100-1, Page ID #1902; Dkt 72, PageID #1676.) The evidence is overwhelming that their strategy was to deceive the Court that, based on *volume* of productions made, they must have complied with the Order. Had the Court not taken the time to ask the Plaintiffs for examples of shortcomings (the conference lasted 1.5 hours), the Defendants may have succeed. Instead, on basic questioning by the Court three things were obvious: (1) the responses were insufficient and violative of the Court's Order, (2) the Defendants knew or should have known their responses did not comply with the Order, and (3) they nonetheless attempted to convince the Court otherwise at the May 5, 2021 status conference.

This is of particular importance given what came next—Mr. Regan's filing indicating he had unintentionally misrepresented to the Court the nature of the productions made to Plaintiffs. (Dkt 94, PageID #1741.) Plaintiffs do not dispute that Mr. Regan's misrepresentation to the Court was unintentional. However, Plaintiffs contend that his lack of knowledge regarding the searchability of the productions made is strong evidence Defendants' attorneys did not know (as of May 5th) what they had even produced and, therefore, did not know if the Court Order had been satisfied. The reason is simple: how could the attorneys know what they produced but not even know if what they produced was searchable? It is not the misrepresentation about the searchability

of the documents that is important to Plaintiffs, it is that Defendants' attorneys attempted to persuade the Court on May 5th that the productions made complied with the Court's Order when it is clear they had not done sufficient work to even know if that was true or not. The Defendants' attorneys could easily have known the productions were, at best, incomplete had they simply looked at their own index or paid attention when alerted by Plaintiffs' counsel prior to the May 5th status conference to the many failures.

For all of these reasons, the record establishes that each of the Defendants in this case first willfully failed to comply with discovery (both mandatory initial disclosures and propounded written discovery) and then willfully violated this Court's Order; that the Defendants' failures over the preceding nine months have been in bad faith and exhibit "fault"; that there is a clear record of delay and contumacious conduct; that the Defendants were warned on numerous occasions that if their conduct persisted it may result in default judgment being ordered; and that their violations of the Court Order are numerous and ongoing. As such, the Plaintiffs respectfully request the Court enter default judgment against each Defendant on every accusation and cause of action enumerated in the operative Amended Complaint. They further request reasonable attorneys' fees.

IV. Alternative Sanctions Sought

If the Court is unwilling to enter default judgment against the Defendants, the Plaintiffs ask the Court to sanction each Defendant \$1000 / day to the Plaintiffs and the Court for every day each Defendant has been and continues to be in violation of the Court's Order. This sanction was previously requested by the Plaintiffs but the Court declined to issue such a sanction "proactively." (Dkt. #72.) As such, the Defendants are on notice of such a sanction. Moreover, weeks prior to filing this motion, the Plaintiffs advised Defendants that if they did not comply

with the Court's Order the Plaintiffs would see a sanction of \$5000/day, the number representing 1/100,000 of the money Gree admits to having made selling defective dehumidifiers in the United States. (Schuster Dec., ¶10, Ex. 5, p. 4, Dkt 100-6, Page ID #1917.)

Such a sanction may alone not even be enough to compel the Defendants to comply with the Court's Order and their discovery obligations, due to the size of Gree Zhuhai, which claims to make billions of dollars in *profit* each year. As such, the Plaintiffs further request the Court to set a date certain by which time the Defendants must fully come into line or default judgment granted. The Plaintiffs also ask the Court to order the Defendants to pay all reasonable attorneys' fees caused by this motion.

CONCLUSION

For these reasons, the Plaintiffs respectfully request the Court to grant their motion and to order the requested sanctions, along with the reasonable value of attorneys' fees associated in bringing this motion, as well as for such other sanctions as the Court deems appropriate under Rule 37 or within the inherent power of the Court.

Dated May 28, 2021.

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IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION

ANTHONY AVENATTI and)
BARBARA E. AVENATTI)

Plaintiffs,)

v.)

GREE USA, INC., GREE ELECTRIC)
APPLIANCES INC. OF ZHUHAI,)
HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD., MJC)
AMERICA LTD., MJC AMERICA)
HOLDINGS CO., LTD.)

Defendants)

Case No. 2:20-CV-354-JPH-MJD

PLAINTIFFS' REPLY IN SUPPORT OF THEIR MOTION FOR SANCTIONS

Plaintiffs submit the following reply brief for the Court's consideration in support of their Motion for Sanctions (Dkt. 100).

INTRODUCTION

The Defendants' Opposition to Plaintiff's [sic] Motion for Sanctions ("Opposition") (Dkt. 106) makes one argument, that default judgment would be an inappropriate sanction because the Defendants' discovery conduct has been in good faith and there is not a clear record of delay or contumacious conduct. The argument is belied by the record, which depicts a nearly-year-long discovery fiasco caused by Defendants' goal of delaying the case and heaping work on the Plaintiffs, evidenced most clearly now by Defendants' astounding, last-second admissions—made only after a year of games and motions and meetings and conferences with the Court and pleas for professionalism and hoops and hurdles—that, in fact, “after further investigation” the product at

issue in this case was designed, manufactured, and sold by the Defendants, was defective, and was among the millions of dehumidifiers recalled by the Defendants. (Dkt. 106-9, PageID #2140.)

The Defendants chose their litigation strategy in this case, and in plain view they decided to attempt to delay discovery in every possible way, through blatantly contumacious conduct, come what may, and despite warnings aplenty. It has taken hundreds of hours of work and nearly a year, but the penalty for their conduct has come due, and it should be harsh.

ARGUMENT

1. THE DEFENDANTS' LONE ARGUMENT IS BELIED BY THE RECORD.

The Defendants lone argument is that their discovery conduct has been in good faith and, therefore, default judgment is too harsh. In support of this position, they tout their discovery “efforts, [which] include[d], at minimum, serving interrogatory responses, supplemental interrogatory responses, and second supplemental interrogatory responses on behalf of each of the five named Defendants.” (Dkt. 106, PageID #1979.) They literally support their lone argument by taking credit for providing supplemental interrogatory responses that were Court-ordered (the Order itself following motions to compel, meet-and-confers, and multiple conferences with the Court). With a straight face, they boast that “[f]ollowing the Court’s March 17, 2021 Order, Defendants produced over 400,000 pages ... without objection,” as if a record does not exist revealing they did object, forcing motions to compel, and every single objection they made was overruled by the Court. They supplemented “without objection” not by choice but because the Court Order stated unequivocally that making further objections “will result in sanctions.” (Dkt. 72, PageID 1677.)

Defendants then further applaud themselves for providing second supplemental responses that were only made *after* this motion was filed, over a month after the parties attended a May 5th

status conference during which interrogatory responses were discussed for over an hour and Judge Dinsmore indicated multiple times the responses appeared to be clearly incomplete, nearly two months after the due date set for each Defendant to provide “**complete and unequivocal**” responses to Plaintiffs’ discovery, and after Defendants flatly refused during an April 2021 meet-and-confer to further supplement interrogatory responses, dismissing entirely Plaintiffs’ complaints the Court-ordered supplemental responses were incomplete and evasive in numerous respects. (Dkt. 72, PageID #1676.)

The only discovery responses the Defendants voluntarily provided in this case were inadequate Rule 26 disclosures¹ and the initial written discovery responses that included mostly objections, including that all discovery was disproportionate to the case. Even after motions to compel were filed, the Defendants failed to come forward with any evidence at all indicating what efforts they had made in discovery and why the costs and burdens of those efforts were disproportionate to the case. This failure was in keeping with their conduct at every turn, including now: when the time comes to support a position their lawyers take, the support never ends up existing.

It is insincere for the Defendants to now claim their Court-ordered supplemental responses demonstrate “good faith” when they were only made after months of needless delays and costs and inconvenience to the Plaintiffs and after the Court ruled the Defendants’ arguments in contesting the Plaintiffs’ motions to compel were some of the most meritless arguments the Court has ever seen. (Dkt. 72, PageID 1668.) These supplemental responses were not in good faith, they were incomplete and dragged from the Defendants by force, the Defendants refusing to cooperate, ever, even slightly, because that has been the Defendants’ strategy from the start—delay, obfuscate,

¹ Disclosures, in fact, that appear to be identical to initial disclosures previously harshly criticized by another federal court as clearly violative of Rule 26.

prevent the truth coming out, and extract as many pounds of flesh as possible, at every turn, from the Plaintiffs and their attorneys, making it plain for the world to see that it is not worth the effort to try to hold these Defendants accountable.

2. THE DEFENDANTS' FAILURE TO SUBMIT ANY AFFIDAVITS.

The Defendants admit the productions they provided stop in 2015, nothing more recent was produced. As an excuse, their attorneys argue that since issuing the first recall in 2013 “manufacturing and production of recall model dehumidifiers ceased” and “as a logical result, no responsive materials exist for those of Plaintiffs’ [requests] which seek information up to the present day.” (Dkt. 106, PageID #1985.)

Nothing in the record supports the representation that recalled products were not made post-2013, and the fact the recall was expanded multiple times after 2013 is contradictory to that representation. Defendants contend Gree Zhuhai’s second supplemental response to Interrogatory 8 proves that production stopped in 2013, but that response makes no such representation, it says nothing at all about when production stopped. (*See* Dkt. 106-9, PageID #2140.)

More fundamentally, the Defendants’ excuse-making is more of the same, the Defendants’ attorneys back-filling, scrambling, and making any arguments they can, no matter how meritless, to cover for their clients’ failings. This conclusion may be harsh, but it is unmistakable when one considers that not a single Defendant has filed even a single affidavit to contest the accusations in Plaintiffs’ motion or, more simply, to explain for the Court the efforts any Defendant has made to comply with the Court’s Order, just as they failed to provide affidavits on the proportionality factors when faced with the original motions to compel.

It is inconceivable the Defendants, in this precarious position, are working away diligently searching servers, reviewing documents, interviewing employees, etc. to try to come into

compliance but decided not to alert the Court to those efforts. The only plausible explanation for the non-provision of any affidavits or declarations is that Defendants are unable to swear or affirm they have done anything at all; instead, their attorneys are doing their best minimize their failings. This conclusion is consistent with Defendants' failure months ago to accept the life-line Plaintiffs offered to avoid this motion if the Defendants would simply furnish affidavits explaining what each was doing to try to comply with the Court's Order. (*See* Dkt. 101, PageID 1970)(discussing Plaintiffs' offer to the Defendants of additional time to comply with the Court Order if they would come forward with affidavits indicating what efforts each Defendant was making to comply.) Defendants ignored Plaintiffs' invitation and, even now, facing a request for default judgment, not a single Defendant has even attempted to make any factual showing regarding the work done (or being done) to comply with the Court's Order.

Indeed, Plaintiffs' initial briefing challenged the Defendants to come forward with *anything* to demonstrate any Defendant was even involved in the discovery process, and it speaks volumes that challenge has gone without contradiction. (Dkt. 101, PageID 1968) ("Every indication is that the Defendants, *themselves*, have done nothing in this case to comply.)

3. THE SECOND SUPPLEMENTAL INTERROGATORY RESPONSES.

At the May 5th status conference, the Court conveyed its displeasure with the Defendants' apparent failures to comply with the Court's Order, raising the prospect of default judgment for at least the third time. Plaintiffs nonetheless waited almost four weeks to file this motion, during which time none of the Defendants supplemented or reached out to Plaintiffs to assure them second supplemental responses would be coming or to walk back their prior refusal. (Schuster Decl, ¶2.)

After this motion was filed, on the last date for Defendants to respond, some of the Defendants served second supplemental responses.²

The second supplemental responses are incomplete, but they contain admissions that provide further strong evidence that Defendants' discovery conduct over the past year was an intentional effort to delay this matter and force work upon Plaintiffs in bad faith, the exact type of behavior that calls for default judgment as a discovery sanction.

For nearly a year, the Defendants have contested that the dehumidifier at issue was made by Gree, have contested that the product is defective, have contested the product was recalled, and have contested any of them sold it, making these issues central to their defense and, consequently, discovery.³ In fact, the Defendants previously mocked Plaintiffs' identification evidence and represented to this Court that they required the Avenattis to turn over a decade of receipts, bank statements, and credit card ledgers, which the Avenattis dutifully did, in an "attempt to help identify the dehumidifier." (Dkt. 55, PageId #479.) Indeed, they asked the Court to deny Plaintiffs' motion to compel based in part on their contention Plaintiffs' identification evidence was so trivial as to not warrant burdening the Defendants with discovery (*Id.* at 481) ("Plaintiff's [sic] entire product identification points to an embossed 'E' on the side of the unit's control box, which is not a dispositive marker of a product manufactured by Defendants"), and then they filed a motion for summary judgment with Plaintiffs' motions to compel pending!

Now, after a full year of hoops and roadblocks and delay intended to prevent Plaintiffs having information to which they have been entitled all along, after their motion for summary

² Defendants' briefing claims that all 5 Defendants have served second supplemental responses to Interrogatories. In actuality, only the Gree Defendants have served second supplemental responses, MJC has not. (Schuster Decl., ¶5.)

³ Plaintiffs served Requests for Admission on each of these issues on every Defendant in October 2020, and the Requests were all denied. (Schuster Decl., ¶8.) For example, Plaintiffs asked Gree Zhuhai to "[a]dmit that You manufactured the product at issue in this case." Gree Zhuhai responded, "Defendant admits only that it manufactures dehumidifiers." (*Id.* at Ex. 1., Gree Zhuhai Responses to RFAs, p.3.)

judgment was denied, after they have lost two motions to compel, after countless phone calls and meet-and-confers, and after the Court made plain they appeared to be in violation of Court Order, the Gree Defendants admit, nonchalantly, that “[a]fter further investigation, Defendant has confirmed the Subject Product is a recall model and amends its prior response. Defendant does not dispute that the Subject Product was defective when originally sold to a consumer.” (Dkt. 106-9, Page ID #2139) (emphasis added.)

The Plaintiffs respectfully submit the “[a]fter further investigation” statement is a farce. There either was no initial investigation into these issues (despite RFAs served on these exact issues) or, much more likely and even more egregious, Defendants have known from the beginning what they now finally admit “after further investigation.” They intentionally refused to make the admissions owed to Plaintiffs from the outset in an effort to, at least, delay the truth coming out and, at worst, to try to win the case improperly based on a purported lack of product identification evidence, the whole time knowing the product is their own. That the Defendants’ conduct persisted right up until the very last day on which to respond to Plaintiffs’ motion for discovery sanctions is nothing short of astounding, and it certainly reveals, particularly in light of the rest of the record, a blatant, intentional, contumacious, improper, willful, bad faith effort to delay discovery, to delay trial, to delay the truth coming out, and to saddle the Plaintiffs and their attorneys with work and costs.

The Plaintiffs produced discovery six months ago or more, meaning nothing was provided by Plaintiffs recently that led to “further investigation.” Everything the Defendants needed to “investigate” existed from the outset of this case and was in their exclusive control and possession. Indeed, the Defendants’ recent advisements they settled claims by two different insurance companies for hundreds of thousands of dollars each stemming from the same fire is, coupled with

everything else, definitive evidence their “investigation” long ago revealed what they only now finally admit to the Avenattis—that it is their product, that it was recalled, and that it is defective.

The record, replete with these last-second admissions, establishes a “clear record of delay or contumacious conduct,” and also establishes each Defendants’ conduct is characterized by “willfulness, bad faith, or fault,” any one of which warrant default judgment based on black letter Seventh Circuit precedent. *Williams v. Chicago Bd. Of Educ.*, 155 F.3d 853, 857 (7th Cir. 1998); *In re Golant*, 239 F.3d 931, 936 (7th Cir. 2001). *See also* Dkt. 101, Page ID #1956-1958 (discussing the standard for default judgment as a Rule 37 sanction and including numerous citations). The Defendants’ conduct calls for the harshest of sanctions, because it is the stuff of movies and legends, conduct rarely heard of and much less seen, but nonetheless true here.

4. DEFENDANTS’ *MJC v. GREE* DISCUSSION.

The Defendants dedicate multiple pages of briefing to proving that some of the documents produced from the *MJC v. Gree* case are responsive to discovery in this case. (Dkt. 106, Page ID #1983-1985.) This is not in dispute and misses the points, which are: (1) producing only the documents from *MJC v. Gree* is obviously an incomplete effort as pertains to this case, and (2) much of the *MJC v. Gree* discovery is inapplicable to this case and should not have been simply dumped in this case.

Taking the later point first, Defendants state that *after* the May 5, 2021, status conference they served written responses to production requests and performed searches to confirm that among the documents produced were documents actually responsive to Plaintiffs’ requests. (*Id.* at PageID #1984.) However, upon review, the pages identified by Defendants as actually being responsive to Plaintiffs’ requests include a total of ~3,000 pages, though the total documents produced are ~600,000 pages, or .5% of the productions. (Schuster Decl, ¶3.) Even if the 3,000

pages identified include only searches on the documents provided in non-native format, it would represent only 20% of those documents. (Schuster Decl, ¶3.) As such, it is obvious based on the Defendants' attorneys' own purported searches the vast majority of the *MJC v. Gree* productions are not responsive to the specific requests made in this case.

In addition, the *MJC v. Gree* case is only partially related to this case, and it did not involve all of the identical issues involved in this case. The Defendants produce for the Court the complaint in *MJC v. Gree* to demonstrate the cases are related or contain overlap, a fact not disputed. But they fail to produce the discovery requests that the documents produced were responsive to, which requests were almost surely substantially different than the requests in this case. And that is the point: the Defendants made the decision to end-run the actual requests made in this case by simply producing the responses in a different, only-partially-related case, and calling it a day, and then they tried to pass that effort off on this Court as some Herculean effort to comply with this Court's Order in full, when it was neither a Herculean effort nor full compliance with the Court's Order for "**complete and unequivocal**" supplemental responses. To the contrary, it was a first step, and one not followed-up on.

MJC v. Gree did not involve whether a product started a fire, whether that product was made by Gree and was defective in design and, if so, how it got out the door that way and what each Defendant knew when it was sold it. This case does. And while the Defendants have claimed to Plaintiffs, and to this Court during the May 5 status conference, that the discovery produced includes the design drawings for the Recalled Dehumidifiers, if that is true to this date Plaintiffs have not been able to locate them. (Schuster Decl., ¶4.) In fact, weeks ago Plaintiffs called Defendants' attorneys asking where the design drawings are in the productions, as Mr. Regan represented was the case during the May 5 status conference. Mr. Regan stated on the phone that

he “thinks he saw engineering change requests” in the productions and advised he would circle back after he looked into it, but he never did.⁴ (Schuster Decl., ¶4.)

Of note, none of the search terms used in *MJC v. Gree* include design terms such as “design,” “drawing,” “CAD,” “Solid Works,” or “Gantt chart,” or terms related to defects, such as “compressor,” “coils,” “thermal cutoff,” “TCO,” “plastic,” etc., in English or Chinese. The list of Chinese terms at first appears to include ~35 terms, but identical words are repeated numerous times and actually only 11 Chinese words were searched, none involving design issues, despite apparently every relevant employee being Chinese and located in China.⁵ (Schuster Decl., ¶6.) Of course, even if the searches in *MJC v. Gree* did include design terms, that discovery occurred prior to the case’s 2015 resolution, 5-6 years prior to the start of this case, so could not be complete.

Moreover, among the documents produced, none appear to be communications internal to Gree; instead, every communication Plaintiffs have identified thus far includes at least one person from MJC. (Schuster Decl., ¶7.) In other words, what Gree Zhuhai and/or Gree Hong Kong knew and were discussing behind closed doors, outside the purview of MJC or even Gree USA (which was part-owned by MJC), about dehumidifier defects, is to this day unknown. Yet, Gree Zhuhai’s internal communications are among the most important evidence in this case, if not *the* most important evidence, because they would show that Gree knew its dehumidifiers were defective but kept selling them anyway because, as they admitted during a recorded meeting, it would affect the next year’s sales. In fact, they could, and probably do, show even more appalling behavior, otherwise the failure to produce in the face of the Court Order makes little sense.

⁴ Engineering change requests would be only a fraction of the Defendants’ engineering files related to Recalled Dehumidifiers, as nearly every manufacturer in the world, and especially large manufacturers, keep electronic (and often hard copy back-ups) copies of every part drawing for every component included in a product, as well as product planning drawings and a host of other engineering materials that inform experts as to how robustly (or haphazardly) the product was designed and whether the design process met even basic industry standards. (Schuster Decl., ¶3.)

⁵ The 11 Mandarin Chinese words searched were accident, recall, safety, complaint, fire, fire accident, defect, overheating, and dehumidifier. (Schuster Decl., ¶5.)

In summation, instead of responding to the actual discovery propounded in this case, Defendants regurgitated the *MJC v. Gree* documents, and tried to pass off the forwarding of those documents as a legitimate, complete effort to respond “completely and unequivocally” in this case, which is demonstrably untrue.

5. THE DEFENDANTS’ CASE LAW.

The Defendants rely on several cases that do not support their opposition but instead support the sanction of default judgment.

Defendants cite to *U.S. ex re. Abner v Jewish Hospital Health Care Services, Inc.* as holding that a defendant’s partial compliance with a discovery order prevents default judgment being appropriate. (Dkt. 106, PageID #1995.) This is untrue entirely. In *Abner*, the order allegedly violated stated directly that “at least a partial production of the records must be made,” and that is why partial production was relevant in that case. No. 4:05-CV-106-RLY-WGH, 2010 WL 723409, at *1 (S.D. Ind. Mar. 2, 2010). In this case, the Court Order required the Defendants to provide “**complete and unequivocal**” supplemental responses, not “partial production.” (Dkt. 72, PageID #1676.)

Defendants cite *Roland v. Salem Cont. Carriers, Inc.* as supportive, but in that case the Seventh Circuit upheld dismissal on the following facts:

When the defendants objected to these answers in an addendum to their second motion to dismiss, the plaintiffs did not respond. The court then, in an order dated January 15, 1986, specifically found the answers to be inadequate, ordered the plaintiffs to submit complete responses and indicated that attorney's fees would be awarded. The plaintiffs did not comply with the January 15 order. ... We agree with the district court and find that the plaintiffs' conduct in this case established a “clear record of delay or contumacious conduct” sufficient to justify dismissal pursuant to Rule 41(b).

811 F.2d 1175, 1179 (7th Cir. 1987) In *Roland*, the Seventh Circuit also concluded, “In light of the plaintiffs' pattern of misconduct, we find that the plaintiffs' noncompliance with the January

15 order at the time they became aware of its existence provides an independent ground for imposing the sanction of dismissal under Rule 37(b).” *Id.* at 1180.

The Defendants also cite *Nat’l Hockey League v. Metro. Hockey Club*, a Supreme Court case that resulted in dismissal as a sanction. In *Nat’l Hockey League*, the court summarized the behavior as follows, all of which is strikingly familiar to this case, the parties in both instances having been provided numerous warnings and admonishments, in the present case both in writing and at multiple status conferences:

After seventeen months where crucial interrogatories remained substantially unanswered despite numerous extensions granted at the eleventh hour and, in many instances, beyond the eleventh hour, and notwithstanding several admonitions by the Court and promises and commitments by the plaintiffs, the Court must and does conclude that the conduct of the plaintiffs demonstrates the callous disregard of responsibilities counsel owe to the Court and to their opponents. The practices of the plaintiffs exemplify flagrant bad faith when after being expressly directed to perform an act by a date certain, *Viz.*, June 14, 1974, they failed to perform and compounded that noncompliance by waiting until five days afterwards before they filed any motions. Moreover, this action was taken in the face of warnings that their failure to provide certain information could result in the imposition of sanctions under Fed.R.Civ.P. 37. If the sanction of dismissal is not warranted by the circumstances of this case, then the Court can envisage no set of facts whereby that sanction should ever be applied.

427 U.S. 639, 640–41, 96 S. Ct. 2778, 2779–80, 49 L. Ed. 2d 747 (1976). In that case, the Supreme Court overturned a federal court of appeals decision holding a district court sanction of dismissal was too harsh, highlighting a point particularly apt here:

If the decision of the Court of Appeals remained undisturbed in this case, it might well be that these respondents would faithfully comply with all future discovery orders entered by the District Court in this case. But other parties to other lawsuits would feel freer than we think Rule 37 contemplates they should feel to flout other discovery orders of other district courts. Under the circumstances of this case, we hold that the District Judge did not abuse his discretion in finding bad faith on the part of these respondents, and concluding that the extreme sanction of dismissal was appropriate in this case by reason of respondents’ “flagrant bad faith” and their counsel’s “callous disregard” of their responsibilities.

Id. at 643. Defendants here should be given no occasion to “feel freer than [] they should feel to flout other discovery orders” by getting away with all they have here and emboldening them to try to do so again as they continue to deal with the consequences of causing thousands of fires throughout the United States.

The Defendants also try to contrast their failings in this case with those at issue in *Crown Life*, but *Crown Life* supports the Plaintiffs’ request for default judgment entirely. The Defendants’ failings here are not the type of “inadvertent, isolated, no worse than careless, and not a cause of serious inconvenience either to the adverse party or to the judge” failures *Crown Life* indicated would be inappropriate for default judgment as a Rule 37 sanction. 995 F.2d 1376, 1382 (7th Cir. 1993). To the contrary, here the conduct is ongoing, deliberate, contumacious, willful, and performed in bad faith to delay the case and burden the Plaintiffs. It is the *exact* type, quantity, and duration of bad behavior that warrants default judgment as a sanction.

6. REMAINING ISSUES.

The Defendants’ Opposition contains several other problems. First, Defendants represent that all five Defendants have served second supplemental interrogatory responses. This is untrue; neither MJC Defendant has done so. Relatedly, the Defendants’ Opposition does not respond to the shortcomings with the MJC Court-ordered supplemental interrogatory responses enumerated in Plaintiffs’ briefing. (Dkt. 101, Page ID 1959-60.) Through their failure to even respond, MJC concedes Plaintiffs’ arguments. *Ennin v. CNH Indus. Am., LLC*, 878 F.3d 590, 596 (7th Cir. 2017) (finding that it is “the very essence of waiver” to choose not to present evidence when given the opportunity); *Hardy v. City Optical Inc.*, 39 F.3d 765, 771 (7th Cir. 1994) (“In an adversary system, in which by its nature judges are heavily dependent on the lawyers to establish the facts upon which [a] decision will be based, the failure to reply to an adversary’s point can have serious

consequences.”) *See also Baker v. McCorkle*, 2017 WL 2443287, at *2 (S.D.Ind., 2017); *United States v. Turcotte*, 405 F.3d 515, 536 (7th Cir. 2005) (“unsupported and undeveloped arguments are waived.”)

Second, while the three Gree Defendants did serve second supplemental interrogatory responses after this motion was filed, they are incomplete and, in parts, evasive. For example, none of the Defendants indicate the amount to which any applicable policy of insurance has been eroded.⁶ As another example, the Defendants now admit the dehumidifier has been identified as a recalled unit, but they still fail to identify the model, the brand, or even the retailer of the product, perhaps to shield a retailer from whom Plaintiffs could collect a judgment. Gree Hong Kong was asked simply what its business is, and it has failed to explain. It was asked whether it purchases dehumidifiers from Green Zhuhai at arms-length, and it continues to fail to answer. It was asked if Gree Zhuhai funds Gree Hong Kong and vaguely responds that Gree Hong Kong is “financially dependent” on Gree Zhuhai. Many vendors are “financially dependent” on Walmart or Amazon, but they sell them goods at arms-length. This is but a small sampling of how the interrogatories remain, to this day, violative of the Court’s March Order. The supplemental RFP responses are incomplete (on Defendants’ own admissions), because nothing post-2015 was produced and for the further reasons discussed above.

Next, Defendants’ brief makes several factual contentions that are not in the record and are not supported by affidavit and, therefore, are unsubstantiated, including: (1) that the documents produced in *MJC v. Gree* were obtained utilizing certain search terms and that counsel “worked

⁶ This is no small issue, because Plaintiffs fear that having navigated the maze of obstacles erected by Defendants to delay the case, the Defendants next tactic will be to attempt to not pay a judgment. This fear is substantiated by Defendants’ refusal to reveal policy limit erosion, vague responses indicating Gree North America (which bears signage at its physical location with Gree’s logo) is not “affiliated” with Gree Zhuhai and that Gree Zhuhai “never registered a company named Gree North America,” whatever “register[ing] even means, and claim Gree USA has no money or business.

with prior counsel in the *MJC v. Gree* litigation to determine the source of the document collection” (Dkt. 106, PageID #1983), (2) that the “Defendants performed numerous searches [of the ESI productions] for responsive materials to Plaintiffs’ [RFPS]”⁷ (*Id.* at 1984), (3) that “Defendants are attempting to identify additional responsive materials to these requests but, to date, have been unable to do so.” (*Id.* at 1985), (4) that “Obtaining the requested information from various sources exhausted extensive resources and time,” (*Id.* at 1986), and that (5) “Plaintiffs continue to make good faith efforts to produce any additional identified materials, or provide further information as required.” (*Id.* at 1995.)

None of these factual representations is supported by any affidavit or other admissible evidence, they are mere statements by counsel. Therefore, they should not be considered by the Court. *See, e.g., U.S. v. Harris*, 230 F.3d 1054, 1057(7th Cir. 2000), citing *United States v. Fetlow*, 21 F.3d 243, 248 (8th Cir. 1994) (holding that statements of counsel are not evidence); *Bicknell v. Stanley*, 118 B.R. 652, 656-657 (S.D. Ind. 1990) (court would not consider unsworn statements of counsel contained in summary judgment brief); *Weeks v. Samsung Heavy Industries, Ltd.*, No. 93 C 4899, 1996 WL 388356 at *2 (N.D. Ill, July 9, 1996) (Plaintiff’s counsel could not couch their own speculative beliefs in language usually reserved for statements of fact).

Finally, while the Defendants’ Opposition disputes their conduct rises to the level of default judgment, they make no argument against Plaintiffs’ alternative request, that each Defendant be sanctioned \$1000/day to both the Court and the Plaintiffs for each day they have been and continue to be in violation of the Court’s Order. They do not dispute the contention in Plaintiffs’ briefing

⁷ It is noteworthy that, by their own argument, Defendants’ counsel performed these purported searches of the produced documents *after* the May 5, 2021 status conference, at which conference Mr. Regan made numerous representations to the Court about what was in the productions and its allegedly responsive nature. At the same conference, Mr. Regan also criticized Plaintiffs for not having searched the productions prior to the conference, something it is now revealed he had not done and which was, in fact, impossible, as wide swathes of the produced documents were not searchable.

that Gree Zhuhai earns billions of dollars per year in profit, nor the Plaintiffs' argument that \$1000/day sanction may be trivial to these Defendants. As such, if the Court does not grant the Plaintiffs' request for default judgment, it should implement at least those alternative sanctions the Plaintiffs requested, as well as attorneys' fees and other sanctions the Court deems appropriate.

CONCLUSION

The Defendants' conduct in discovery is a well-documented, ongoing litany of intentional, nefarious, contumacious, bad faith acts aimed at delaying this case, preventing the truth coming out, and extracting a penance for the Plaintiffs' audacity to even try hold Defendants accountable for burning their house down. Their acts have stretched out over nearly a year and have been admonished repeatedly, in unmistakable terms.

Defendants first failed to make proper initial disclosures, even after been called out on it, in writing, by Plaintiffs. Next, they stood on objections and refused to substantively respond to nearly any propounded discovery, claiming it disproportionate to the case. When motions to compel were filed, no Defendant came forward with any evidence relevant to a proportionality argument—none. When Court-ordered to produce “**complete and unequivocal**” supplemental responses, they failed to do so, failures that remain ongoing. They never filed any motion for additional time, and they refused the Plaintiffs' offered lifeline to provide more time if they would just provide affidavits proving any effort was being made. The Court told the Defendants during both the April and May 2021 status conferences, in unmistakably clear and direct language, that failures to comply with the Order could result in default judgment. Moreover, the Court told the Defendants during the May conference that they appeared to be in violation of the Order in numerous ways. The Defendants misrepresented to the Court the nature of the electronic documents provided, and to this day admit their productions are incomplete, without explanation

or any attempt at justification. They flatly refused to supplement obviously insufficient, evasive, incomplete Court-ordered interrogatory responses until after this motion was filed, and even then only three of the five Defendants supplemented.

With that backdrop, in response to this motion and its serious sanction request, no Defendant has come forward with any evidence that it has done *anything*, at any time, to meet its discovery obligations in *this* case or to comply with the Court's Order. Not a single declaration was submitted on behalf of any Defendant explaining to the Court what efforts were made (or are being made) to comply with the Order, why they remain in non-compliance, or what they are doing to correct their ongoing violation of a federal court order. Instead, their lawyers argue only that the Defendants have participated in good faith in discovery, lauding responses that should have been provided 7-8 months ago but which remain incomplete and were provided only after forcing the Plaintiffs to expend the money and time necessary to beat back the barriers the Defendants intentionally created to prevent the Plaintiffs receiving that to which they have always been entitled. Indeed, only now, literally on the last day to respond to Plaintiffs' motion, the Defendants now tacitly concede the whole thing has been a game to heap work and costs on the Plaintiffs and their attorneys by admitting the product at issue was made by Gree, is a recalled dehumidifier, and is defective.

There is a clear record of both delay and contumacious conduct in this case by each Defendant. In fact, a clearer record could hardly be drawn up. Moreover, their conduct has been willful, in bad faith, and their conduct demonstrates an objective lack of reasonableness. The Defendants have flaunted the Federal Rules, the Court, and the Plaintiffs for nearly a year, and for their conduct the sanction should be default judgment, as specifically endorsed by Rule 37, the Seventh Circuit, and the U.S. Supreme Court.

The Plaintiffs respectfully ask the Court to grant their motion and enter default judgment on each claim against each Defendant.

Dated June 17, 2021

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION

ANTHONY AVENATTI, et al.,)	
)	
Plaintiffs,)	
)	
v.)	No. 2:20-cv-00354-JPH-MJD
)	
GREE USA, INC., et al.,)	
)	
Defendants.)	

REPORT AND RECOMMENDATION REGARDING MOTION FOR SANCTIONS

This matter is before the Court on Plaintiffs' Motion for Sanctions Against All Defendants [[Dkt. 100](#)]. On June 8, 2021, District Judge James Patrick Hanlon designated the undersigned Magistrate Judge to issue a report and recommendation regarding the disposition of the motion pursuant to [28 U.S.C. § 636\(b\)\(1\)\(B\)](#). [[Dkt. 104](#).] For the reasons set forth below, the Magistrate Judge recommends that Plaintiffs' motion be **GRANTED**.

I. Background

Plaintiffs allege in their Amended Complaint [[Dkt. 19](#)] that their home was destroyed by a fire that was caused by a dehumidifier that, on information and belief, was designed, manufactured, and sold by Defendants.¹ In 2013 and 2016, Defendants announced a series of recalls of certain dehumidifiers based on fire and burn hazards. Plaintiffs allege that Defendants

¹ Unless the identity of a particular Defendant is relevant to the issues before the Court at this time, the Court will use "Defendants" to refer generally to some or all of the Defendants in this case.

"each were aware of serious, life-threatening defects with the Recalled Dehumidifiers" but nonetheless "failed to ask retailers to issue a 'stop sale' of the products for several months" and that some of the Defendants intentionally slowed down the recall process. Plaintiffs allege that the dehumidifier that caused their fire was one of the dehumidifiers that was subject to the recall. Plaintiffs assert claims under the Indiana Product Liability Act, alleging both design and manufacturing defects as well as a failure to warn. They also assert claims for fraud, breach of implied warranty, and violation of the Magnuson-Moss Warranty Act. They seek compensatory and punitive damages, alleging that they

each sustained physical harm, bodily injury, psychological injury, loss of income, loss of services, and sudden, catastrophic damage to property. Among other injuries, Ms. Avenatti sustained a broken ankle and other injuries as a result of the Fire for which she has received ongoing medical care. Her injury is permanent and disabling. Mr. Avenatti has sought medical treatment for his injuries, including but not limited to anxiety and depression.

[\[Dkt. 19 at 7.\]](#)

Plaintiffs served discovery requests on Defendants Gree USA, Inc., ("Gree USA"), Gree Electric Appliances Inc. of Zhuhai ("Gree Electric"), and Hong Kong Gree Electric Appliance Sales, Ltd. ("Gree Hong Kong"), (collectively "Gree") in September and October 2020, to which Gree responded on November 19, 2020. Finding Gree's responses to be deficient, on December 30, 2020, Plaintiffs filed a motion to compel Gree to provide complete responses. [\[Dkt. 49\]](#). On February 9, 2021, Plaintiffs filed a motion to compel against the remaining Defendants, MJC America Ltd. and MJC America Holdings Co., Ltd. (collectively "MJC"), [\[Dkt. 60\]](#), arguing that their discovery responses also were inadequate.

On March 17, 2021, the Court entered an order granting both motions to compel. [\[Dkt. 72\]](#) (hereinafter "the Order"). While the Order was over twenty pages long, it can be

summarized quite succinctly: Defendants wholly failed to avail themselves of the opportunity to meaningfully object to Plaintiffs' discovery requests, choosing instead to make unsupported boilerplate objections and, in the case of MJC, to advance "some of the most stunningly meritless arguments the undersigned has seen in over a decade on the bench." *Id.* at 12. Therefore, the Court found that Defendants had waived all objections, ordered Defendants to provide complete and unequivocal supplemental responses to Plaintiffs' interrogatories and document requests within 28 days of the date of the order (by April 14, 2021), and admonished Defendants that "any failure to comply with this Order will subject Defendants to the full panoply of sanctions available to the Court pursuant to [Federal Rule of Civil Procedure 37\(b\)\(2\)\(A\)](#), up to and including default judgment." *Id.* at 20-21.² Defendants did not file an objection to the Order; nor did they move to extend the April 14, 2021, deadline.

Defendants served supplemental interrogatory responses and produced documents—but provided no formal written response to Plaintiffs' requests for production—on April 15, 2021. On May 5, 2021, the undersigned held a telephonic status and discovery conference to address Plaintiffs' concerns with the incompleteness of Defendants' supplemental discovery responses. It became apparent over the course of the conference that, despite their insistence that they had fulfilled their discovery obligations, Defendants had not even attempted to fully comply with the clear instructions in the Order. Accordingly, the Court authorized Plaintiffs to file the instant motion for sanctions.

² The Order also found that Plaintiffs were entitled to seek a fee award pursuant to [Federal Rule of Civil Procedure 37\(a\)\(5\)\(C\)](#). It appears that the parties have resolved the fee issue among themselves.

II. Applicable Standard

Federal Rule of Civil Procedure 37(b)(2) provides that where, as here, a party fails to obey a discovery order, the court "may issue further just orders" that "may include the following":

- (i) directing that the matters embraced in the order or other designated facts be taken as established for purposes of the action, as the prevailing party claims;
- (ii) prohibiting the disobedient party from supporting or opposing designated claims or defenses, or from introducing designated matters in evidence;
- (iii) striking pleadings in whole or in part;
- (iv) staying further proceedings until the order is obeyed;
- (v) dismissing the action or proceeding in whole or in part;
- (vi) rendering a default judgment against the disobedient party; or
- (vii) treating as contempt of court the failure to obey any order except an order to submit to a physical or mental examination.

The rule makes the issuance of sanctions permissive, rather than mandatory, and "[d]istrict courts have broad discretion in supervising discovery, including deciding whether and how to sanction such misconduct, for they are much closer to the management of the case and the host of intangible and equitable factors that may be relevant in exercising such discretion." *Hunt v. DaVita, Inc.*, 680 F.3d 775, 780 (7th Cir. 2012) (citing *Park v. City of Chicago*, 297 F.3d 606, 614 (7th Cir. 2002) (finding no abuse of discretion in choice not to impose sanction for discovery failure); *Melendez v. Illinois Bell Telephone Co.*, 79 F.3d 661, 670-71 (7th Cir. 1996) (finding no abuse of discretion in choice to impose sanction for discovery failure)).

III. Discussion

There is no dispute that Defendants failed to comply with the Order. Defendants' only argument is that their failure to comply was not egregious enough to justify the sanction of default judgment. Defendants are correct that dismissal or default judgment as a sanction pursuant to Rule 37(b)(2) is appropriate only if the court finds that a party's failure to comply

with a discovery order was due to "willfulness, bad faith, or any fault." *Ramirez v. T&H Lemont, Inc.*, 845 F.3d 772, 776 (7th Cir. 2016) (citing *Societe Internationale pour Participations Industrielles et Commerciales, S.A. v. Rogers*, 357 U.S. 197, 212 (1958)). Defendants argue that their actions were neither willful nor in bad faith. Even if this were true, it ignores the fact that the sanction of default may also be appropriate upon a finding of "fault," which in this context "does not require a showing of intent, but presumes that the sanctioned party was guilty of 'extraordinarily poor judgment' or 'gross negligence' rather than mere 'mistake or carelessness.'" *Id.* (citations omitted).

There is simply no way that Defendants' behavior in this case can be characterized as mere mistake or carelessness. In fact, Defendants' approach to their discovery obligations embodies the "clear record of delay or contumacious conduct" that Defendants (incorrectly) argue is required to justify the ultimate sanction. See [[Dkt. 106 at 3](#)] ("Unless there is a clear record of delay or contumacious conduct, or when other less drastic sanctions have proven unavailing, a dismissal or default should not be ordered. *Webber v. Eye Corp.*, 721 F.2d 1067, 1069 (7th Cir. 1983); *Hindmon v. National-Ben Franklin Life Ins. Corp.*, 677 F.2d 617, 620 (7th Cir. 1982)").³ This is most glaringly demonstrated by Defendants' continued insistence that they

³ The Court notes that *Webber*, in which the "clear record of delay or contumacious conduct" language appears, involves a dismissal pursuant to [Federal Rule of Civil Procedure 41\(b\)](#), not a discovery sanction. *Hindmon*, which does involve a discovery sanction, applies the "willfulness, bad faith, or fault" standard. This is not an accident; motions under the two rules are subject to different standards. See *Brown v. Columbia Sussex Corp.*, 664 F.3d 182, 190 (7th Cir. 2011) ("The standards for dismissal under Rules 41(b) and 37(b) overlap, but there are differences between the two. Under Rule 41(b), a case should only be dismissed when there is a clear record of delay or contumacious conduct, or when other less drastic sanctions have proven unavailing. Rule 37, on the other hand, requires a finding of willfulness, bad faith or fault on the part of the defaulting party.") (internal citations and quotation marks omitted)).

have fulfilled their obligations to respond to Plaintiffs' document requests by producing wholesale the documents they produced in prior litigation between the two sets of Defendants, *MJC America, Ltd., et al., v. Gree Electric Appliances, Inc., of Zhuhai, et al.*, 2:13-cv-4264-SJO-CW (C.D. Cal.) (hereinafter "*MJC v. Gree*").

Plaintiffs assert in their opening brief that

[n]one of the 5 Defendants has produced a single document that has come in response to *this* litigation. That is, each of the documents were either pulled from public records or websites by Defendants' attorneys or were received from attorneys who represented Gree in the *MJC v. Gree* matter. There is nothing in the record to indicate any of the Defendants have made any present-day effort to respond to it, either before or after the Court Order was entered in March 2021.

[[Dkt. 101 at 8.](#)] That Defendants do not deny this damning assertion in their response brief is telling. Instead, as to MJC, Defendants state that "MJC currently has one employee, does not generate profit or make or distribute products, and had no subsequent involvement, other than forwarding claims, with the Gree Defendants. MJC has no documents in its possession or control, other than what has already been produced here: the documents from the *MJC v. Gree* litigation." [[Dkt. 106 at 2.](#)] Given that fact, it is difficult to understand MJC's initial (boilerplate) undue burden and proportionality objection. Since well before this case was filed, MJC has had in its possession or control a delineated set of documents—those from *MJC v. Gree*—that it argues are "directly relevant" to this case. [[Dkt. 106 at 4.](#)] MJC does not even attempt to explain why it took over six months and a court order for it to produce those documents.

With regard to Gree, Defendants do not claim that Gree has no responsive documents beyond the *MJC v. Gree* documents; in fact, they concede, at least implicitly, that there are

additional responsive documents. See [\[Dkt. 106 at 7\]](#) (stating that responsive information after the close of the *MJC v. Gree* case is "greatly limited"). Defendants state:

Defendants provided written responses to Plaintiffs' Requests for Production, searching through both the Gree and MJC productions, identifying specific examples of responsive materials from both productions and listing same. Finally, a significant portion of Plaintiffs' interrogatories and document demands request information beyond 2016, the year the *MJC v. Gree* claim concluded. However, there are no responsive materials or information beyond 2016 related to a majority of these requests because Recalled Models were no longer manufactured after 2013.

[\[Dkt. 106 at 2.\]](#) While Defendants argue that this "demonstrates that Defendants continue to make good faith efforts to comply with the Court's Order, and with Plaintiffs' demands," *id.* at 3, in fact it does the opposite. What have Defendants done with regard to those requests for which there are post-2016 responsive documents? What have Defendants done to search for any pre-2016 responsive documents that were not included in the *MJC v. Gree* document production?⁴ If any such efforts are now being undertaken, why were they not undertaken earlier? Other than the vague claim that "Defendants are attempting to identify additional responsive materials to these requests but, to date, have been unable to do so," [\[Dkt. 106 at 7\]](#), the Court has searched Defendants' response brief in vain for the answers to these questions.

Defendants' arguments with regard to their interrogatory responses fare no better. Defendants spend much of their response brief attempting to demonstrate that Gree's second supplemental interrogatory responses demonstrate their good faith efforts to respond to discovery. However, Gree's second supplemental responses were not served until June 11, 2021,

⁴ Defendants do not, and, of course, cannot in good faith, argue that there is perfect overlap between the documents produced in that case and the documents that are responsive to the requests in this case.

in conjunction with Defendants' response to the instant motion. While the second supplemental responses do appear to be an improvement over the prior responses, they are still not the complete and unequivocal responses ordered by the Court months ago. *See* [\[Dkt. 108 at 14\]](#) (Plaintiffs providing "a small sampling of how the interrogatories remain, to this day, violative of the Court's March Order"). Had Defendants provided these responses in April, their assertion that they had made a good faith effort to comply with the Order may well have carried the day and avoided sanctions. Putting forth that effort months later, and only in the face of a motion for sanctions, does not demonstrate good faith; rather, it suggests a desperate attempt to avoid the writing on the wall.

Defendants refused for months to take their discovery obligations seriously in this case. They still have not fully complied with the Order and have offered no explanation for why they have failed to do so. They also provide no explanation for why they failed to provide the information contained in their second supplemental responses back in April, rather than months later in response to the instant motion. *See* [\[Dkt. 108 at 4\]](#) (noting, correctly, that "not a single Defendant has filed even a single affidavit to contest the accusations in Plaintiffs' motion or, more simply, to explain for the Court the efforts any Defendant has made to comply with the Court's Order, just as they failed to provide affidavits on the proportionality factors when faced with the original motions to compel"). Indeed, the newly-provided information in the second supplemental responses includes the fact that "[a]fter further investigation, Defendant has confirmed the Subject Product is a recall model and amends its prior response. Defendant does not dispute that the Subject Product was defective when originally sold to a consumer," [\[Dkt. 106-9 at 3\]](#), a key admission that fundamentally changes the scope of Plaintiffs' burden in this

case. If there is a reason why Defendants could not reasonably have been expected to make this admission months ago, they have failed to apprise the Court of that reason.

There is no question that Defendants' behavior satisfies the definition of "fault" set out in *Ramirez*, 845 F.3d at 776; Defendants are unquestionably "guilty of 'extraordinarily poor judgment' or 'gross negligence' rather than mere 'mistake or carelessness.'" Indeed, in light of the untenable positions taken by Defendants and their utter failure to provide any explanation for their dilatoriness, the Court is left with the firm conviction that Defendants' failure to comply with the Order was willful. Defendants were duly warned that the failure to fully comply with the Order would result in sanctions, up to and including default, and the Court finds that the sanction of default judgment is appropriate at this time.

IV. Conclusion

For the reasons set forth above, the Magistrate Judge **RECOMMENDS** that Plaintiffs' motion for sanctions [[Dkt. 100](#)] be **GRANTED** and the sanction of default judgment be imposed on Defendants. If this recommendation is adopted, Plaintiffs will also be entitled to an award of fees for the filing of their motion for sanctions. In that event, Plaintiffs shall file a motion for fees no later than **14 days from the date this Order is adopted**.

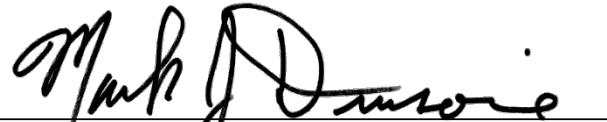
In addition, while "[a] default judgment establishes, as a matter of law, that defendants are liable to plaintiff on each cause of action alleged in the complaint[,] . . . the allegations in the complaint with respect to the amount of the damages are not deemed true. The district court must instead conduct an inquiry in order to ascertain the amount of damages with reasonable certainty." *e360 Insight v. The Spamhaus Project*, 500 F.3d 594, 602 (7th Cir. 2007) (citation and internal quotation marks omitted). "Under the law of this circuit, judgment by default may not be entered without a hearing on damages unless the amount claimed is liquidated

or capable of ascertainment from definite figures contained in the documentary evidence or in detailed affidavits." *Id.* (citations and internal quotation marks omitted). Accordingly, if this recommendation is adopted, no later than **21 days from the date this Order is adopted**, the parties shall confer and file a proposed plan for how the issue of damages will be resolved and a proposed schedule for completing any necessary discovery and other work necessary to bring this case to a close.

Any objections to the Magistrate Judge's Report and Recommendation shall be filed with the Clerk in accordance with [28 U.S.C. § 636\(b\)\(1\)](#) and [Fed. R. Civ. P. 72\(b\)](#), and failure to timely file objections within fourteen days after service shall constitute a waiver of subsequent review absent a showing of good cause for such failure.

SO ORDERED.

Dated: 26 JUL 2021

A handwritten signature in black ink, appearing to read "Mark J. Dinsmore", written over a horizontal line.

Mark J. Dinsmore
United States Magistrate Judge
Southern District of Indiana

Distribution:

Service will be made electronically on all ECF-registered counsel of record via email generated by the Court's ECF system.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION

ANTHONY AVENATTI and)
BARBARA E. AVENATTI)

Plaintiff,)

v.)

GREE USA, INC., GREE ELECTRIC)
APPLIANCES INC. OF ZHUHAI,)
HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD., MJC)
AMERICA LTD., MJC AMERICA)
HOLDINGS CO., LTD.)

Defendants)

Case No. 2:20-CV-354-JPH-MJD

DEFENDANTS’ OPPOSITION TO PLAINTIFF’S MOTION FOR SANCTIONS

Defendants, Gree USA, Inc., Gree Electric Appliances Inc. of Zhuhai, Hong Kong Gree Electric Appliance Sales, Ltd., MJC America LTD, and MJC America Holdings Co. Ltd. hereby submit their opposition to Plaintiffs’ Motion for sanctions pursuant to Federal Rule 37.

INTRODUCTION

Defendants’ discovery responses do not rise to the level of “willful or contumacious” failures of discovery required to impose the requested sanctions. To the contrary, Defendants’ responses demonstrate good faith efforts to comply with broad demands and this Court’s Order. Defendants’ efforts include, at minimum, serving interrogatory responses, supplemental interrogatory responses, and second supplemental interrogatory responses on behalf of each of the five named Defendants. The interrogatory responses addressed Plaintiffs’ claimed deficiencies including: detailing ownership interest and relationship between Defendants, knowledge of recall

issues, available claim information from other claims involving similar products, financial information related to each entity, and additional information.

Defendants also produced documents and materials from a directly relevant claim, *MJC v. Gree* (United States District Court, Central District of California, Western Division, Case No. 13-cv-04264) (the “*MJC v. Gree*” case) involving extensive discovery, that centered around the same product, and same-issue at present here: the recall of dehumidifier models manufactured, sold, and distributed by Defendants. That litigation centered on the very same recall of dehumidifiers at issue here. Plaintiffs admit these documents, comprising over 400,000 pages, are relevant and even demand them in their discovery requests.

After producing these materials, Defendants corrected a technical error and provided an “overlay” of metadata to a range of documents produced by Gree in the *MJC v. Gree* litigation. As a result, almost the entirety of the documents produced on behalf of the Gree Defendants were fully searchable. MJC and Gree USA ended their joint venture in 2017, after which MJC ceased day-to-day operations. MJC currently has one employee, does not generate profit or make or distribute products, and had no subsequent involvement, other than forwarding claims, with the Gree Defendants. MJC has no documents in its possession or control, other than what has already been produced here: the documents from the *MJC v. Gree* litigation.

In addition, Defendants provided written responses to Plaintiffs’ Requests for Production, searching through both the Gree and MJC productions, identifying specific examples of responsive materials from both productions and listing same. Finally, a significant portion of Plaintiffs’ interrogatories and document demands request information beyond 2016, the year the *MJC v. Gree* claim concluded. However, there are no responsive materials or information beyond 2016 related to a majority of these requests because Recalled Models were no longer manufactured after 2013.

The evidence demonstrates that Defendants continue to make good faith efforts to comply with the Court's Order, and with Plaintiffs' demands. As a result, their conduct is not "willful or contumacious", and the harsh and severe sanction of default judgment is not warranted.

STANDARD OF REVIEW

A Rule 37(b) dismissal requires *both* a failure to comply with a discovery order *and* a showing of willfulness, bad faith, or fault. *Roland v. Salem Contract Carriers, Inc.*, 811 F.2d 1175, 1179 (7th Cir.1987) (emphasis added); *National Hockey League v. Metropolitan Hockey Club, Inc.*, 427 U.S. 639, 640, 96 S.Ct. 2778, 2779, 49 L.Ed.2d 747 (1976). Unless there is a clear record of delay or contumacious conduct, or when other less drastic sanctions have proven unavailing, a dismissal or default should not be ordered. *Webber v. Eye Corp.*, 721 F.2d 1067, 1069 (7th Cir.1983); *Hindmon v. National-Ben Franklin Life Ins. Corp.*, 677 F.2d 617, 620 (7th Cir.1982).

A sanction under Federal Rule 37(b) should be proportionate to the circumstances surrounding the failure to comply with discovery. *Crown Life*, 995 F.2d at 1382; *see* Federal Rule 37(b) (award such sanctions "as are just"). It should reflect the culpability of the delaying party and seek to prevent prejudice to the other party. *Wilson v. Volkswagon of America, Inc.*, 561 F.2d 494, 504 (4th Cir.1977); *see Tamari v. Bache & Co. (Lebanon)*, 729 F.2d 469, 473 (7th Cir.1984). A Rule 37(b)(2) dismissal requires a showing of willfulness, bad faith or fault on the part of the noncomplying party. (per curiam); *Societe Internationale v. Rogers*, 357 U.S. 197, 212, 78 S.Ct. 1087, 1095, 2 L.Ed.2d 1255 (1958);

RELEVANT FACTS

A. The Issues in the *MJC v. Gree* Litigation are Directly Relevant to the Instant Case

Plaintiffs' allege that they purchased a recalled defective dehumidifier designed, manufactured, sold by Defendants. They allege the dehumidifier was a recalled model and caused a fire. Plaintiffs allege Defendants "were aware" of the defects prior to selling it to Plaintiffs. (Complaint, ¶ 26). Plaintiffs allege that Defendants attempted to "cover-up" defects in communications with the CPSC (Complaint, ¶ 27). They allege the use of non-fire retardant plastics contributed to ignition (Complaint, ¶ 37, 38).

In the *MJC v. Gree* litigation, the case revolved around the very same recall of dehumidifiers. (See *MJC v. Gree* Complaint, Exhibit "A"). The *MJC v. Gree* Complaint alleges that, in July 2012, Defendants became aware of consumer complaints regarding overheating dehumidifiers. The *MJC v. Gree* case contained the same allegations that the dehumidifiers would overheat and catch fire. It also centered on Defendants' response and investigation into the allegations of defective dehumidifiers, its communications with the Consumer Product Safety Commission ("CPSC"), internal and third-party testing, design changes, and even the same allegations of purported "fraud", alleging Defendants were aware of the alleged defects at the time they were sold. Moreover, Plaintiffs tacitly admit the *MJC v. Gree* documents are responsive and relevant by demanding them in the multiple Requests across various demands. (See Plaintiff Request for Production ("RFP") # 20 to Gree Hong Kong; RFP # 28 to Gree Zhuhai; RFP # 10 to MJC America; and RFP # 10 to MJC Holding)).

B. Defendants Determined the Source of the MJC v. Gree Production Materials

Following the Court's March 17, 2021 Order (Dkt. 72), Defendants produced over 400,000 pages of responsive documents, related to a single dehumidifier, without objection. In procuring the documents for production, Defendants worked with prior counsel in the *MJC v. Gree* litigation to determine the source of the document collection, and the parameters utilized to collect the materials.

The documents produced in *MJC v. Gree* were obtained utilizing, at minimum, the below search terms through Defendants servers. The search terms were comprised of words targeting consumer complaints related to retailers, communications with the CPSC, and purported defects to the dehumidifiers:

Search terms: Airwell, Bjs, Bj's, Calloh, Carrier, Clima, Complaint, Complaints, CPSC, Danby, Defect, Defective, Defects, Dehumidifier, Dehumidifiers, DeLonghi, De'longhi, DeLonghiosa, Depot, Electric, Electrolux, Fedders, Fedder's, Fellini, Fire, Fires, Fleet, Frigidaire, GE, Gemaire, General, Greeusa, Incident, Incidents, Interline, Irp, Kenmore, Keystone, Loh, Lowe's, Lowes, Marshall, Menards, Menard's, Mills, MJC, Norpole, Overheat, Overheated, Overheating, Overheats, Premiere, Recall, Recalled, Recalls, Safety, Seabreeze, Sears, Searshc, Soleus, Soleusair, Sunrise, Super, Superclima, Tradewinds, Tylerscott, USA, Watscho.

(See Defendants' April 15, 2021 letter to Plaintiffs', Exhibit "B", pgs 5-6)

Additional Mandarin language search terms were utilized in collection of the documents to ensure completeness of the production. (Exhibit "B", pages 5-6).

In addition to identifying the search terms utilized in collecting the production data, Defendants identified the custodians whose sources were searched, including the following sources:

Gree Document Custodians: Ellen Adler; Jian Chen; Engineering Exchange Server; Lizzy Gao; Oyang Jun; Larry Lam; Legacy Email; Hekun Li; Rachel Li; Amelia Liang; Yaozing Liang; Pandu Liu; Shayne Mao; Mingzhu Dong; Yu Shen, XiaoHui Tang; Robert Wang; Emma Wu; Yao Gang; Gordon Zhang; and Josie Zhou

MJC Document Custodians: CiCi Cai; Bo Chen; Simon Chu; Gree USA Server; Vicki Hsia; Charley Loh; Jimmy Loh, MJC Client Docs; MJC Client Docs Expert Financials; MJC Financials; John W. Moss; Andrew G. Smith; Tracy Wong

The searches resulted in producing 197,585 documents from all Defendants comprising 628,767 pages of responsive materials.

C. Defendants Verified the Documents Contain Responsive Materials

Following the Court's May 5, 2021 conference, Defendants served written responses to Plaintiffs' Request for Production of Documents. In response to each Request, Defendants conducted numerous searches through the entire production, and prepared written responses confirming responsive materials, which were served on May 13, 2021 (Exhibits C, D, E, F, and G). Defendants then corrected a prior technical error in determining whether the *MJC v. Gree* materials were fully searchable ESI.¹

Defendants written responses detailed the searches performed to identify responsive materials in the noted Non-ESI ranges, listing out specific examples of responsive materials to each Request by Bates numbers. Defendants also separately responded to each Request identifying whether responsive materials were in the ESI Ranges. Defendants performed numerous searches for responsive materials to Plaintiffs five sets of Request for Production. The searches revealed that responsive materials were present to almost every Request for Production served by Plaintiff.

¹ The technical error and Defendants response to same are detailed in its Motion for an Enlargement of Time, Docket 94. Plaintiffs do not dispute that the mistake was unintentional. (See Dkt. 101 Page, 24).

D. Responsive Information after the Close of the *MJC v. Gree* Litigation is Greatly Limited

The recall of Dehumidifiers was initially announced in 2013. It was subsequently expanded to include all models sharing similar designs, and later re-announced to maximize public awareness. (See Gree Second Supplemental Interrogatory Response, Exhibit “I”, Response No. 8). However, since announcing the recall in 2013, manufacturing and production of recall model dehumidifiers ceased. *Id.* As a logical result, no responsive materials exist for those of Plaintiffs’ Requests for Production (and Interrogatories) which seek information up to the present day.

For example, RFP # 11 to Gree Zhuhai seeks information related to what retailers sold dehumidifiers from 2009 – 2018. However, because Gree stopped selling recalled models in 2013, it has no responsive records to this Request after that time. Similarly, RFP # 17 to Gree Zhuhai requests documents relating to any “safety concerns, defects, or problems” with “SoleusAir powered by Gree”² dehumidifiers from 2009 – 2018. These dehumidifiers were also not manufactured after 2013. As a result, no documents exist related to any such investigation from beyond the time frame of the *MJC v. Gree* litigation. Numerous additional examples exist of Plaintiffs requests seeking information related to the recalled dehumidifiers far beyond the time period of the recall, and into the present day. Defendants are attempting to identify additional responsive materials to these requests but, to date, have been unable to do so.

E. Defendants Served Second Supplemental Responses to Interrogatories

In addition to serving Supplemental Responses to Interrogatories, on June 11, 2021, contemporaneously with the within opposition, Defendants served Second Supplemental Responses to Interrogatories. These responses provide further detail and information related to a number of Plaintiffs’ inquiries. For example, the below chart references Plaintiffs’ claimed

² “SoleusAir Powered by Gree” was a brand of dehumidifier manufactured by Defendant Gree Zhuhai

deficiencies, and the Defendants’ second supplemental responses to same. The second supplemental responses provide further detail and information, or otherwise confirm no information exists, and resolves additional concerns. In fact, the Second Supplemental Responses also include a list of dehumidifier claims in Defendants possession.³ This list contains over 800 entries and gathers information requested, where available, including case name, address, date of incident, investigation, and more. Obtaining the requested information from various sources exhausted extensive resources and time, and is directly contrary to any finding of “bad faith”. In fact, the list demonstrates Defendants’ good faith efforts to comply with this Court’s Order.

The below table includes Plaintiff’s objections to the Gree Hong Kong and Gree Zhuhai’s respective responses, and the information provided from the Supplemental and Second Supplemental responses.

Gree Hong Kong Supplemental and Second Supplemental Responses		
ROG #	Plaintiff Objection	Supplemental / Second Supplemental Response
1	“The ROG response in incomplete, because it does not state what is Gree HK’s business, what the company actually does, it merely states that Gree HK is a subsidiary of Gree Zhuhai	<p><u>Gree Hong Kong’s Supplemental Response:</u> states that Gree Hong Kong was a 100% subsidiary of Gree Zhuhai between 2010 to 2019. It also details Gree Hong Kong’s participation in the joint venture to form Gree USA to distribute products to the United States. It then details Gree USA’s transfer to Gree Hong Kong in 2017.</p> <p><u>Gree Hong Kong’s Second Supplemental Response:</u> Details Gree Hong Kong’s role, at the time prior to the recall, when Gree Hong</p>

³ The list referenced in Defendants July 11, 2021 Interrogatory responses was still being finalized as of the filing of this Opposition and should be served on July 14, 2021 or as soon thereafter as practicable.

		Kong's role was purchasing dehumidifiers from Gree Zhuhai and selling them to Gree USA, or directly to United States retailers to be sold to the public.
2	<p>"The ROG is not answered. It specifically asks whether Gree Zhuhai funds Gree Hong Kong and whether Gree Hong Kong buys products from Gree Zhuhai at arms' length, neither of which is responded to.</p>	<p><u>Gree Hong Kong's Supplemental Response:</u> states that Gree Hong Kong was a 100% subsidiary of Gree Zhuhai between 2010 to 2019. It also details Gree Hong Kong's participation in the joint venture to form Gree USA to distribute products to the United States. It then details Gree USA's transfer to Gree Hong Kong in 2017.</p> <p><u>Gree Hong Kong's Second Supplemental Response:</u> Details that Gree Hong Kong was financially dependent on Gree Zhuhai. And purchased dehumidifiers from Gree Zhuhai with normal transactions.</p>
5	<p>Interrogatory No. 5 requests Gree Hong Kong's "gross revenue, gross profit, net revenue, net profit, and value of total assets for each year 2010 – 2020."</p> <p>Plaintiff's Objection:</p> <p>"The response does not answer the question at all and appears to be a cut/paste from some other party's response to some other question"</p>	<p><u>Gree Hong Kong's Supplemental Response:</u> Details that Gree Hong Kong did not keep separate track of this information because it is a wholly owned subsidiary of Gree Zhuhai.</p> <p><u>Gree Hong Kong's Second Supplemental Response:</u> Details that it does not have statements for its gross revenue, gross profit, net revenue, net profit, and value of total assets because they are incorporated and consolidated into Gree Zhuhai's annual statements.</p>

7.	<p>“The ROG requests information about Gree HK employees, and the response admits the employees exist but only that they are “searching for information responsive to this demand”. The response has not been supplemented.</p>	<p><u>Gree Hong Kong’s Supplemental Response:</u> Confirmed it had employees.</p> <p><u>Gree Hong Kong’s Second Supplemental Response:</u> List the only employee in a managerial position during the requested time frame and provides his business address.</p>
9.	<p>“Again, the response is incomplete in the extreme. The ROG asks for the identities of employees for Gree HK who dealt with Gree USA employees for the designated time period, and the response is a copy/paste of an answer indicating only board member names.”</p>	<p><u>Gree Hong Kong’s Supplemental Response:</u> The ROG also requests “the relationship between Gree Hong Kong and Gree USA”; Therefore, the response details the ownership structure and Gree Hong Kong’s involvement in the joint venture to form Gree USA. It also lists a common employee of both Gree USA and Gree Zhuhai (who owned Gree Hong Kong).</p> <p><u>Gree Hong Kong’s Second Supplemental Response:</u> Provides further details regarding Gree USA and Gree Hong Kong’s ownership structure and common employees after 2017. Gree Hong Kong notes that it was not in possession of Gree USA’s employee list prior to 2017 (and therefore unable to determine common employees).</p>
10	<p>“The ROG seeks information about other incidents involving the Model Product and all Similar Products. The response does not provide the requested information, stating only that 2000 incidents occurred prior to 2016, making it incomplete both as to the time and for failing to identify the actual claims, as requested”</p>	<p><u>Gree Hong Kong’s Supplemental Response:</u> Notes that prior to 2016 Gree was aware of more than 2,000 incidents and notes they are located in Defendants document production.</p>

		<p><u>Gree Hong Kong’s Second Supplemental Response</u> Attaches a list of over 800 incidents including the requested data</p>
11	<p>“The ROG asks who has an ownership interest in Gree HK, and the response makes a qualified answer that “at the time of the subject incident”, Gree HK was a wholly owned subsidiary of Gree Zhuhai”</p>	<p><u>Gree Hong Kong’s Supplemental Response:</u> Detailed that Gree was a 100% subsidiary at the time of the incident.</p> <p><u>Gree Hong Kong Second Supplemental Response:</u> Confirmed that Gree Hong Kong is currently a 100% subsidiary of Gree Zhuhai.</p>
12	<p>“The ROG asks Gree HK to identify assets in the USA and to disclose their value. The answer identifies Gree USA but does not state whether there are other assets and does not value the assets identified.”</p>	<p><u>Gree Hong Kong Supplemental Response:</u> Identifies Gree USA as a wholly owned subsidiary.</p> <p><u>Gree Hong Kong Second Supplemental Response:</u> Confirms Gree Hong Kong has no other assets in the United States.</p>

<p>Gree Zhuhai Supplemental and Second Supplemental Responses</p>		
1	<p>“The ROG requests information about policy erosion and limits. The response does not provide any information on erosion and states only that the policy of \$10,000,000 is “upon information and belief”.</p>	
2	<p>“The ROG asks for answers about the control Gree Zhuhai exerts over other entities, and the response does not answer the question, artfully avoiding and, while among other things indicating that from 2012 – 2019 Gree HK was a subsidiary but not describing the current relationship, if any, and not answering at all the question with respect to Gree USA employees”</p>	<p><u>Gree Zhuhai Supplemental Response:</u> Details ownership structure and interests between the Gree and MJC entities from the 2010 through 2019. Notes that Gree USA and Gree Hong Kong do not have offices in mainland China. Notes that Gree Hong Kong,</p>

		despite being 100% subsidiary, maintains its own bank account, office, and autonomy over hiring and firing decisions. It also notes that Gree Zhuhai does not have an employee list for Gree USA from 2010-2017; and notes common employees among the entities.
5	“The ROG asked for an explanation of the coding on Gree Zhuhai dehumidifier compressors, and the response indicates a supplier provides the part and that information on the part is beyond Gree’s control, which is incorrect”	<p>The interrogatory also requests “the identity of the entity that designed and manufactured the compressor”</p> <p><u>Gree Zhuhai Supplemental Response:</u> Identifies all manufacturers of compressors in recalled models and notes that the information on those compressors was provided by the third-parties.</p>
6	“The ROG asks how a Gree dehumidifier can be identified post-fire, and the response denies that is possible, though it is known with respect to this exact case that Gree has, in fact, identified the product or it would not have paid claims resulting from this fire, but it has. The company must disclose how it has identified the product, it should not be allowed to hide this information”	<p><u>Gree Zhuhai Supplemental Response:</u> Detailed that Gree dehumidifiers are not designed for uniqueness and may not be exclusive to Gree, other than the tag on the power cord.</p> <p><u>Gree Zhuhai Second Supplemental Response:</u> Notes that, although the features may not be exclusive, Gree looks for characteristics including an embossed “E” on the power box, the design of the electric box, the shape of the compressor and location of the terminals, and the color and design of the base.</p>

7	<p>“The ROG asks if Gree Zhuhai disputes the product at issue is defective and, if so, why. The response improperly points to the answer to the complaint and states “discovery is ongoing.” The question is aimed at <i>why</i> Gree Zhuhai is denying the product at issue is defective, and the response is evasive and incomplete.”</p>	<p><u>Gree Zhuhai Supplemental Response:</u> Gree Zhuhai refers to answer and general denial.</p> <p><u>Gree Zhuhai Second Supplemental Response:</u> Details how, after further investigation, Gree confirmed the subject product is a recall model and amended the prior response. Details how Gree does not dispute the subject product was defective.</p>
8	<p>“The ROG asks for what effort were made to investigate what model products should be recalled and for details on Gree Zhuhai’s investigation, if any, and the response merely states they conducted “internal investigations,” failing to answer how it was determined what models should be included in the successive recalls.”</p>	<p><u>Gree Zhuhai Supplemental Response:</u> Details that Gree Zhuhai conducted internal investigations and testing after receiving consumer complaints.</p> <p><u>Gree Zhuhai Second Supplemental Response:</u> Details how Gree manufactured dehumidifiers for multiple brand names, how the investigation including retention of experts and attempts to recreate issues of overheating. Details communications with the CPSC and subsequent decision to recall dehumidifiers”</p>
9	<p>“The ROG asks what is the relationship between Gree Zhuhai and Gree North America, and no response is provided, instead pointing to ROG #2, which itself is incomplete and also does not include any information about Gree North America.”</p>	<p><u>Gree Zhuhai Supplemental Response</u> The ROG asks for the relationship between Gree Zhuhai and (a) Hong Kong Gree, (b) Gree North America, and (c) Gree USA. The response refers to the response interrogatory</p>

		<p>number 2 which details the ownership structure between the Gree entities and provides additional details.</p> <p><u>Gree Zhuhai Second Supplemental Response:</u> Confirms that Gree Zhuhai never registered a company named Gree North America and is unaffiliated.</p>
10	<p>The ROG seeks information on other claims involving Gree dehumidifiers. The response does not identify the other claims, instead simply stating there were over 2000 claims prior to 2016, also improperly cutting off the answer, five years ago.”</p>	<p><u>Gree Zhuhai Supplemental Response:</u> Details that there were over 2000 claims by 2016 and notes that claims are identified in the document production.</p> <p><u>Gree Zhuhai Second Supplemental Response</u> Provides a list of over 800 claims with requested information</p>
11	<p>“The ROG seeks statistics on the frequency of Gree dehumidifier failures. The response is unresponsive. It also points to the entire productions made by Defendants, failing to identify any specific document(s).”</p>	<p><u>Gree Zhuhai Supplemental Response:</u> The ROG also requests description of the research and analysis related to the dehumidifier failure. The response details Gree Zhuhai’s retention of a third-party expert to attempt to replicate claims of overheating, and its communications with the CPSC.</p>
12	<p>“The ROG asks for information on profits, and the response does not provide the information requested”</p>	<p><u>Gree Zhuhai Supplemental Response:</u> The response notes that Gree Zhuhai did not separately keep track of the requested statistics related to profits from dehumidifiers, and</p>

		estimates the total sales during the requested time period.
13	The ROG seeks specific descriptions of safety testing conducted on the product at issue and the response merely states that “internal testing on the recalled models” was performed, failing to describe any testing, and leaving unclear whether any product testing occurred prior to the product being sold”	<p><u>Gree Zhuhai Supplemental Response:</u> Notes that Gree conducted internal testing on the recalled models, and retained third-party expert (as noted in other responses)</p> <p><u>Gree Zhuhai Second Supplemental Response:</u> Adds that Gree conducted testing in accordance with UL 474</p>
15	The ROG requests two dates, (1) when Gree China became aware of a potential defect and (2) when it filed a section 15(b) report with the CPSC. The response provides only one date, “July of 2012,” and does not indicate to what date that refers.	<p><u>Gree Zhuhai Supplemental Response:</u> The response July of 2012 refers to the date Gree Zhuhai first received complaints of overheating dehumidifier, as detailed in other responses.</p>

Defendant Gree USA also provided Supplemental Responses and Second Supplemental responses to Plaintiffs’ interrogatories, providing further details and responses to various questions. To the extent possible, Defendants intend to further supplement responses with additional information when identified.

ARGUMENT

DEFENDANTS DEMONSTRATED GOOD FAITH EFFORTS TO COMPLY WITH THE COURT’S ORDER AND WITH DISCOVERY DEMANDS

Following the Court’s Order on Plaintiffs Motions to Compel, Defendants identified over 100,000 directly relevant documents from a related case, confirmed the source of the materials, and provided the information to Plaintiffs. In addition, Defendants prepared written responses performing searches and identifying specific examples of responses materials within the produced

documents. Moreover, Defendants provided both Supplemental Interrogatory responses and Second Supplemental Interrogatory responses, continuing to provide further details and responses to each of Plaintiffs demands.

Plaintiff cites *Williams v. Chicago Bd. of Educ.*, 155 F.3d 853 (7th Cir. 1998) for the rule that default judgment is warranted “when there is a clear record of delay or contumacious conduct...”. However, in *Williams*, Plaintiff’s case was dismissed for lack of prosecution after Plaintiff’s failed to serve the defendants in a timely fashion, disregarded mandatory disclosures, missed deadlines to respond to motions, failed to submit a draft pretrial order and proposed jury instructions, and even neglected to appear in court for the scheduled hearing to submit the pretrial order and jury instructions that should have been finalized by that date. *Id.*

However, default is a serious sanction and is not warranted in every situation. Seventh Circuit decisions frequently instruct that, under Rule 37, similar sanctions are warranted only upon a showing of “willfulness, bad faith, or fault on the part of the sanctioned party.” See *Murry v. Northeast Illinois Regional Commuter Railroad Corp.*, No. 98 C 1734, 2000 WL 263704, at *3 (N.D.Ill. Feb.28, 2000) (“Although failure to comply with discovery procedures bring Rule 37 into play, the reason for the failure is critical in determining which sanctions are appropriate. The most extreme sanctions such as dismissal and default judgment should be imposed only where failure to comply is deliberate and results from bad faith.”); *Sun v. Bd. of Trustees*, 473 F.3d 799, 811 (2007). (“Default judgment should only be used in extreme situations, ... it is a weapon of last resort, appropriate only when a party *willfully* disregards pending litigation”) (Emphasis added); *Wolf Lake Terminals v. Mutual Marine Ins. Co.*, 433 F.Supp.2d 933 (N.D.Ind. 2005) (holding technical error leading to late filing of answer was insufficient grounds for default judgment).

Moreover, Plaintiff cites *Crown Life Ins. Co. v. Craig*, 995 F.2d 1376 (7th Cir. 1993) for the proposition “willfulness” and “bad faith” can be inferred through a party’s conduct. However, as noted in *Crown Life* a sanction must be “proportional to the discovery failure.” “Whether the court is exercising its inherent power or invoking Rule 37, the **sanction** must be **proportional** to the abusive conduct.” *Fannie Mae v. Chi. Title Ins. Co.*, No. 1:11-cv-00768-JMS-MPB, 2019 U.S. Dist. LEXIS 181792, at *11 (S.D. Ind. 2019) (citing *Allen v. Chicago Transit Auth.*, 317 F.3d 696, 703 (7th Cir. 2003) (stating sanction under court's inherent power “should be proportioned to the gravity of the offense”); *Maynard v. Nygren*, 372 F.3d 890, 893 (7th Cir. 2004) (stating for Rule 37 **sanctions**, the punishment should fit the crime)).

To the contrary, here Defendants conduct is neither “willful” nor in “bad faith”. Defendants have produced over 100,000 responsive documents, verified the source of the materials, provided written discovery responses, interrogatory responses, supplemental interrogatory responses, and second supplemental interrogatory responses. In fact, included in those efforts are a list of prior dehumidifier claims in Defendants’ possession, collecting the requested data, where available, for over 800 prior claims. Defendants continue to make good faith efforts to produce any additional identified materials, or provide further information as required. See *U.S.ex re. Abner v. Jewish Hosp. Health Care Services, Inc.*, 2010 WL 723409 (S.D.Ind. 2010) (finding Defendants partial compliance with discovery order insufficient grounds for entry of default judgment); *Driver v. Chatys*, 2018 WL 11197102 (N.D.Ill. 2018) (denying Plaintiff’s motion for default on grounds including Defendants partial responses to discovery); *Rengers v. WCLR Radio Station*, 1983 WL 30294 (N.D.Ill. 1983) (denying motion for default judgment in absence of evidence of bad faith).

Defendants' conduct is not intentional nor is it in bad faith. Defendants have made, and continue to make, substantial efforts to comply with the Court's order. Therefore, the requested sanctions including default judgment, or in the alternative harsh financial sanctions continuing in perpetuity, are not proportional the purported failures and should be denied.

WHEREFORE, Defendants respectfully request that Plaintiffs motion be denied in its entirety, and that an Order be issued directing the parties to proceed on the merits of the case; and for such other and further relief as this Court deems just and proper.

Dated: June 11, 2021

GORDON REES SCULLY MANSUKHANI LLP

By: /s/ James F. Regan

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CONFORM AND RETURN

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America Holdings Co., Inc.
8

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

CV 13-04264 - SJO (ewx)

11 MJC America, Ltd. dba Soleus International
Inc. and MJC America Holdings Co., Inc.,

12 Plaintiffs,

13 vs.

14 Gree Electric Appliances, Inc. of Zhuhai,
15 Hong Kong Gree Electric Appliances Sales
16 Ltd., and Does 1 through 10, inclusive,

17 Defendants.

**PLAINTIFFS' COMPLAINT FOR
DAMAGES FOR:**

1. Breach of Fiduciary Duty
2. Breach of Contract
3. Breach of the Implied Covenant of Good Faith and Fair Dealing
4. Intentional Interference with Prospective Economic Advantage
5. Violation of California Business & Professions Code §§ 17200 *et seq.*

DEMAND FOR JURY TRIAL

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20
21 Plaintiffs MJC America, Ltd. dba Soleus International Inc. ("MJC") and MJC
22 America Holdings Co., Inc. ("MJC America Holdings") allege:

23 **NATURE OF THE ACTION**

24 1. On April 23, 2010, Plaintiff MJC, a privately-held California-based
25 manufacturer, importer, and distributor of home comfort products under the trade name
26 "Soleus Air," and variations thereof, entered into a joint venture agreement with China-based
27 Defendant Gree Electrical Appliance, Inc. of Zhuhai ("Gree China"), one of the largest
28 manufacturers of air conditioners and household appliances in the world. The parties created

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1 the joint venture to promote the sale of Defendant Gree China’s products in the United States
2 by capitalizing on Plaintiff MJC’s well-established marketing, sales, logistical, and after-
3 sales service networks and its significant customer base in the United States, which Plaintiff
4 MJC had worked over a decade to develop.

5 2. Pursuant to the joint venture agreement, Plaintiff MJC transferred its existing
6 customer accounts – which included The Home Depot, Inc., Lowes Companies, Inc.,
7 Menard, Inc., BJ’s Wholesale Club, Inc., and Sears Corp. – to Gree USA, Inc. (“Gree
8 USA”), a corporation formed as part of the joint venture, with 51 percent of its stock owned
9 by Defendant Hong Kong Gree Electrical Appliances Sales Ltd. (“Hong Kong Gree”) and
10 the remaining 49 percent owned by Plaintiff MJC America Holdings Co., Inc. (“MJC
11 America Holdings”). The parties agreed that Gree USA would primarily market and sell
12 products manufactured by Defendant Gree China. With respect to certain of these products,
13 including dehumidifiers, the parties further agreed to use the brand name “SoleusAir
14 Powered By Gree.” The brand name “Gree” would be reserved for higher-end products and
15 specialty products sold by Gree USA.

16 3. The combination of Defendant Gree China’s manufacturing muscle and
17 Plaintiff MJC’s substantial customer base and well-developed marketing, sales, and service
18 networks initially made Gree USA very successful. Indeed, in 2012, Gree USA, which had
19 been formed with an initial capital investment of only \$80,000, sold over 1.2 million units of
20 air conditioners and dehumidifiers, with a sales volume of over \$150 million.

21 4. However, in July 2012, after nearly all of Gree USA’s orders for that year had
22 been fulfilled and it had already negotiated sales contracts for 2013 in excess of \$100
23 million, Plaintiff MJC’s customer service department began to receive complaints that the
24 dehumidifiers manufactured by Defendant Gree China and sold by Gree USA were
25 overheating and catching fire.

26 5. Plaintiff MJC took these complaints seriously and immediately reported them
27 to Defendant Gree China. While Defendant Gree China denied there were any problems, it
28 soon became clear, through numerous independent investigations and tests commissioned by

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1 both Plaintiff MJC and third parties, that the dehumidifiers manufactured by Defendant Gree
2 China were both defectively designed and encased in a non-fire retardant plastic. As a result,
3 in November 2012, Plaintiff MJC informed Defendant Gree China that it would stop selling
4 through Gree USA the defective humidifiers.

5 6. Defendant Gree China continued to deny that the dehumidifiers suffered from
6 any problems despite overwhelming evidence to the contrary. It also attempted to pressure
7 Plaintiff MJC to cover-up the mounting customer complaints of overheating and/or fire
8 associated with the dehumidifiers or, at minimum, delay reporting these complaints to the
9 United States Consumer Product Safety Commission (“CPSC”). Plaintiff MJC informed
10 Defendant Gree China that it was obligated to report these complaints to the CPSC fully and
11 without delay because of, among other reasons, the potential risk of injury or even death to
12 the general public posed by the dehumidifiers at issue.

13 7. In response, Defendants engaged in a campaign to intimidate Plaintiff MJC and
14 to financially destroy both it and Gree USA in contravention of California law and the joint
15 venture agreement by, among other ways, (i) causing Gree USA customers to terminate their
16 accounts with Gree USA and/or transfer them to Defendant Gree China; (ii) ordering
17 Defendant Gree China’s production department to cease manufacturing certain products sold
18 by Gree USA, which has made it impossible for Gree USA to fulfill a significant portion of
19 its confirmed orders for 2013; (iii) demanding that the brand “SoleusAir Powered by Gree”
20 be changed to simply “Gree” with respect to Gree USA’s confirmed orders for 2013; (iv)
21 refusing to reimburse Plaintiff MJC for certain operational and other expenses as required by
22 the joint venture agreement; (v) refusing to perform various other obligations pursuant to the
23 joint venture agreement; and (vi) substantially harming the reputation of both Plaintiff MJC
24 and Gree USA. Defendants’ conduct has damaged Plaintiffs in an amount not less than
25 \$150,000,000 to be established at trial.

26 **PARTIES**

27 8. Plaintiff MJC is and was at all times mentioned herein a California corporation
28 with its principal place of business in California. Founded in 1998 and privately held by

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1 three shareholders, MJC imports, distributes, and manufactures, almost exclusively through
2 Original Equipment Manufacturers (“OEMs”), home comfort products, including but not
3 limited to electric space heaters, fans, and dehumidifiers under the trade name “SoleusAir,”
4 and variations thereof.

5 9. Plaintiff MJC America Holdings is and was at all times mentioned herein a
6 privately held corporation incorporated under the laws of the State of California, having its
7 principal place of business in the State of California. It was formed for the sole purpose of
8 holding a 49 percent ownership interest in Gree USA.

9 10. Plaintiffs are informed and believe, and on that basis allege, that Defendant
10 Gree China is a corporation incorporated under the laws of the People’s Republic Of China,
11 has its principal place of business in, and is managed from, Zhuhai, China, and is listed on
12 the China Stock Exchange. Plaintiffs are further informed and believe, and on that basis
13 allege, that Defendant Gree China, which has over 80,000 employees, including 3,000 in-
14 house engineers, is one of the largest manufacturers of air conditioners and household
15 appliances in the world, with approximately US\$16 billion in sales for 2012. Plaintiffs are
16 also informed and believe, and on that basis allege, that Defendant Gree China’s exports
17 have been entirely exempted from government inspections in China and, at all times
18 mentioned herein, Defendant Gree China was believed to maintain a good reputation in
19 China with respect to the quality of its products.

20 11. Plaintiffs are informed and believe, and on that basis allege, that Defendant
21 Hong Kong Gree is a wholly owned subsidiary of Defendant Gree China and is incorporated
22 under the laws of Hong Kong. Plaintiffs are further informed and believe, and on that basis
23 allege, that Defendant Hong Kong Gree’s primary function is to serve as an export hub for
24 Defendant Gree China and, at all times, operates at the direction and under the control of
25 Defendant Gree China. Almost all of Defendant Gree China’s international trade goes
26 through Defendant Hong Kong Gree, which had sales totaling approximately US\$1 billion in
27 2012.

28 12. Plaintiffs are ignorant of the true names and capacities of the defendants

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1 identified as “Does 1 through 100, inclusive,” and therefore sue them by such fictitious
2 names. Plaintiffs will amend this pleading to allege their true names and capacities when the
3 same are ascertained.

4 13. Plaintiffs are informed and believe, and on that basis allege, that each “Doe”
5 defendant herein is legally responsible in some manner for the acts and omissions and
6 occurrences herein alleged, and proximately caused damage, as herein alleged, to Plaintiffs.
7 Each reference in this complaint to defendant or a specifically named defendant refers also to
8 all defendants sued under fictitious names.

9 14. Plaintiffs are informed and believe, and on that basis allege, that at all times
10 mentioned herein, all defendants herein were the agents, employees, servants, and/or
11 representatives of each of the other defendants, and in doing the things hereafter alleged,
12 were acting within the scope and course of their authority as such agents, employees,
13 servants, and/or representatives, and with the permission and consent of each of the other
14 defendants.

15 **JURISDICTION AND VENUE**

16 15. This Court has jurisdiction of the subject matter of this action by virtue of
17 diversity of citizenship of the sides under 28 U.S.C. Section 1332. The amount in
18 controversy exceeds \$75,000.00, exclusive of interest and costs. The controversy is between
19 citizens of a state (California), on the one hand, and citizens or subjects of foreign states on
20 the other hand.

21 16. Venue is proper in this Court and Judicial District pursuant to 28 U.S.C.
22 Sections 1391(b) and 1391(c)), because Defendants have transacted and continue to transact
23 business in this Judicial District to a degree rendering them subject to personal jurisdiction,
24 and in any case are not residents anywhere else in the United States. In addition, unlawful
25 acts of Defendants have been and are occurring in this District within the jurisdictional limits
26 of this Court.

27 **INTRADISTRICT ASSIGNMENT**

28 17. Pursuant to this Court’s General Orders Nos. 349 and 98-03, this action should

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1 be assigned to the Western Division of the Central District of California, in that all Plaintiffs
2 reside within the geographic limits of the Western Division, and the majority of all claims
3 arose in, or are related to, the Western Division.

4 **UNDERLYING FACTS**

5 **A. The Joint Venture Agreement**

6 18. Prior to the formation of Gree USA pursuant to the joint venture agreement,
7 Defendant Gree China functioned as an OEM for several major brands, including General
8 Electric Co., Whirlpool Corp., and AB Electrolux. For over ten years prior to the formation
9 of Gree USA, Defendant Gree China also functioned as an OEM for Plaintiff MJC.

10 19. During the global financial crisis in 2007, both Defendant Gree China and
11 Plaintiff MJC sustained substantial setbacks with respect to their respective North America
12 sales. As a result, the parties agreed to enter into a joint venture to combine Defendant Gree
13 China’s research and development, and manufacturing capacity with Plaintiff MJC’s well-
14 established marketing, sales, logistics and after-sales service platform in the United States.

15 20. On April 23, 2010, at Zhuhai, China, Defendant Gree China and Plaintiff MJC
16 agreed to and executed a Memorandum of Understanding (a true and correct copy of which
17 is attached hereto as Exhibit A and incorporated herein by reference), which was ratified by
18 the parties conduct and forms the basis of the joint venture agreement (the “Joint Venture
19 Agreement”), pursuant to which the parties agreed, among other things, to the following:

- 20 a. The purpose of the joint venture is to promote the sale of Defendant
- 21 Gree China’s products in the United States;
- 22 b. Formation of Gree USA as the joint venture vehicle, with Defendant
- 23 Hong Kong Gree owning 51 percent of its shares and Plaintiff MJC America Holdings
- 24 owning the remaining 49 percent of its shares;
- 25 c. Defendant Hong Kong Gree will designate three directors and Plaintiff
- 26 MJC will designate two directors to serve on Gree USA’s Board of Directors;
- 27 d. Gree USA’s officers and/or directors will not be compensated by the
- 28 joint venture during Gree USA’s first two years in existence;

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1 e. The joint venture is responsible only for the major costs associated with
2 order fulfillment (Cost of Goods Sold) and reimbursement to Plaintiff MJC for commissions,
3 administrative costs, and after-sales service costs;

4 f. Plaintiff MJC, which has a preexisting business relationship with the
5 majority of the major chain stores in the United States, will transfer its sales accounts to Gree
6 USA;

7 g. Gree USA will be permitted to use both Defendant Gree China's and
8 Plaintiff MJC's trademarks;

9 h. While Gree USA will be permitted to sell Plaintiff MJC's products, it
10 will primarily sell Defendant Gree China's products;

11 i. Defendant Gree China will be responsible for manufacturing and
12 fulfilling sales orders received by Gree USA; and

13 j. Defendant Hong Kong Gree will be responsible for setting reasonable
14 prices for products sold by Gree USA.

15 21. On April 26, 2010, Gree USA was incorporated as a California corporation. It
16 was capitalized with \$80,000.00 in early 2011 and held a grand opening ceremony in City of
17 Industry, California in June 2011.

18 22. Gree USA named only four directors: Ms. Ming Zhu Dong (CEO of Defendant
19 Gree China, and Chairperson of Defendant Hong Kong Gree), Mr. Hou Kong Lam, aka
20 Larry Lam (Vice General Manager of Defendant Hong Kong Gree), Mr. Charley Loh (CEO
21 of Plaintiff MJC), and Mr. Jimmy Loh (CFO of Plaintiff MJC).

22 23. Gree USA held only one meeting of its Board of Directors, on June 19, 2011.
23 The minutes of that meeting (a true and correct copy of which are attached hereto as Exhibit
24 B and incorporated herein by reference) supplement the terms of the Joint Venture
25 Agreement and reflect the parties' understanding and agreement of, among other things, the
26 following:

27 a. To prevent the Gree brand from becoming associated with lower-cost
28 air conditioners in the United States, Gree USA will use the brand and trademark "SoleusAir

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1 Powered By Gree” for products sold to mass merchants, including window air conditioners
2 and dehumidifiers. The “Gree” brand will be used for higher-end products and specialty
3 products.

4 b. Gree China will “fully support” Gree USA by, among other ways, (i)
5 offering the “best prices” on products manufactured by Defendant Gree China and sold by
6 Gree USA; (ii) stopping its solicitation of new United States-based customers and ultimately
7 ceasing to function as an OEM for existing United States-based manufacturers and suppliers
8 other than Gree USA; (iii) foregoing Defendant Gree China’s share of profits from the joint
9 venture for the first three years Gree USA is in existence, which share of profits would
10 instead be retained by Gree USA for purposes of marketing and promotional expenses in the
11 United States; (iv) supporting Gree USA’s sales by stocking its local warehouses with
12 products manufactured by Defendant Gree China; (v) establishing a bonus incentive for Gree
13 USA based on its sales volume; and (vi) prioritizing Defendant Gree China’s development of
14 products suitable for the United States market.

15 24. By the end of 2011, Defendant Hong Kong Gree and Gree USA agreed that
16 Gree USA and Plaintiff MJC would receive between 14.5% to 17% of gross sale price of
17 goods sold by Gree USA. Pursuant to the Joint Venture Agreement, Defendant Hong Kong
18 Gree had sole discretion to determine the sale prices for goods sold by Defendant Gree USA.
19 For each major sale, a distribution sheet setting forth the total percentage of gross margin to
20 Gree USA and to Plaintiff MJC, and a breakdown of current payment (the amount to be paid
21 when payment is received) and deferred payment (the payment amount settled periodically
22 between Gree HK and Gree USA) would be created. Each distribution sheet had to be
23 signed by the officers of Defendant Hong Kong Gree and of Gree USA.

24 25. Pursuant to the Joint Venture Agreement, Gree USA achieved for its
25 shareholders, including Defendant Gree China, sales growth that, on information and belief,
26 no China-based company in the same industry has ever achieved in the United States market.
27 With an initial capital investment of only \$80,000, Gree USA sold, in 2012 (*i.e.*, its first full
28 year of operation), 1.2 million units of air conditioners and dehumidifiers, with a sales

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1 volume exceeding \$150 million. By comparison, on information and belief, in the past 15
2 years, Haier Group, the third largest air conditioner and dehumidifier manufacturer in China,
3 has spent hundreds of millions of dollars in the United States and yet its air conditioner and
4 dehumidifier sales volume in the United States in 2012 was less than one-third of Gree
5 USA's sales volume.

6 26. Pursuant to the Joint Venture Agreement, by the middle of 2012, Plaintiff MJC
7 had transferred to Gree USA all of its major accounts, which included but were not limited to
8 The Home Depot, Inc., Lowes Companies, Inc., Menard, Inc., BJ's Wholesale Club, Inc.,
9 and Sears Corp. All products sold to those major accounts were now marketed under the
10 "SoleusAir Powered By Gree" brands and trademarks. Products sold by Gree USA to major
11 heating, ventilation, and registration distributors in the United States, including RV air
12 conditioners and ductless air conditioners, used the "Gree" brand and trademark.

13 **B. Dehumidifier Quality Issue**

14 27. In July 2012, after nearly all of Gree USA's orders for that year had been
15 fulfilled and it had already negotiated sales contracts for 2013 in excess of \$100 million,
16 Plaintiff MJC's customer service department began to receive complaints that the
17 dehumidifiers manufactured by Defendant Gree China were overheating and catching on
18 fire. The dehumidifiers in question were sold by Plaintiff MJC beginning in 2010 and by
19 Gree USA since late-2011.

20 28. Plaintiff MJC took the complaints seriously and reported them immediately to
21 Defendant Gree China. In addition, Plaintiff MJC requested that Defendant Gree China test
22 the dehumidifiers to determine the cause of the overheating and fires. Plaintiff MJC also
23 informed Defendant Gree China that the CPSC treats appliance fires very seriously and that
24 manufacturers typically recall dehumidifiers after receiving only a few complaints of
25 products having caught on fire.

26 29. On or around August 9, 2012, Plaintiff MJC shipped certain of the
27 dehumidifiers that had reportedly overheated and/or caught fire to Defendant Gree China for
28 further investigation. On or around September 19, 2012, Larry Lam, on behalf of Defendant

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1 Gree China, claimed that Gree USA tested the dehumidifiers at issue and could not duplicate
2 the reported problems. Larry Lam also dismissed a report by an investigator retained by an
3 insurance company that concluded that Defendant Gree China had manufactured the
4 dehumidifiers at issue using non-fire retardant materials. Larry Lam claimed that only a
5 small batch of the dehumidifiers manufactured by Defendant Gree China were constructed
6 with non-fire retardant materials and that many major Chinese appliance manufacturers use
7 the same non-fire retardant materials to construct their products.

8 30. On or around October 10, 2012, Plaintiff MJC requested that Defendant Gree
9 China provide it with a copy of an Underwriters Laboratories (“UL”) report that, according
10 to Defendant Gree China, certified that the dehumidifiers at issue were manufactured using
11 flame-retardant materials in compliance with applicable United States safety standards.
12 Retailers generally require that appliance products obtain this certification before agreeing to
13 sell them. Defendant Gree China refused to provide to Plaintiff MJC the portion of the UL
14 report detailing the materials that Defendant Gree China used to manufacture the sample
15 dehumidifiers it sent to UL for testing. Plaintiff MJC suspected this might be because
16 Defendant Gree China manufactured the sample dehumidifiers sent to UL using high-grade
17 fire-retardant materials, but, as a cost-cutting measure, used lower-grade non-fire retardant
18 materials to manufacture the dehumidifiers that were actually mass produced and sold.
19 Plaintiff MJC’s suspicion was well-founded, as independent testing ultimately demonstrated
20 that the dehumidifiers mass produced by Defendant Gree China were indeed defective.

21 31. On or around October 30, 2012, Plaintiff MJC sent two new dehumidifiers
22 along with one that overheated to Intertek Testing Services NA, Inc. (“Intertek”), a
23 multinational inspection, product testing, and certification company, to conduct its own tests
24 regarding what was causing the dehumidifiers manufactured by Defendant Gree China to
25 overheat and/or catch fire. Intertek reported to Plaintiff MJC that there was a design error
26 with respect to the compressor overload protector for smaller capacity dehumidifiers (45
27 pints and smaller). Shortly thereafter, on or around November 23, 2012, Plaintiff MJC
28 informed Defendant Gree China that it would stop selling dehumidifiers of that size.

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1 Defendant Gree China subsequently disputed Intertek’s report and demanded that Plaintiff
2 MJC lift its stop-sale order.

3 32. It was not until February 20, 2013, after Plaintiff MJC’s legal counsel
4 requested that Defendant Gree China join Plaintiff MJC in reporting the dehumidifier issues
5 to the CPSC and informed Defendant Gree China of the substantial penalties it could
6 potentially face for its failure to report, that Defendant Gree China agreed to submit a report
7 to the CPSC concerning the dehumidifier problems. However, Defendant Gree China failed
8 to provide to the CPSC all material information concerning the non-fire retardant materials
9 used to manufacture the dehumidifiers at issue.

10 33. Thereafter, on or around April 9, 2013, Plaintiff MJC sent four randomly
11 selected dehumidifiers manufactured in 2010, 2011, and 2012 to CRT Laboratories, Inc.
12 (“CRT”), a leading failure analysis laboratory, to test the flammability of the plastic used to
13 construct the dehumidifiers. On April 30, 2013, Plaintiff MJC also sent two dehumidifiers
14 manufactured in 2013 to CRT for flammability testing.

15 34. In a report dated May 10, 2013, CRT concluded that all four units
16 manufactured in 2010, 2011, and 2012 failed to meet the applicable fire retardant material
17 standards. CRT did, however, conclude that the dehumidifiers manufactured in 2013
18 satisfied the applicable fire retardant material standards. This is because, on information and
19 belief, Defendant Gree China upgraded the material used to manufacture the dehumidifiers
20 in 2013, which suggests that Defendant Gree China knew that the dehumidifiers
21 manufactured in 2010 through 2012 were constructed with materials that failed to satisfy
22 applicable fire retardant standards.

23 35. On or around June 13, 2013, Defendant Gree China issued a stop-sale order on
24 all the humidifiers manufactured from January 2010 through 2012.

25 **C. Defendants Gree China and Hong Kong Gree’s Plan to Destroy Plaintiff MJC’s**
26 **Business**

27 36. As noted above, shortly after Plaintiff MJC’s customer service department
28 began receiving complaints in mid-2012 concerning the dehumidifiers manufactured by

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1 Defendant Gree China, Plaintiff MJC demanded that Defendant Gree China rectify the
2 quality and design issues pertaining to the dehumidifiers. Plaintiff MJC also informed
3 Defendant Gree China that it was obligated to report the complaints to the CPSC fully and
4 without delay because of the potential threat of injury or even death posed by the
5 dehumidifiers. Plaintiff MJC further informed Defendant Gree China that Plaintiff MJC was
6 concerned about damage to its own reputation for integrity and would not cover up the
7 serious problems associated with Defendant Gree China’s dehumidifiers.

8 37. In response, Defendant Gree China, with the cooperation and assistance of
9 Defendant Hong Kong Gree, which operated at Defendant Gree China’s direction, embarked
10 on a campaign to intimidate and destroy Gree USA and Plaintiff MJC, which had, pursuant
11 to the Joint Venture Agreement, transferred substantial operational and intellectual property
12 assets to Gree USA, and was now largely reliant on Gree USA for its own success.
13 Specifically, Defendant Gree China engaged in at least the following conduct in
14 contravention of California law and/or the Joint Venture Agreement:

15 a. In September 2012, Larry Lam, on behalf of Defendant Gree China,
16 informed Plaintiff MJC that top management at Defendant Gree China had ordered
17 Defendant Gree China’s production department to cease manufacturing products sold by
18 Gree USA, which has made it impossible for Gree USA to fulfill a significant portion of its
19 confirmed orders for 2013;

20 b. Larry Lam, on behalf of Defendant Gree China, demanded that the
21 products designated to fill Gree USA’s confirmed orders for 2013 use the trademark “Gree”
22 instead of “SoleusAir Powered by Gree” even though the contracts for those orders had
23 already been executed;

24 c. It refused to perform various of its obligations pursuant to the Joint
25 Venture Agreement, instead insisting that Gree USA assume those obligations. Gordon
26 Zhang, who was in charge of Defendant Hong Kong Gree’s operations in the United States,
27 warned Tracy Wong, the Senior Vice President of both Plaintiff MJC and Gree USA, that
28 Defendant Gree China could and would drive Gree USA out of business if Plaintiff MJC did

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1 not accede to Defendant Gree China's demands;
2 d. Defendant Gree China threatened to withdraw from the joint venture
3 and to dissolve Gree USA. Specifically, on November 29, 2012, Lizzy Gao, the Vice
4 Regional Manager of Defendant Gree China, informed Gree USA and Plaintiff MJC that
5 Defendant Gree China would not fill orders pursuant to Gree USA's contracts except with
6 respect to a limited number of retailers, and insisted that Gree USA transfer all other
7 companies' orders back to Plaintiff MJC – an impossibility under the circumstances.
8 Further, in an email dated December 2, 2012, Gordon Zhang, on behalf of Defendant Gree
9 China, told Plaintiff MJC that Defendant Gree China no longer wanted Gree USA's
10 business;

11 e. Defendant Gree China demanded that Plaintiff MJC transfer all of its
12 resources, employees and facilities to Gree USA, without compensation or consideration;

13 f. Defendant Gree China instructed Jian Chen, Gree USA's Chief
14 Financial Officer, to stop paying operational expenses owed to Plaintiff MJC pursuant to the
15 Joint Venture Agreement;

16 g. Defendant Gree China refused to sign an agreement to pay Gree USA
17 and Plaintiff MJC for their operating expenses for 2014 sales; and

18 h. Defendant Gree China refused to fill or to replenish its inventory in the
19 United States as was necessary to fulfill Gree USA's confirmed contracts for 2013.

20 38. In addition to the above, in or around December 2012, Defendant Gree China
21 began to contact Gree USA's customers to solicit sales directly for Defendant Gree China to
22 the detriment of Gree USA and in violation of the Joint Venture Agreement. By way of
23 example:

24 a. On or around December 19, 2012, Defendant Gree China directly
25 contacted and made price quotations to Interline Brands, Inc., an existing customer of Gree
26 USA, without the knowledge or approval of Gree USA or of Plaintiff MJC, to steer
27 Interline's business away from Gree USA and directly to Defendant Gree China.

28 b. On or about January 1, 2013, Defendant Gree China directly contacted

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1 Watsco, Inc., another customer of Gree USA, and convinced Watsco to transfer its account
2 from Gree USA to Defendant Hong Kong Gree, again without the knowledge or approval of
3 Gree USA or Plaintiff MJC.

4 39. In addition, Defendant Gree China sabotaged Gree USA’s relationship with
5 Sears Corp. so that, on information and belief, it could do direct OEM business with Sears.

6 40. Prior to the joint venture and the formation of Gree USA, Plaintiff MJC had
7 invested substantial time and effort, and over \$600,000, to obtain the Sears account, which it
8 subsequently transferred to Gree USA pursuant to the Joint Venture Agreement. Due to the
9 efforts of Plaintiff MJC, Gree USA did substantial business with Sears as an incumbent
10 supplier of its OEM products. As a result of this relationship, Gree USA was able to enter
11 into a contract with Sears effective December 15, 2011 (the “Supply Agreement”), pursuant
12 to which Gree USA would serve as Sears’ air conditioner and dehumidifier vendor through
13 2015. The anticipated sales volume from this contract exceeded \$150 million.

14 41. However, in or around late-February, 2013, Sears terminated the Supply
15 Agreement. Plaintiff is informed and believes, and on that basis alleges, that Sears’
16 termination of the Supply Agreement was due to the intentional tortious acts of Defendants,
17 in that, among other things:

18 a. On information and belief, on or around mid-February 2013, and
19 without the knowledge of Plaintiff MJC or Gree USA, Defendant Gree China approached
20 Sears’ Hong Kong office seeking information on how to directly contact Sears’ headquarters
21 in the United States for purposes of doing OEM business directly with Sears.

22 b. On information and belief, Defendant Hong Kong Gree, at the behest of
23 Defendant Gree China and in contravention of the Joint Venture Agreement, refused to sign
24 an agreement with Gree USA specifying what percentage of gross profits from Gree USA’s
25 sales would be awarded to Gree USA and Plaintiff MJC. This conduct was designed to –
26 and did – substantially impair Gree USA’s ability to provide price quotes to Sears under the
27 Supply Agreement.

28 c. On information and belief, Defendant Hong Kong Gree, again at the

1 behest of Defendant Gree China and in contravention of the Joint Venture Agreement,
2 provided Gree USA with unreasonably high price quotes for Defendant Gree China's
3 products in an effort to sabotage Gree USA's relationship with Sears.

4 42. The actions of Defendants Gree China and Hong Kong Gree effectively
5 destroyed Gree USA's business, substantially damaged the trademark "Soleus Air" and
6 variations thereof, and damaged Plaintiff MJC's relationship with its customers, which had
7 taken years to develop.

8 **COUNT I**

9 **(AGAINST DEFENDANTS GREE CHINA AND HONG KONG GREE) FOR**
10 **BREACH OF FIDUCIARY DUTY**

11 43. Plaintiffs reallege the allegations of Paragraphs 1 through 42 above as if set
12 forth in full herein.

13 44. The Joint Venture Agreement imposed on Defendant Gree China and its
14 wholly owned subsidiary, Defendant Hong Kong Gree, a fiduciary duty that existed at all
15 times mentioned in this Complaint, and continues to exist. This duty required, among other
16 things, that Defendants act as trustees of the joint venture assets, and to protect and preserve
17 them until the purpose of the joint venture was accomplished, as well as to refrain from
18 doing anything affirmatively or otherwise to interfere with or to harm the joint venture and
19 its assets. These duties included but were not limited to refraining from competing with
20 Gree USA for the same business and refraining from stealing existing or prospective
21 business from Gree USA. The purpose of the joint venture has not been accomplished, and
22 Defendants' duty has not been extinguished.

23 45. Plaintiffs are informed and believe, and on the basis allege, that Defendants
24 breached their fiduciary duties in multiple ways, including, *inter alia*, as set forth in
25 Paragraphs 37-41 above, by failing to preserve and protect joint venture assets and by
26 engaging affirmatively in the other tortious and unlawful acts set forth above, designed to (a)
27 destroy or substantially weaken the ability of Gree USA to conduct and effectively compete
28 for business, (b) injure their joint venture partner, Plaintiff MJC, and (c) financially benefit

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Defendants.

46. As a proximate result of Defendants' breaches of their fiduciary duties, Plaintiffs have suffered damages, including reputational damages and actual damages in the form of lost sales and lost profits, in amount not less than \$150,000,000, to be established at trial.

47. Plaintiffs are informed and believe, and on that basis allege, that in doing the things herein alleged, the actions of Defendants constituted conduct intended to cause injury to Plaintiffs and/or were carried on with a willful and conscious disregard of the rights of Plaintiffs, and have subjected and will subject Plaintiffs to cruel and unjust hardship in conscious disregard of their rights, and, therefore, such actions were undertaken with malice and/or oppression, thereby warranting the imposition of punitive damages in an amount appropriate to punish and set an example of Defendants and to deter others from engaging in similar conduct.

COUNT II
(AGAINST DEFENDANTS GREE CHINA AND HONG KONG GREE) FOR
BREACH OF CONTRACT

48. Plaintiffs reallege the allegations of Paragraphs 1 through 47 above as if set forth in full herein.

49. Plaintiffs performed all of their obligations under the Joint Venture Agreement, which constitutes a valid and binding contract.

50. By engaging in the improper and tortious conduct described, *inter alia*, in Paragraphs 37-41 above, Defendants breached the Joint Venture Agreement.

51. As a direct and proximate consequence of Defendants' conduct as alleged herein, Plaintiffs have suffered and will continue to suffer actual damages, including but not limited to lost profits, damages to reputation, exposure to substantial and avoidable liability to third parties, and other damages, all to be established at trial.

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COUNT III
(AGAINST DEFENDANTS GREE CHINA AND HONG KONG GREE) FOR
BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING

52. Plaintiffs reallege the allegations of Paragraphs 1 through 51 above as if set forth in full herein.

53. The Joint Venture Agreement imposed upon Defendants a duty of good faith and fair dealing its performance and enforcement of that agreement. This duty is heightened because Defendants are invested with a discretionary power affecting the rights of Plaintiffs. This duty prohibits Defendants from engaging in any activity interfering with Plaintiffs' rights under the agreement, or depriving them of any other benefits of the agreement.

54. Plaintiffs are informed and believe that by engaging in the improper and tortious conduct alleged, *inter alia*, in Paragraphs 37-41 herein, Defendants deprived Plaintiffs of the benefits of the Joint Venture Agreement.

55. As a direct and proximate consequence of Defendants' conduct, Plaintiffs have suffered and will continue to suffer actual damages, including but not limited to lost profits, damages to reputation, exposure to substantial and avoidable liability to third parties, and other damages, all to be established at trial.

COUNT IV
(AGAINST DEFENDANTS GREE CHINA AND HONG KONG GREE) FOR
INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC
ADVANTAGE

56. Plaintiff MJC realleges the allegations of Paragraphs 1 through 55 above, as if set forth in full herein.

57. Plaintiff MJC was involved in valid existing business relationships with its business customers and had worked for over a decade to develop certain of these relationships. These relationships had, in the past, produced substantial economic benefit to Plaintiff MJC and had a high probability of producing future economic benefit to Plaintiff MJC.

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58. Defendants were aware of Plaintiff MJC's economic relationships with its customers, and indeed such relationships were one of the inducements for Defendants to enter into the Joint Venture Agreement.

59. Defendants' intentional and tortious acts described in Paragraphs 37-41 were designed to and did disrupt and permanently damage Plaintiff MJC's business relationships with its customers.

60. Plaintiff MJC is informed and believes, and on the basis of such information alleges, that Defendants' intentional interference with Plaintiff MJC's business relationships with its customers resulted in substantial damages to Plaintiff MJC, and will continue to result in substantial damages to Plaintiff MJC, in an amount to be established at trial.

61. Plaintiff MJC is informed and believes, and on that basis alleges, that in doing the things herein alleged, the actions of Defendants constituted conduct intended to cause injury to Plaintiff MJC and/or were carried on with a willful and conscious disregard of the rights of Plaintiff MJC, and have subjected and will subject Plaintiff MJC to cruel and unjust hardship in conscious disregard of its rights, and, therefore, such actions were undertaken with malice and/or oppression, thereby warranting the imposition of punitive damages in an amount appropriate to punish and set an example of Defendants and to deter others from engaging in similar conduct.

62. Defendants' conduct, unless restrained, will continue to threaten to disrupt business relationships between Plaintiff MJC and its customers. Accordingly, damages will not completely compensate Plaintiff MJC for the recurring injury to its business relationships. Thus, Plaintiff MJC additionally seeks, and is entitled to, injunctive relief against Defendants precluding them from continuing to disturb Plaintiff MJC's business relationships.

1
2 **COUNT V**
3 **(AGAINST DEFENDANTS GREE CHINA AND HONG KONG GREE) FOR**
4 **VIOLATION OF CALIFORNIA BUSINESS AND PROFESSIONS CODE §§ 17200**
5 ***ET SEQ.***

6 63. Plaintiff MJC realleges the allegations of Paragraphs 1 through 62 above, as if
7 set forth in full herein.

8 64. Defendants' conduct, as alleged above, constitutes unlawful or unfair business
9 practices under the purview of Section 17200 of the California Business and Professions
10 Code.

11 65. As a direct and proximate result of Defendants' conduct, Defendants have
12 received and continue to receive ill-gotten gains, in an amount to be established at trial, that
13 rightfully belong to Plaintiffs by virtue of the facts set forth above.

14 66. Unless enjoined from engaging in such unlawful or unfair business practices,
15 Defendants are likely to engage in such acts of unfair or unlawful business practices, to
16 Plaintiffs' great and irreparable injury, for which damages would not afford adequate relief.
17 Accordingly Plaintiffs additionally seek, and are entitled to, injunctive relief against
18 Defendants.

19 WHEREFORE, Plaintiffs pray for judgment against Defendants as follows:

- 20 1. For general damages;
 - 21 2. For actual damages in the amount in excess of \$150,000,000.00;
 - 22 3. For exemplary or punitive damages, as allowed, in an amount sufficient to
23 punish Defendants for their conduct and to set an example;
 - 24 4. For incidental damages in an amount according to proof at trial;
 - 25 5. For interest on all monetary damages, to the maximum allowed by law;
 - 26 6. For appropriate preliminary and permanent injunctive relief, as appropriate;
 - 27 7. For costs of suit herein incurred, including attorney's fees as allowed by law;
- 28 and

//

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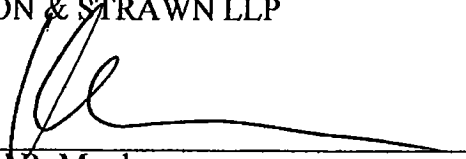
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8. For such other, different or further relief as the Court may deem just and proper.

Dated: June 13, 2013

WINSTON & STRAWN LLP

By:



Neal R. Marder
Ian C. Eisner

*Attorneys for Plaintiffs
MJC America, Ltd. dba Soleus
International Inc. and MJC
America Holdings Co., Inc.*

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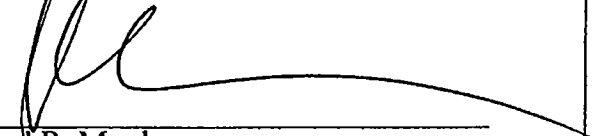
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DEMAND FOR JURY TRIAL

Pursuant to FRCP 38(b), and Local Rule 38-1 of the Central District of California,
plaintiff hereby demands trial by jury on all allegations of the Complaint, on which trial by
jury may be had.

Dated: June 13, 2013

WINSTON & STRAWN LLP

By: 
Neal R. Marder
Ian C. Eisner

*Attorneys for Plaintiffs
MJC America, Ltd. dba Soleus
International Inc. and MJC
America Holdings Co., Inc.*

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333 S. Grand Avenue
Los Angeles, CA 90071-1543

Exhibit A

MEMORADUM OF UNDERSTANDING

Zhu Hai, China

This memorandum of understanding is entered into on April 23, 2010 at Zhuhai, China between Gree Hong Kong Electric Appliances, a subsidiary of Gree Electrical Appliance Inc of Zhuhai (Party A), and MJC Holding Co., Inc., an affiliate of MJC America Ltd. (Party B)

Parties desire to form a joint venture to further sales of Party A's products in the North America, using Party B's expertise and facilities in sales, logistics, and after sales services.

The following are the form and structure of the joint venture, as tentatively agreed by both parties.

- 1) The legal name of the joint venture will be Gree USA, Inc. It's doing business name is Soleus N.A.
- 2) The joint venture will be a corporation incorporated in the state of California. The corporation should be formed in late April or early May of 2010.
- 3) Party A and Party B will own 51% and 49% outstanding common stock of the Gree USA, respectively. The corporation will issue only one class of stock.
- 4) The initial capital of Gree USA will be \$200,000. The initial capital should be deposited into the corporation bank account on or before May 15, 2010.
- 5) The initial administrative office will be in Greater Los Angeles area. Gree USA will intend to lease an office and initially hire one or two clerical employees in year 2011. Tentatively Gree USA will use the Party's office for company registration.
- 6) The Party A should appoint 3 directors and Party B should appoint 2 directors for Gree USA. The board of directors should convey meeting at a minimum annually.
- 7) The Board of Directors of Gree USA should name executive officers of the joint venture.
- 8) Neither directors nor executive officers will be compensated by Gree USA for the first two years of the joint venture.
- 9) The mission of Gree USA is to advance sales of Gree residential air conditioner and dehumidifier (including Gree brand) products in United States of America.
- 10) Gree USA will focus sales to largest chain stores in United States of America initially. And gradually spread its sales to middle and smaller chain stores.
- 11) Gree USA will use existing sales and marketing force of Party B, to conduct sales presentation to potential customers.
- 12) Most major chain stores have existing relationship with Party B and its affiliates. Party B will cause the existing accounts with the customers to be transferred to Gree USA.

- 13) In order to broader product category and continuing existing appearance in front of major chain stores, Gree USA will present both Party A and Party B products in order to increase placement chances.
- 14) Gree USA should select Party A's products as the primary products and add Party B's as supplemental products for major chain store presentation.
- 15) Upon receiving orders from major chain stores Party A will fulfill the orders of its product and Party B will fulfill the orders of its products.
- 16) Gree USA will only incur major costs associated with the order received, fulfilled, and payment received from customers, such as commission to sales company, administrative and after sales services cost to Party B and affiliates.
- 17) All anticipated costs will be added to production costs to determine product presentation prices for a given potential customer. Party A has power to determine the final product prices for its product.
- 18) In no event Gree USA should be responsible for any costs associated with marketing, presentation, sales, and after sales services for sales associated with any Party B products.
- 19) Gree USA will use product brands owned and controlled by either parties, its parents and affiliates, or other brands approved by the Board of Directors of the company.

Signed by:

GREE ELECTRIC APPLIANCES INC. of ZHUHAI

Name: *[Signature]*

Title: *Vice GM of Gree American Sales Co.*

Date: *23 April 2010*

MJC America, Limited

Name: *[Signature]*

Title: *Chairman, Secretary of MJC America Ltd.*

Date: *April 23, 2010*

Exhibit B

Minutes of the Board of Directors Meeting
Of
Gree USA, Inc.
A California Corporation

A meeting of the Board of Directors is held on June 19, 2011 at headquarter of the company at 20035 E. Walnut Dr. North, City of Industry, CA at 10:30 AM. Attending for the meeting are Chairwoman Dong Ming Zhu, Director Jimmy Loh, Director Charley Loh, and Director Lam Hou Kong.

Secretary Jimmy Loh announces the presence of a quorum to conduct businesses for the board of directors.

CEO Charley Loh reports to the Board the sales activities of Gree USA under the PBG (SoleusAir Powered by Gree). He states that the US mass merchants are receptive to PBG brand. And the outlook of Gree USA future is bright.

CEO Charley Loh thanks for the supports that Gree headquarter has been giving to Gree USA.

Chairwoman Dong appraised the hard work of the Gree USA US team to prepare and execute the Grand Opening event. She set her vision for the future direction of Gree USA by stating:

- 1) Gree headquarter trusts the integrity and ability of the Gree USA management team. She believes that with the researching and development, manufacturing and quality control system of the factory, and the US marketing and sales experiences of MJC, Gree USA can make Gree the largest air conditioner supplier in the US.
- 2) In order to avoid having Gree brand becoming a cheap air conditioner brand in the US, Gree USA should use PBG for the products sold to the mass merchants. Products sold to mass merchants such as window ACs and dehumidifiers are commodity type of products and have very low profit margins.
- 3) Gree brand should be used for the products with higher tech content, or certain specialty products which can demand a higher profit margin. After the US consumers recognizes that Gree is a premium brand for air conditioners and dehumidifiers, Gree brand can then be used for products sold to the mass merchants.
- 4) Gree USA should focus on penetration of the US market by generating sales quantity. Gree USA should generate annual sales of 1 million unit or more within next two years.
- 5) Gree headquarter will fully support Gree USA by a) offering the best prices. Gree factory only needs to make 1 to 2% of the products sold to Gree USA. b) stop new OEM customers. After Gree USA establishes itself with sales quantity Gree headquarter will stop OEM all together. c) Gree headquarter will not take its share of Gree USA's profits for the first three years. Gree headquarter's portion of profits will be retained by Gree USA for promotion and marketing expenses in the US. d) Gree USA will receive 1.5 to 2% of the sales rebates at the end of a year if its annual sales exceed 1 million units. Gree headquarter has the similar program for its domestic sales companies. f) Gree headquarter will support Gree USA's sales by having local inventories in the US warehouses. Eventually Gree headquarter will consider to invest and acquire warehouses

- spaces in the US. g) Gree headquarter is considering investing manufacturing facilities in the US in the future. h) Gree headquarter will place high priority for development of the products suitable for the US market, such as VRFs and central ACs.
- 6) Gree USA should look into the possibility of opening Gree specialty stores in the US, which only carry and sell Gree products. It is recommended to open the initial Gree specialty stores in the areas where Chinese population are highly concentrated.

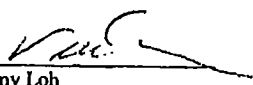
Moved by Director Jimmy Loh, seconded by Director Charley Loh, the board approved the following resolutions.

RESOLVED, that Chairwoman Dong Ming Zhu's visions for the company stated to above are hereby adopted as the future direction of the company.

RESOLVED FURTHER that the actions taken since the organization meeting dated October 30, 2010 by the board of directors and management are hereby ratified.

There are no further business and the meeting is adjourned at 11:00 AM.

Prepared and certified to be true and correct minutes of the meeting by:


Jimmy Loh
Secretary

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge S. James Otero and the assigned discovery Magistrate Judge is Carla Woehrle.

The case number on all documents filed with the Court should read as follows:

CV13- 4264 SJO (CWx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

CIVIL COVER SHEET

CONFORM AND RETURN

I. (a) **PLAINTIFFS** (Check box if you are representing yourself)
 MJC America, Ltd. dba Soleus International, Inc. and MJC America Holdings Co., Inc.

DEFENDANTS (Check box if you are representing yourself)
 Gree Electric Appliances, Inc. of Zhuhai, Hong Kong Gree Electric Appliances Sales Ltd., and Does 1 through 100, inclusive

(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)

NEAL R. MARDER
 WINSTON & STRAWN LLP
 333 South Grand Avenue, 38th Floor
 Los Angeles, CA 90071
 (213) 615-1700

(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)

II. **BASIS OF JURISDICTION** (Place an X in one box only.)

- 1. U.S. Government Plaintiff
- 2. U.S. Government Defendant
- 3. Federal Question (U.S. Government Not a Party)
- 4. Diversity (Indicate Citizenship of Parties in Item III)

III. **CITIZENSHIP OF PRINCIPAL PARTIES**-For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant)

- | | | | | | |
|---|----------------------------|---------------------------------------|---|---------------------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in this State | <input checked="" type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input checked="" type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. **ORIGIN** (Place an X in one box only.)

- 1. Original Proceeding
- 2. Removed from State Court
- 3. Remanded from Appellate Court
- 4. Reinstated or Reopened
- 5. Transferred from Another District (Specify)
- 6. Multi-District Litigation

V. **REQUESTED IN COMPLAINT: JURY DEMAND:** Yes No (Check "Yes" only if demanded in complaint.)

CLASS ACTION under F.R.Cv.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT:** \$ Greater than 150,000,000.00

VI. **CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 28 U.S.C. Section 1332

VII. **NATURE OF SUIT** (Place an X in one box only.)

OTHER STATUTES	CONTRACT	REAL PROPERTY CONT.	IMMIGRATION	PRISONER PETITIONS	PROPERTY RIGHTS
<input type="checkbox"/> 375 False Claims Act	<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 240 Torts to Land	<input type="checkbox"/> 462 Naturalization Application	Habeas Corpus:	<input type="checkbox"/> 820 Copyrights
<input type="checkbox"/> 400 State Reapportionment	<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 245 Tort Product Liability	<input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 463 Alien Detainee	<input type="checkbox"/> 830 Patent
<input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 290 All Other Real Property	TORTS	<input type="checkbox"/> 510 Motions to Vacate Sentence	<input type="checkbox"/> 840 Trademark
<input type="checkbox"/> 430 Banks and Banking	<input type="checkbox"/> 140 Negotiable Instrument	TORTS	PERSONAL PROPERTY	<input type="checkbox"/> 530 General	SOCIAL SECURITY
<input type="checkbox"/> 450 Commerce/ICC Rates/Etc.	<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	PERSONAL INJURY	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 861 HIA (1395ff)
<input type="checkbox"/> 460 Deportation	<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 371 Truth in Lending	Other:	<input type="checkbox"/> 862 Black Lung (923)
<input type="checkbox"/> 470 Racketeer Influenced & Corrupt Org.	<input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Vet.)	<input type="checkbox"/> 315 Airplane Product Liability	<input checked="" type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 540 Mandamus/Other	<input type="checkbox"/> 863 DIWC/DIWW (405 (g))
<input type="checkbox"/> 480 Consumer Credit	<input type="checkbox"/> 153 Recovery of Overpayment of Vet. Benefits	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 864 SSID Title XVI
<input type="checkbox"/> 490 Cable/Sat TV	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 330 Fed. Employers' Liability	BANKRUPTCY	<input type="checkbox"/> 560 Civil Detainee Conditions of Confinement	<input type="checkbox"/> 865 RSI (405 (g))
<input type="checkbox"/> 850 Securities/Commodities/Exchange	<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 340 Marine	<input type="checkbox"/> 422 Appeal 28 USC 158	FORFEITURE/PENALTY	FEDERAL TAX SUITS
<input type="checkbox"/> 890 Other Statutory Actions	<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)
<input type="checkbox"/> 891 Agricultural Acts	<input type="checkbox"/> 196 Franchise	<input type="checkbox"/> 350 Motor Vehicle	CIVIL RIGHTS	<input type="checkbox"/> 690 Other	<input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
<input type="checkbox"/> 893 Environmental Matters	REAL PROPERTY	<input type="checkbox"/> 355 Motor Vehicle Product Liability	<input type="checkbox"/> 440 Other Civil Rights	LABOR	
<input type="checkbox"/> 895 Freedom of Info. Act	<input type="checkbox"/> 210 Land Condemnation	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 710 Fair Labor Standards Act	
<input type="checkbox"/> 896 Arbitration	<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 362 Other Personal Injury-Med Malpractice	<input type="checkbox"/> 442 Employment	<input type="checkbox"/> 720 Labor/Mgmt. Relations	
<input type="checkbox"/> 899 Admin. Procedures Act/Review of Appeal of Agency Decision	<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 365 Personal Injury-Product Liability	<input type="checkbox"/> 443 Housing/Accommodations	<input type="checkbox"/> 740 Railway Labor Act	
<input type="checkbox"/> 950 Constitutionality of State Statutes		<input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability	<input type="checkbox"/> 445 American with Disabilities-Employment	<input type="checkbox"/> 751 Family and Medical Leave Act	
		<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 446 American with Disabilities-Other	<input type="checkbox"/> 790 Other Labor Litigation	
			<input type="checkbox"/> 448 Education	<input type="checkbox"/> 791 Employee Ret. Inc. Security Act	

FOR OFFICE USE ONLY: Case Number: _____

CV13-04264

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? NO YES

If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? NO YES

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
- B. Call for determination of the same or substantially related or similar questions of law and fact; or
- C. For other reasons would entail substantial duplication of labor if heard by different judges; or
- D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.

Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.

Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	People's Republic of China; Hong Kong

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.
NOTE: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

*Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR SELF-REPRESENTED LITIGANT): _____ **DATE:** 6/13/13

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet).
Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405 (g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))

JAMES F. REGAN
JREGAN@GRSM.COM
212-453-0769

GORDON&REES
SCULLY MANSUKHANI
YOUR 50 STATE PARTNER™

ATTORNEYS AT LAW
101 W. Broadway, Ste. 2000
San Diego, CA 92101
WWW.GORDONREES.COM

April 15, 2021

Via E-Mail

Mr. Rich Schuster
Matthiesen Wickert & Lehrer, S.C.
1111 East Sumner Street
P.O. Box 270670
Hartford, WI 53027

Re: Avenatti v. Gree USA Inc., et al
Case No. 2:20-CV-354-JPH-MJD
United States District Court, Southern District of Indiana

Dear Mr. Schuster:

In response to the Court's March 17, 2021 Order, and to Plaintiff's Requests for Production of Documents to Gree USA, Inc., Gree Electric Appliances of Zhuhai, Hong Kong Gree Electric, MJC America, and MJC Holdings (collectively referred to as "Defendants") hereby supplement their prior responses. Please note that the below numbers are estimates and precise numbers of produced documents may vary slightly.

MJC
57,361 Docs
223,904 Pages

Gree Prod Vol. 1
GREE0000001 – 0014826
1,913 Docs
14,826 Pages

Gree Prod Vol. 2
GREE0014827 - 0105702
34,582 Docs
90,876 Pages

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Gree Prod Vol. 3
GREE0105703 - 0404714
103,717 Docs
299,012 Pages

Gree Prod Vol. 4
GREE0404715 – 0404863
12 Docs
149 Pages

Also attached is a list of Gree and MJC custodians, as well as search parameters utilized in collection of the aforementioned documents. Upon information and belief, in compilation with prior produced documents in this matter, said responses are fully responsive to the Court's Order and to Plaintiff's demands. Please note that the Court's Protective Order applies to these documents and prohibits dissemination of confidential materials.

Supplemental responses to Plaintiff's Interrogatories are attached herein.

Your attention to the foregoing is appreciated.

Best regards,

James F. Regan

April 15, 2021
Page 3

ANNEX

Gree Custodians

Adler, Ellen
Chen, Jian
Chen, Jian
Engineering
Exchange
Server
Gao, Lizzy
Jun, Oyang
Lam, Larry
Legacy
Email
Li, Hekun
Li, Rachel
Liang,
Amelia
Liang,
Yaoziang
Liu, Pandy
Mao,
Shayne
Mingzhu,
Dong
NULL
Ouyang,
Jun
Rachelli
Shen, Yu
Tang,
XiaoHui
Wang,
Robert
Wu, Emma
Yao, Gang
Zhang,
Gordon
Zhou, Josie

MJC Custodians

Cai, CiCi
Chen, Bo

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Chu, Simon
Gree USA Server
Hsia, Vicki
Loh, Charley
Loh, Jimmy
MJC, Client Docs
MJC, Client Docs Expert Financials
MJC, Financials
Moss, John W.
NULL
Smith, Andrew G.
Wong, Tracy

Gree Search Terms

Airwell
Bjs
Bj's
Calloh
Carrier
Clima
Complaint
Complaints
Cpsc
Danby
Defect
Defective
Defects
Dehumidifier
Dehumidifiers
DeLonghi
De'longhi
Delonghiusa
Depot
Electric
Elecrolux
Fedders
Fedder's
Fellini
Fire
Fires
Fleet
Figidaire

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Ge

Gemaire

General

Greeusa

Incident

Incidents

Interline

Irp

Kenmore

Keystone

Loh

Lowe's

Lowes

Marshall

Menards

Menard's

Mills

Mjc

Norpole

Overheat

Overheated

Overheating

Overheats

Premiere

Recall

Recalled

Recalls

Safety

Seabreeze

Sears

Searshc

Soleus

Soleusair

Sunrise

Super

Superclima

Tradewinds

Tylerscott

Usa

Watsco

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**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)
BARBARA E. AVENATTI)
)
Plaintiffs,)
)
)
v.)
)
GREE USA, INC.)
)
GREE ELECTRIC APPLIANCES INC. OF ZHUHAI)
)
HONG KONG GREE ELECTRIC APPLIANCE SALES, LTD.)
)
MJC AMERICA LTD.)
)
MJC AMERICA HOLDINGS CO., LTD.)
)
Defendants.)

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANT’S SUPPLEMENTAL RESPONSE TO PLAINTIFF’S FIRST SET OF
REQUESTS FOR PRODUCTION OF DOCUMENTS TO DEFENDANT HONG
KONG GREE ELECTRIC APPLIANCE SALES, LTD.**

Now comes Defendant, HONG KONG GREE ELECTRIC APPLIANCE SALES, LTD.,
by their attorneys respond to Plaintiffs’ First Set of Requests for Production of Documents to
Defendant as follows:

REQUEST NO. 1: Produce all communications between You and any other party to this
litigation that relates in whole or part to this litigation.

SUPPLEMENTAL RESPONSE: Defendant is producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation. The documents include communications with opposing counsel, with independent adjusters, adjuster report, and electrical engineering expert.

REQUEST NO. 2: Produce any and all documents or statements, whether written or recorded, related to the matter made the basis of this lawsuit, including but not limited to any notices of claim, any and all correspondence from any of the other parties, any internal communications, any communications with insurers, and any other responsive non-privileged communications.

SUPPLEMENTAL RESPONSE: Defendant is producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation. The documents include communications with opposing counsel, with independent adjusters, adjuster report, and electrical engineering expert.

REQUEST NO. 3: Produce all documents related to complaints, claims, lawsuits, disputes, incidents, or reports in any way involving the Subject Product or any Similar Products about which You are aware from 2009-2019.

SUPPLEMENTAL RESPONSE: In response to Plaintiffs' demands, Defendants produced all documents produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx). These documents, Bates GREE0000001 - GREE0404863, are comprised of the below productions on behalf of the Gree Defendants herein, including responding Defendant Gree Hong Kong. The below noted ranges contain the current status of whether each range has all load files and metadata required to be considered electronically stored information (ESI) for the purposes of the Federal Rules.

Non-ESI:

1. GREE0000001 – 0014826: PDF images. No natives, missing Load Files with metadata.

ESI:

1. GREE0014827 – 0105702: TIF/JPG images: Has Natives and Load Files w/ metadata;
2. GREE0105703 – 0404714: PDF images w with natives. Initially missing Load Files w/ metadata. Metadata overlay located and provided on May 11, 2021.
3. GREE0404715 – 0404857: TIF/JPG images w/ Natives and Load Files w/ metadata;
4. GREE0404858 – 0404862: TIF/JPG images and Load Files w/ metadata;
5. GREE0404863: Single PDF image, missing Native, initially missing Load Files w/ metadata. Metadata overlay located and provided on May 11, 2021

Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 3. The search was: “(“Complaint” OR “Summons” OR “Claim” OR “Notice of Claim” OR “Incident” OR “Incidents” OR “lawsuit” OR “Fire”) AND (“Dehumidifier”).” The search yielded 4,635 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 35 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified five responsive documents within the Non-ESI range: GREE0002554, GREE0006157-81, GREE0006793-95, GREE0008524-26, and GREE0012087-89.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 3 including claim details,

property fires, and dehumidifier testing. Based on the high level of responsive documents, there is likely more responsive materials in the ESI Range.

REQUEST NO. 4: Please produce all communications with the Consumer Product Safety Commission (“CPSC”) which You possess or have the ability to control related to the Gree dehumidifier recall issued in September 2013, updated in October 2013, expanded in 2014, and renewed in November 2016. *See, e.g., Winstanley v. Royal Consumer Information Products, Inc.*, 2006 WL 1789115 (D. AZ. 2006) (communications with CPSC not privileged.)

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 4. The search was: “(recall or investigation) and (CPSC.gov or U.S. Consumer Product Safety Commission).” The search yielded 2,673 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 44 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified 16 responsive documents within the Non-ESI range: GREE0006790-91, GREE0006793-95, GREE0006793-99, GREE0007565-66, GREE0009409-11, GREE0009415-18, GREE0009475-78, GREE0009543, GREE00115522-24, GREE0011570-1, GREE00011579-81 , GREE0011997-98, GREE0012083, GREE0012972-73, GREE001305-07, GREE0013574-75
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 4 including recall

communications, testing document and expert reports. Based on the high level of responsive documents, there is likely more responsive materials in the ESI Range.

REQUEST NO. 5: Produce copies of all documents related to the amount of money You made from the sale of Gree-made dehumidifiers in the United States and in Indiana, respectively, from 2009-2019.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 5. This set was produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “sale” or “revenue” or “finances” or “dehumidifier” or “Indiana”. The broadest results totaled 3,453 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant did not identify any documents responsive to this Request. Defendant identified the following four marginally responsive documents within the Non-ESI Range: GREE0001798, GREE0001876, GREE0001897, and GREE0002051.

ESI Range (GREE0014827 – 0404863): Defendant identified several marginally responsive documents in the ESI Range responsive to Request 5. The documents included annual statement and other sales records but were not directly responsive to Request 5.

REQUEST NO. 6: Produce all documents detailing Gree Hong Kong’s earnings, net profits, gross profit, gross revenue, net revenue, and net income for each year 2009 – present.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 5. The search was: “(“Earnings” OR

“Net Profits” OR “Gross Profit” OR “Gross Revenue” OR “Net Revenue” OR “Net Income”) AND (“Gree Hong Kong” OR “Gree HK).” The search yielded 65 documents. Gree Hong Kong was 100% subsidiary of Gree Zhuhai from 2010 to 2019. Defendant did not identify documents directly responsive to this Request.

REQUEST NO. 7: Produce all documents related to the recall of dehumidifiers by Gree issued in September 2013, updated in October 2013, expanded in 2014, and renewed in November 2016.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 7. Defendant searched the contents of 7GREE0000001 – GREE0404863 for documents responsive to Request No. 7.

The search contained the following: “recall” and “(September or October)” and (2013 or 2014) and “CPSC”. This search yielded 1,224 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 1,224 result set, 18 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following six responsive documents: GREE0006790, GREE006793, GREE0007565, GREE0009542, GREE0009709, GREE0012972. Based on an overview of the remaining 18 documents in the Non-ESI range, additional documents within the Non-ESI range are likely to be responsive to Request 7.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 7. The documents included, but were not limited to, recall notices and communications with the CPSC.

REQUEST NO. 8: Produce all documents and communications or statements, whether written or recorded, exchanged between or among You, Gree USA Inc., Gree Electric Appliances Inc. Of Zhuhai, MJC America, or related subsidiaries related to consumer complaints, corporate complaints, governmental warnings, and/or government ordered recalls related to the Subject Product or any Similar Products between 2009-2019.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 8. The searches were: “((consumer or customer) and complaint or (government or agency) and recall “(@soleusair.com or @gree.com or @gree.com.cn) and (complaint or recall or CPSC) and (@soleusair.com and @gree.com.cn) and (complaint or recall or CPSC)). The search yielded 1,627; 2,830; and 549 documents, respectfully.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 53 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified seven responsive documents within the Non-ESI range: GREE0006783-67, GREE0006886-902, GREE0007075-79, GREE002552-53, GREE002563-5, GREE003840-2, GREE006182-05, GREE0007159-68, GREE0012630-31 and GREE0006683-5
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 8 including correspondence regarding CPSC complaints and invoices.

REQUEST NO. 9: Produce all documents pertaining to any investigation conducted into defects or problems with respect to the Model Product or any Similar Product.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 9. The search was: (“investigation and defect and dehumidifier” and “investigation and problem and dehumidifier”). The searches yielded 132 and 289 documents, respectfully.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 20 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified nine responsive documents within the Non-ESI range including: GREE0011579-81, GREE0013590-609, GREE0014267-25, GREE0007458-82, GREE0007483-99, and GREE0013590-09.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 9 including CPSC investigation reports and communications, testing documents, and expert reports.

REQUEST NO. 10: Produce all loss runs created by or for You or your insurance company for claims related to dehumidifiers for the past 10 years.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 10. The search was: ““(Loss run) and

(Dehumidifier); additionally typed Run into file name search bar”). The search yielded 608 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant did not find any responsive documents within Bates GREE0000001 – 0014826 from the result set.
- ESI Range (GREE0014827 – 0404863): Defendant identified several potentially responsive documents in the ESI Range responsive to Request 10 including testing documents and expert reports, all prior to the within lawsuit.

REQUEST NO. 11: Produce any and all documents related to or arising out of any investigation or inquiry into safety concerns, defects, or problems with Gree dehumidifiers about which are You are aware, including communications with MJC America, LLC., any and all Gree entities, federal and state governmental officials, and any third parties from 2008-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 11. The search was: “(“investigation and safety and dehumidifiers”).” The search yielded 480 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 16 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified five responsive documents within the Non-ESI range: GREE0007458-82, GREE0007483-99, GREE0011579-81, GREE0013590-09, and GREE0014267-325.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 11 including testing document

and expert reports. Based on the high responsive rate, it likely that the remainder of the set has additional responsive documents.

REQUEST NO. 12: Produce all documents that pertain to any investigation You conducted into problems or alleged problems with Soleus Air powered by Gree dehumidifiers from 2007-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 12. The search was: (“investigation and Hong Kong or HK and Soleus Air”). The search yielded 691 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 17 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified no responsive documents within the Non-ESI range. Gree Hong Kong was a wholly owned subsidiary of Gree Zhuhai.
- ESI Range (GREE0014827 – 0404863): Defendant identified no responsive documents in the ESI Range responsive to Request 12.

REQUEST NO. 13: Produce all documents indicating the persons or entities that have an ownership interest in You.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 13. The search was: “(ownership or interest or operating agreement) and (Hong Kong Gree).” The search yielded 475 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 20 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified six responsive documents within the Non-ESI range: GREE0013874-899, GREE0013900-922, GREE002051-76, GREE0002077-99, GREE0002406-31, and GREE0002454.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 13 including tax reports for GREE USA where Gree Hong Kong is listed as a related party.

REQUEST NO. 14: Produce all documents that reveal who at Gree Hong Kong between 2008-2019 were in management positions that involved any business related to dehumidifiers being sold in the United States.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 14. The search contained the following: (management or officer or director or executive) and (“Hong Kong Gree” or “HK Gree”). This search yielded 1,386 documents.

- Non-ESI Range (GREE0000001 – 0014826): Of the 1,386 result set, 46 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0006912, GREE0007258, GREE0007373, GREE0002023, GREE0002273, and GREE00006583.

- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 14. The documents included, but were not limited to, email communications and other correspondence, among other documents.

REQUEST NO. 15: Produce all documents revealing the functions that You perform for Gree Zhuhai or Gree USA, Inc.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 15. The search contained the following: (“Hong Kong Gree” or HK Gree”) and (interest or role or function or capacity or relationship). This search yielded 933 documents.

- Non-ESI Range (GREE0000001 – 0014826): Of the 933 result set, 30 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0007458, GREE0007483, GREE0009660, GREE0009709, GREE0010439, GREE0011135, GREE0011183, and GREE0011233.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 15. The documents included, but were not limited to, communications with the U.S. Consumer Product Safety Commission, litigation documents, email communications, and other correspondence.

REQUEST NO. 16: Produce all documents demonstrating the corporate hierarchy at Gree Hong Kong and/or Gree Zhuhai, including all organizational charts.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the

production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 16. The search contained the following: (corporate) and (officer or director or status or position or board member!) and (Gree Zhuhai or Hong Kong Gree). This search yielded 177 documents.

- Non-ESI Range (GREE0000001 – 0014826): Of the 177 result set, 57 documents fell within Bates GREE0000001 – 0014826. Defendant did not identify responsive documents in the Non-ESI Range.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 16. The documents included invoices and communications, among other documents.

REQUEST NO. 17: Produce all documents in your possession and/or which you have the right to access related to the thermal conductivity of any components of the Subject Products.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 17. The search contained the following: “(thermal or conductivity) and component”. This search yielded 107 documents.

- Non-ESI Range (GREE0000001 – 0014826): Of the 107 result set, 16 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0006723, GREE0007263, GREE0011472, GREE0011611, GREE0012152, GREE0012581, GREE0013094, GREE0013128, GREE0013151, GREE0013164, GREE0013712 and GREE0014436.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 17. The documents included, but were

not limited to, vendor information guides, U.S. Consumer Product Safety Commission reports, and testing reports, among other documents.

REQUEST NO. 18: Produce all documents that would identify the number of units of the Subject Product and all Similar Products sold in the United States and in Indiana for each year 2008 to 2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 18. This set was produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “sale” or “revenue” or “finances” or “dehumidifier” or “Indiana”. The broadest results totaled 3,453 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant did not identify any documents responsive to this Request. Defendant identified the following four marginally responsive documents within the Non-ESI Range: GREE0001798, GREE0001876, GREE0001897, and GREE0002051.

ESI Range (GREE0014827 – 0404863): Defendant identified several marginally responsive documents in the ESI Range responsive to Request 18. The documents included annual statement and other sales records but were not directly responsive to Request 9

REQUEST NO. 19: Produce all documents that relate to the amount of money You made through the purchase by US consumers of Recalled Dehumidifiers.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 19. The search contained the following: “income statement” AND “dehumidifier.” This search yielded 125 results.

- Non-ESI Range (GREE0000001 – 0014826): Defendant did not identify documents in the Non-ESI Range responsive to this Request. Gree Hong Kong was a 100% subsidiary of Gree Zhuhai.
 - ESI Range (GREE0014827 – 0404863): Defendant identified several potentially responsive documents in the ESI Range responsive to Request 19. Gree Hong Kong was a 100% subsidiary of Gree Zhuhai. The documents included, but were not limited to, income statements, balance sheets, and recall invoices.

REQUEST NO. 20: Produce all documents relating to any claims made by MJC America, Ltd.’s against Gree USA, HK Gree, and/or Gree Electric Appliances, Inc. of Zhuhai from 2008-2018, including but not limited to all non-privileged documents related to MJC America, Ltd., et. al v Gree USA, Inc., United States District Court Central District of California case number 13-CV-04264-SJO.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Documents produced in 13-CV-04264-SJO are produced herein as GREE0000001 – GREE0404863 and MJC0000166 – 0229810. Defendant searched for additional for documents responsive to Request No. 20 within this set. The search contained the following: (13-CV-04264-SJO OR “MJC America, Ltd., et. al v. Gree USA, Inc.” OR “Central District of California”) AND (MJC) AND (claim OR notice OR demand OR complaint OR indemnification). This search yielded 28 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 28 result set, 3 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0011135, GREE0011183, and GREE0011233.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 20.

REQUEST NO. 21: Produce all documents related to the cover-up of known defects with dehumidifiers it designed and/or manufactured from 2008-2019.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 20. The search contained the following: (flammability OR fire OR arcing OR “thermal protector” OR “thermal overload” OR “OLP” OR UL OR CPSC “Consumer Product Safety Commission” OR plastic) AND compressor AND dehumidifier. This search yielded 736 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 736 result set, 10 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0006680, GREE0006740, GREE0006773, GREE0006779, GREE0006825, GREE0007037, GREE0007263, GREE0007458, GREE0007483, and GREE0008987.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 21.

REQUEST NO. 22: Produce all documentation that reflect any involvement You have had in Gree USA, Inc. operations for the past 10 years.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 20. The search contained the following: ((Hong Kong OR “HK”) AND (“Gree USA”) AND (operations OR manage OR direct OR “annual statement” OR “shareholder report” OR strategy). This search yielded 4854 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 4854 document result set, 79 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0000001, GREE0000627, GREE0001915, GREE0001933, GREE0001951, GREE0002023, GREE0002038, GREE0002051, GREE0002077, and GREE0002220.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 20.

REQUEST NO. 23: Produce all documents revealing Your relationships with Gree USA and Gree Zhuhai, including any documents that reflect whether Gree USA and/or Gree Hong Kong are independently viable without assistance or funding from Gree Zhuhai.

SUPPLEMENTAL RESPONSE: Gree Hong Kong was a 100% subsidiary of Gree Zhuhai. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 20. The search contained the following: (Hong Kong OR “HK”) AND (“Gree Electric” OR “Gree Zhuhai” OR “Zhuhai”) AND (“Gree USA”) (operations OR manage OR direct OR “annual statement” OR “shareholder report” OR strategy). This search yielded 4854 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 4854 document result set, 68 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0000627, GREE0001915, GREE0001951, GREE0002023, and GREE0002051.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 20.

REQUEST NO. 24: Produce all documents and communications related to and/or that reveal when Gree Hong Kong first became aware of consumer complaints related to the safety of Gree dehumidifiers and that detail Gree Hong Kong’s response, if any, including documents pertaining to any investigation undertaken by or at the request of Gree Hong Kong or otherwise known to Gree Hong Kong into claims by consumers that Gree dehumidifiers were starting fires and may be unreasonably dangerous.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE044863 for documents responsive to Request No. 24. The search was “investigation” and “fire” and “dehumidifier” and (“Gree HK” or “Gree Hong Kong”). The search yielded 30 documents.

- Non-ESI Range (GREE0000001 – 0014826): Of the 30 result set, 6 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following potentially responsive documents: GREE0007483, GREE0011183, and GREE0011259.

- ESI Range (GREE0014827 – 0404863): Defendant identified several potentially responsive documents in the ESI Range responsive to Request 24. Gree Hong Kong was a 100% subsidiary of Gree Zhuhai. The documents included, but were not limited to, communications with the U.S. Consumer Protection Safety Commission, confidentiality agreements, recall invoices, and internal communications.

REQUEST NO. 25: Produce any documents that would identify the board or directors and all officers of any or all Gree entities, including but not limited to Gree USA, Inc. and Gree Electric Appliances, Inc. of Zhuhai, Gree North America, and Gree Hong Kong.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE044863 for documents responsive to Request No. 25. The search was (“board of directors” or “officer” or “president” or “vice-president” or “vice president” or “CEO” or “chief executive officer” or “cfo” or “chief financial officer” or “director”) AND (“Gree USA, Inc.” or “Gree Electric Appliances, Inc. of Zhuhai” or “Gree North America” or “Gree Hong Kong” or “Gree”). The search yielded 5,079 documents.

- Non-ESI Range (GREE0000001 – 0014826): Of the 5,079 result set, 140 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following responsive documents: GREE0000627, GREE0001941, GREE0002923, GREE0002027, and GREE0002332.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 25.

REQUEST NO. 26: Produce all documents referred to in your Answers to Interrogatories.

SUPPLEMENTAL RESPONSE: Produced GREE0000001 – GREE0404863 and
MJC0000166 – 0229810.

Dated: May 12, 2021

Gordon Rees Scully Mansukhani

By: /s/ James F. Regan

James F. Regan
1 Battery Park Plaza, 28th Fl
New York, New York 10004
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**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)
BARBARA E. AVENATTI)

Plaintiffs,)

v.)

GREE USA, INC.)

GREE ELECTRIC APPLIANCES)
INC. OF ZHUHAI)

HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD.)

MJC AMERICA LTD.)

MJC AMERICA HOLDINGS CO., LTD.)

Defendants.)

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANT’S RESPONSE TO PLAINTIFF’S FIRST SET OF REQUESTS FOR
PRODUCTION TO GREE USA, INC.**

Now comes Defendant, GREE USA, INC by their attorneys respond to Plaintiffs’ First Set of Request for Production to Defendant as follows:

REQUESTS FOR PRODUCTION OF DOCUMENTS

REQUEST NO. 1: Produce any and all documents or statements, whether written or recorded, related to the matter made the basis of this lawsuit, including but not limited to any notices of claim, any and all correspondence from any of the other parties, any internal

communications, any litigation hold documents, any communications with insurers, and any other responsive non-privileged communications.

SUPPLEMENTAL RESPONSE: Defendant is producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation. The documents include communications with opposing counsel, with independent adjusters, adjuster report, and electrical engineering expert.

REQUEST NO. 2: Produce copies of any documents related to the development and design of the Subject Product, including all engineering drawings, parts drawings, product planning documents, testing documents, certification reports, safety testing, hazard analyses, all versions of any operator manuals, pilot run reports, GANTT charts, bill of materials (C-BOM and otherwise) and all other documentation related to the development, design and manufacture of the Subject Product.

SUPPLEMENTAL RESPONSE: In response to Plaintiffs' demands, Defendants produced all documents produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx). These documents, Bates GREE0000001 - GREE0404863, are comprised of the below productions on behalf of the Gree Defendants herein, including responding Defendant Gree USA. The below noted ranges contain the current status of whether each range has all load files and metadata required to be considered electronically stored information (ESI) for the purposes of the Federal Rules.

Non-ESI:

1. GREE0000001 – 0014826: PDF images. No natives, missing Load Files with metadata.

ESI:

1. GREE0014827 – 0105702: TIF/JPG images: Has Natives and Load Files w/ metadata;

2. GREE0105703 – 0404714: PDF images w with natives. Initially missing Load Files w/ metadata. Metadata overlay located and provided on May 11, 2021.
3. GREE0404715 – 0404857: TIF/JPG images w/ Natives and Load Files w/ metadata;
4. GREE0404858 – 0404862: TIF/JPG images and Load Files w/ metadata;
5. GREE0404863: Single PDF image, missing Native, initially missing Load Files w/ metadata. Metadata overlay located and provided on May 11, 2021

Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 2. The searches were: [“(design drawing) or (design change) or (explo! diagrams) or (design specification) or (part drawing) and (recall or product or part)] and [(development or design or manufacture or specification) and (risk or sampling or certification or safety or hazard or manual or pilot or GANTT or bill of materials)]. The searches yielded 95 and 3,068 documents, respectively.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 43 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified twelve responsive documents within the Non-ESI range: GREE0011572-87, GREE0012451-57, GREE0013485-89, GREE0013498-28, GREE0013590-609, GREE0013712-13811, GREE001438-1474, GREE0014190-14213, GREE006880-82, GREE0006740-52, GREE0006825-27, and GREE007037-49.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 2.

REQUEST NO. 3: Produce all documents that support Your contention that the product at issue was not manufactured, designed, imported. Sold or distributed by any Gree Entity.

SUPPLEMENTAL RESPONSE: Defendant is not in possession of any such documents.

REQUEST NO. 4: Produce copies of all documents that would reflect, in whole or part, the retailers that sold SoleusAir powered by Gree dehumidifiers in Indiana between 2007-2016 and which specific models such retailers sold.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 4. The search was: [retail AND gree AND dehumidifier AND Indiana]. The search yielded 61 documents. Defendant reviewed all 61 documents.

Non-ESI Range (GREE0000001 – 0014826): Of the 61 document result set, 37 documents fell within Bates GREE0000001-0014826. Defendant identified two responsive documents within the Non-ESI range: GREE0007686 and GREE0007693.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 4. There are not likely to be additional responsive documents because all of the results for the aforementioned searches were reviewed.

REQUEST NO. 5: Produce all documents related to complaints, claims, lawsuits, disputes, incidents, or reports in any way involving claims the model product at issue in this case and/or any Similar Products caused a fire for the past 10 years.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the

production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 5. The search was: [summons OR sued OR Plaintiff OR Defendant]. The search yielded 378 documents.

Non-ESI Range (GREE0000001 – 0014826): Of the 378 document result set, 21 documents fell within Bates GREE0000001-0014826. Defendant identified nineteen responsive documents within the Non-ESI range: GREE0007686, GREE0007693, GREE0007838, GREE0007916, GREE0007920, GREE0009621, GREE0009660, GREE0009702, GREE0009709, GREE0009735, GREE0011135, GREE0011183, GREE0011233, GREE0011259, GREE0011307, GREE0011314, GREE0013931, GREE0013936, and GREE0013940.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 5.

REQUEST NO. 6: Please produce all communications with the Consumer Product Safety Commission (“CPSC”) which You possess or have the ability to control related to the Gree dehumidifier recall issued in September 2013, updated in October 2013, expanded in 2014, and renewed in November 2016. *See, e.g., Winstanley v. Royal Consumer Information Products, Inc.*, 2006 WL 1789115 (D. AZ. 2006) (communications with CPSC not privileged.)

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 6. The search was: [“ (recall or investigation) and (CPSC.gov or U.S. Consumer Product Safety Commission)]. The search yielded 2,673 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 44 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified 16 responsive documents within the Non-ESI range: GREE0006790-91, GREE0006793-95, GREE006793-99, GREE0007565-66, GREE0009409-11, GREE0009415-18, GREE0009475-78, GREE0009543, GREE00115522-24, GREE0011570-1, GREE00011579-81, GREE0011997-98, GREE0012083, GREE0012972-73, GREE001305-07, and GREE0013574-75.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 6 including CPSC communications.

REQUEST NO. 7: Produce all documents that reveal information regarding how much money any Defendant made through the sale of the Recalled Dehumidifiers.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 7. The search was: [“income statement” AND dehumidifier]. The search yielded 125 documents.

Non-ESI Range (GREE0000001 – 0014826): Of the 125 document result set, 7 documents fell within Bates GREE0000001-0014826. Defendant identified five responsive documents within the Non-ESI range: GREE0001876, GREE0001897, GREE0002100, GREE0002403, and GREE0013926.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 7 including: GREE0020313, and GREE0021000.

REQUEST NO. 8: Produce each and every communication You, or anyone on your behalf, has had with Pekin Insurance Company and/or the Travelers Insurance company related to or arising out of the fire made the basis of this lawsuit, and all information exchanged with both such companies.

SUPPLEMENTAL RESPONSE: Defendant is producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation. The documents include communications with opposing counsel for Pekin and Travelers, with independent adjusters, adjuster report, and electrical engineering expert

REQUEST NO. 9: Produce all documents bearing on Your contention the Plaintiffs spoliated evidence in this case and/or that such alleged spoliation has prejudiced You.

SUPPLEMENTAL RESPONSE: The documents Bates Stamped 0404864-04045225, produced herein, contain information responsive to this demand. Defendant is not currently in possession of further responsive documents.

REQUEST NO. 10: Produce every document that would allow or help to allow one to determine whether the product at issue in this lawsuit was designed, manufactured, sold, marketed, imported, or distributed by any Defendant to this action, including documents that identifying the look, markings, and other characteristics of all component parts used in Gree dehumidifiers, such as parts drawings, for example.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 10. The searches were: (design drawing)

or (design change) or (exploded diagrams) or (design specification). The search yielded 107 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 15 documents within Bates GREE0000001 – 0014826 from the result set, all of which were reviewed. Defendant identified four responsive documents within the Non-ESI range: GREE0012451-57, GREE0013609, GREE0114633-46, and GREE0122655-74.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 10.

REQUEST NO. 11: Produce all documents related to the retailers in Indiana to whom You sold or distributed dehumidifiers from 2011-2018, including documents that would indicate the number of dehumidifiers any Defendant sold or distributed into Indiana and the money made from such sales.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 11. This set was produced in MJC v. Gree (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “sale” or “revenue” or “finances” or “dehumidifier” or “Indiana”. The broadest results totaled 3,453 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant did not identify any documents responsive to this Request. Defendant identified the following four marginally responsive documents within the Non-ESI Range: GREE0001798, GREE0001876, GREE0001897, and GREE0002051.

ESI Range (GREE0014827 – 0404863): Defendant identified several marginally responsive documents in the ESI Range responsive to Request 11. The documents included annual statement and other sales records but were not directly responsive to Request 11.

REQUEST NO. 12: Produce any and all documents related to or arising out of any investigation or inquiry into safety concerns, defects, or problems with Gree dehumidifiers about which are You are aware, including communications with MJC America, LLC., any and all Gree entities, federal and state governmental officials, and any third parties from 2008-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 12. The search was: [(investigation or inquiry) and (safety or quality or issue or defect or recall) and Dehumidifier!]. The search yielded 857 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 37 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified 16 responsive documents within the Non-ESI range: GREE0006728-31, GREE0006790-91, GREE0006932-40, ,GREE0006958-61, GREE007193-206, GREE007219-23, GREE007458-82, GREE007483-99, GREE0009510-14, GREE011570-71, GREE001579-81, GREE0011716-72, GREE00121440-12144, GREE0014449-50, GREE0013590-609, and GREE0142467-25.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 12 including: GREE0106497, GREE0363458-9, GREE0111415-22, and GREE0114523-27.

REQUEST NO. 13: Produce all documents that would reveal the number or percentage of Gree-made dehumidifiers You sold or distributed to Indiana retailers between 2011-2018 were recalled for being defective.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 13. The searches were: [Indiana AND (retail OR retailer OR Sears OR "Home Depot" OR Walmart OR Menards OR Costco OR store OR shopping OR invoice OR contract OR bill OR purchase OR order OR wholesale OR distributor OR sale OR revenue OR income) AND (recall OR defect OR defective OR callback OR return OR returned OR recalled OR “called back”)] and [印第安纳州]. The English search yielded 519 documents, and the Chinese search yielded 0 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 18 documents within Bates GREE0000001 – 0014826 from the result set. Defendant did not identify any documents directly responsive to this request. Defendant identified two relevant documents within the Non-ESI range: GREE0000015 and GREE000453.

ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 13 including communications related to recalls in Indiana including: GREE0019228, GREE0019641, GREE0021099, GREE0041030, GREE0041149, GREE0105775, GREE0128080, GREE0128219, GREE0128237, GREE0128459, and GREE0128819.

REQUEST NO. 14: Produce any and all documents related to notice being provided to Plaintiffs, by any party or third-party, of the dangers associated with the Subject Product.

SUPPLEMENTAL RESPONSE: Defendant has no record of sending recall notice to Plaintiffs.

REQUEST NO. 15: Produce all documents that evidence when You first became aware of reports that any dehumidifier model later recalled in 2013 and thereafter was suspected to have caused a fire in an American home.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 15. The searches were: [(“consumer complaint” OR “consumer complaints” OR investigation) AND (fire OR burn OR combust) AND (report OR reports OR aware)] and [消费者投诉 消费者投诉 调查 火灾 燃烧 燃烧]. The English search yielded 536 documents, and the Chinese search yielded 0 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 10 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified seven responsive documents within the Non-ESI range: GREE0002544, GREE0002566, GREE0006692, GREE0006833, GREE0006849, GREE0006866, and GREE0006886.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 15.

REQUEST NO. 16: Produce all documents in your possession and/or which you have the right to access related to the thermal conductivity of any components of the Subject Product and all Similar Products.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 16. The searches were: [(“thermal protector” OR thermal OR component OR “thermal conductivity”) AND dehumidifier] and [(热保护器 OR 热或组件 OR 热导率) AND 除湿机]. The English search yielded 398 documents, and the Chinese search yielded 0 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 15 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified nine responsive documents within the Non-ESI range: GREE0007263, GREE0008293, GREE0011539, GREE0011572, GREE0011611, GREE0011716, GREE0012152, GREE0012451, and GREE0012877.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 16.

REQUEST NO. 17: Produce any documents that would identify the board or directors and all officers of any or all Gree entities, including but not limited to Gree USA, Inc. and Gree Electric Appliances, Inc. of Zhuhai (“Gree Zhuhai”).

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 –

GREE0404863 for documents responsive to Request No. 17. The searches were: [(“annual statement” OR “board of directors” OR “corporate officers”) AND Gree] and [“年度声明” OR “董事会” OR “公司职员”) AND 格力]. The English search yielded 144 documents, and the Chinese search yielded 3 documents.

Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 10 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified five responsive documents within the Non-ESI range: GREE0002105, GREE0002220, GREE0002273, GREE0002358, and GREE0006519.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 17.

REQUEST NO. 18: Produce any and all audio recordings or transcripts thereof taken during meetings related at all to the Recalled Dehumidifiers or the investigation into problems with Gree dehumidifiers or claims or allegations relating to such dehumidifiers, including but not limited to any recordings that exist from meetings between MJC America and any Gree entity.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 18. The searches were: [(meeting minute) and (audio) and (transcript) and (dehumidifier)] and [minute into filename search bar]. The search yielded 17 documents each, all of which were reviewed. Defendant identified no audio files or documents responsive to this Request.

REQUEST NO. 19: Produce all documents that explain or would reveal the relationships between or among Gree USA, Inc., Gree Zhuhai, Gree Hong, and MJC America.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 19. The search was: [MJC AND "Gree USA" AND zhuhai AND (Parent OR Subsidiary)]. The search yielded 72 documents, all of which were reviewed.

Non-ESI Range (GREE0000001 – 0014826): Of the 72 document result set, 9 documents fell within Bates GREE0000001-0014826. Defendant identified two responsive documents within the Non-ESI range: GREE0002358 and GREE0013590.

ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 19.

REQUEST NO. 20: Produce all documents referred to in your Answers to Interrogatories.

SUPPLEMENTAL RESPONSE: Produced GREE0000001 – GREE0404863 and MJC0000166 – 0229810.

REQUEST NO. 21: Produce all documents that relate in any way to any effort You or any other Defendant to this action took to prevent the sale of defective dehumidifiers in the United States from 2010-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 21. The search was: ["gree usa" AND (recall OR "internal review" OR "internal investigation")]. The search yielded 1,889 documents.

Non-ESI Range (GREE0000001 – 0014826): Of the 61 document result set, 37 documents fell within Bates GREE0000001-0014826. Defendant identified nineteen responsive documents within the Non-ESI range: GREE0002356, GREE0003684, GREE0004000, GREE0004001, GREE0004013, GREE0004030, GREE0004031, GREE0004043, GREE0004044, GREE0004045, GREE0004600, GREE0005510, GREE0005562, GREE0005721, GREE0005766, GREE0005854, GREE0006182, GREE0006677, and GREE0006678.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 21, including communications with the U.S. Consumer Product Safety Commission, among others.

REQUEST NO. 22: Please produce all corporate meeting minutes for Gree USA, Inc. from 2010-2020.

SUPPLEMENTAL RESPONSE: Because the production was from the MJC v. Gree litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 22. The search was: [“gree usa” AND (“meeting minutes” OR “meeting notes” OR “meeting summary” OR “corporate minutes”)]. The search yielded 124 documents, all of which were reviewed.

Non-ESI Range (GREE0000001 – 0014826): Of the 124 document result set, 5 documents fell within Bates GREE0000001 – 0014826. Defendant identified three responsive documents within the Non-ESI range: GREE0002356, GREE0006998, and GREE0009741.

ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 22.

Dated: May 12, 2021

Gordon Rees Scully Mansukhani

By: /s/ James F. Regan

James F. Regan
1 Battery Park Plaza, 28th Fl
New York, New York 10004
jregan@grsm.com

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)
BARBARA E. AVENATTI)
)
Plaintiffs,)
)
)
v.)
)
GREE USA, INC.)
)
GREE ELECTRIC APPLIANCES)
INC. OF ZHUHAI)
)
HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD.)
)
MJC AMERICA LTD.)
)
MJC AMERICA HOLDINGS CO., LTD.)
)
Defendants.)

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANT’S SUPPLEMENTAL RESPONSE TO PLAINTIFFS’ FIRST SET OF
REQUESTS FOR PRODUCTION OF DOCUMENTS TO DEFENDANT, GREE
ELECTRIC APPLIANCES INC. OF ZHUHAI**

Now comes Defendant, GREE ELECTRIC APPLIANCES INC. OF ZHUHAI, by their attorneys, supplement their Response to Plaintiffs’ First Set of Requests for Production of Documents to Defendant as follows:

REQUESTS FOR PRODUCTION OF DOCUMENTS

REQUEST NO. 1: Produce all communications between you and any other party to this litigation that pertains in whole or part to this litigation or any facts relevant to this lawsuit.

SUPPLEMENTAL RESPONSE: Defendant is producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation.

The documents include communications with opposing counsel, with independent adjusters, adjuster report, and electrical engineering expert.

REQUEST NO. 2: Produce any and all documents or statements, whether written or recorded, related to the matter made the basis of this lawsuit.

SUPPLEMENTAL RESPONSE: Defendants are also producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation. The documents include communications with opposing counsel, with independent adjusters, adjuster report, and electrical engineering expert.

REQUEST NO. 3: Produce all warranties, letters, handbooks, operator manuals, installation instructions, and/or any similar materials, about which you are aware that relate to the Subject Product.

SUPPLEMENTAL RESPONSE: In response to Plaintiffs' demands, Defendants produced all documents produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx). These documents, Bates GREE0000001 - GREE0404863, are comprised of the below productions on behalf of the Gree Defendants herein, including responding Defendant Gree Zhuhai. The below noted ranges contain the current status of whether each range has all load files and metadata required to be considered electronically stored information (ESI) for the purposes of the Federal Rules.

Non-ESI:

1. GREE0000001 – 0014826: PDF images. No natives, missing Load Files with metadata.

ESI

1. GREE0014827 – 0105702: TIF/JPG images: Has Natives and Load Files w/ metadata;

2. GREE0105703 – 0404714: PDF images w with natives. Initially missing Load Files w/ metadata. Metadata overlay located and provided on May 11, 2021.
3. GREE0404715 – 0404857: TIF/JPG images w/ Natives and Load Files w/ metadata;
4. GREE0404858 – 0404862: TIF/JPG images and Load Files w/ metadata;
5. GREE0404863: Single PDF image, missing Native, initially missing Load Files w/ metadata. Metadata overlay located and provided on May 11, 2021.

Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 3. The searches included the following: “communications” or “lawsuit” or “recall” or “dehumidifier”. This broadest result set yielded 3,291 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 3,291 result set, Defendant identified the following ten responsive documents within the Non-ESI Range: GREE0006763, GREE0006790, GREE0007075, GREE0007109, GREE0007382, GREE0007441, GREE007442, GREE0007452, GREE0007458, and GREE0007483. Based on an high responsive rate in the Non-ESI range, there are likely additional responsive materials to Request 1 in the Non-ESI Range.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 3. The documents included, but were not limited to, recall notices, expansion notices, recall escalation reports, and more.

Each document reviewed in response to this search was responsive to Request 3.

REQUEST NO. 4: Produce all copies of all versions of the operator manual provided with the Subject Product model at issue in this litigation.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 4. The searches included the following: “warranties” or “instructions” or “manuals” or “user manual” or “operator” or “handbook” or “manual”.

- Non-ESI Range (GREE0000001 – 0014826): As a result of the searches, Defendant did not identify any responsive documents in the Non-ESI Range. However, Defendant conducted an additional search for “operating instructions” and identified one responsive document: GREE0012466.
- ESI Range (GREE0014827 – 0404863): As a result of the searches, Defendant identified several responsive documents in the ESI Range responsive to Request 4. The documents included, but were not limited to, user manuals for several models including operating guidelines.

REQUEST NO. 5: Please produce copies of all engineering drawings and any and all engineering change requests and/or engineering changes that relate to the Subject Product or the Model Product at issue in this case.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 5. The searches included the following: “engineering” or “draw” or “drawings” or “schematics” or “engineering changes”.

- Non-ESI Range (GREE0000001 – 0014826): As a result of the searches, Defendant did not identify any responsive documents in the Non-ESI Range.
- ESI Range (GREE0014827 – 0404863): As a result of the searches, Defendant identified responsive documents in the ESI Range responsive to Request 5. The documents included design changes.

REQUEST NO. 6: Produce all documents related to complaints, claims, lawsuits, disputes, incidents, or reports involving allegations that any dehumidifier you designed, manufactured, sold, or distributed was defective in design or manufacture for the past 10 years.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 6. This set was produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “complaint” or “lawsuit” or “claim” or “dispute” or “allegation” or “incident” or “report”.

- Non-ESI Range (GREE0000001 – 0014826): The above searches returned 415 results within the Non-ESI range. Defendant identified the following sixteen responsive documents within the Non-ESI Range: GREE0006974, GREE0009621, GREE0009660, GREE0011314, GREE001394, GREE0009493, GREE0009485, GREE0009507, GREE0009508, GREE0009510, GREE0009515, GREE0009562, GREE0009566, GREE0009594, GREE0009597, and GREE0009599.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 6. The documents included, but were not limited to complaints, CPSC communications, status of claims and more. Based on the high level of responsive documents, there is likely more responsive materials in the ESI Range.

REQUEST NO. 7: Please produce all communications, reports, and other documents provided to the Consumer Product Safety Commission (“CPSC”) on your behalf, which You possess or have the ability to control, which relate in any way to the Gree dehumidifier recall issued in September 2013, updated in October 2013, expanded in 2014, and renewed in November 2016, including but not limited to communications your attorneys had with the CPSC on your behalf, and all attachments thereto. *See, e.g., Winstanley v. Royal Consumer Information Products, Inc.*, 2006 WL 1789115 (D. AZ. 2006) (communications with CPSC not privileged.)

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 7. This set was produced in MJC v. Gree (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “CPSC” or “Gree” or “MJC” or “Recall” or “Defect” or “Consumer Product”. The broadest results totaled 4,952 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant identified the following two documents within the Non-ESI Range: GREE0007355 and GREE0006772.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 7. The documents included, but were not CPSC communications and incident reports. Based on the high level of responsive documents, there is likely more responsive materials in the ESI Range.

REQUEST NO. 8: Produce all documents relating to patents of the Subject Product at issue in this case.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 8. This set was produced in MJC v. Gree (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “patent” or “intellectual property” or “dehumidifier”. The broadest results totaled 384 documents. The searches did not identify any documents in the Non-ESI Range. The searches identified responsive documents including patents in the ESI Range.

REQUEST NO. 9: Produce copies of all documents that reveal or relate to the amount of revenue Gree Electric Appliances Inc. of Zhuhai generated by designing, manufacturing, and

selling dehumidifiers that were ultimately purchased by United States' consumers, and Indiana consumers, respectively, from 2008-2020.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 9. This set was produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “sale” or “revenue” or “finances” or “dehumidifier” or “Indiana”. The broadest results totaled 3,453 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant did not identify any documents responsive to this Request. Defendant identified the following four marginally responsive documents within the Non-ESI Range: GREE0001798, GREE0001876, GREE0001897, and GREE0002051.
- ESI Range (GREE0014827 – 0404863): Defendant identified several marginally responsive documents in the ESI Range responsive to Request 9. The documents included annual statement and other sales records but were not directly responsive to Request 9.

REQUEST NO. 10: Produce all documents detailing Gree China's earnings, net profits, gross profit, gross revenue, net revenue, and net income for each year 2008 – present.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 10. This set was produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “balance sheet”, “profit”, “earnings”, “revenue”, “income”, “net revenue”, “net income”, and “ledger”. The broadest results totaled 1,457 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant identified the following seven responsive documents to Request 10 within the Non-ESI Range: GREE0002100, GREE0002403, GREE0002406, GREE0002432, GREE0001798, GREE0001876, and GREE0001897.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 10. The documents included annual statements.

REQUEST NO. 11: Produce all documents that reveal which retailers in Indiana retailed Gree dehumidifiers during any time period 2009-2018.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 11. This set was produced in *MJC v. Gree* (Case No. 2:13-CV-04264-CWx), which closed in 2016. Therefore, any results noted below are prior to that time. The searches included the following terms: “Indiana”, “retailer”, “Gree”, and “Dehumidifier”. The searches did not reveal responsive documents identifying revenue or retailers by State.

REQUEST NO. 12: Produce all documents related in any way to the recall of dehumidifiers issued in September 2013, updated in October 2013, expanded in 2014, and renewed in November 2016.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 12.

The search contained the following: “recall” and “(September or October)” and (2013 or 2014) and “CPSC”. This search yielded 1,224 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 1,224 result set, 18 documents fell within Bates GREE0000001 – 0014826. Defendant identified the following six responsive documents: GREE0006790, GREE006793, GREE0007565, GREE0009542, GREE0009709, GREE0012972. Based on an overview of the remaining 18 documents in the Non-ESI range, additional documents within the Non-ESI range are likely to be responsive to Request 12.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 12. The documents included, but were not limited to, recall notices and communications with the CPSC.

REQUEST NO. 13: Produce all expert reports and all communications with any experts you engaged with respect to the investigation and/or handling of the claim which forms the basis of this lawsuit.

SUPPLEMENTAL RESPONSE: Defendant is producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation. The documents include communications with opposing counsel, with independent adjusters, adjuster report, and electrical engineering expert.

REQUEST NO. 14: Produce all documents, including but not limited to any memos, test results, charts or other recorded evidence regarding any hazard analyses and failure analyses performed with respect to all Gree-made dehumidifiers from 2009-2018.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 14.

The search consisted of the following: “Gree” and “testing” and “failure” and “dehumidifier”. The search yielded 239 results.

- Non-ESI Range (GREE0000001 – 0014826): From the 239 search result set, 26 documents fell within the Non-ESI range. Defendant identified the following seven responsive documents within the Non-ESI range: GREE0006728, GREE0007219, GREE0007263, GREE0011448, GREE0011457, GREE001849, and GREE131610.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 14. The documents included, but were not limited to, correspondence to Gree employees regarding testing, expert reports, and additional expert reports of other parties related to dehumidifiers.

Based on the high responsive rate of documents reviewed within the 239 search result set, it is likely that additional responsive materials are in that set.

REQUEST NO. 15: Produce all documents and communications or statements, whether written or recorded, exchanged between or among Gree USA Inc., Gree Electric Appliances Inc. Of Zhuhai, MJC America, Gree Hong Kong, or related subsidiaries related to consumer complaints, corporate complaints, governmental warnings, and/or government ordered recalls related to all Gree-made dehumidifiers from 2009-2018.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 15. Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant conducted three searches relative to this Request.

The first search consisted of the following: “(consumer or customer)” and “complaint” or “(government or agency)” and “recall”. This search yielded 1,627 results.

- Non-ESI Range (GREE0000001 – 0014826): From the 1,627 search result set, 4 documents fell within the Non-ESI range. Of the four Non-ESI documents, three were responsive: GREE0006783, GREE0006886, GREE0007075.

ESI Range (GREE0014827 – 0404863): Defendant identified responsive communications within the ESI Range.

The second search was: “(@soleusair.com or @gree.com or @gree.com.cn)” and “(complaint or recall or CPSC)”. This search yielded 2,830 results. Of the 2,830 results, 122 fell within the Non-ESI Bates range. Defendant identified 5 responsive documents in the Non-ESI range: GREE002552, GREE002563, GREE003840, GREE006182, and GREE0006877.

The third search was: “(@soleusair.com and @gree.com.cn)” and “(complaint or recall or CPSC)”. This search yielded 549 documents. Of the 549 results, 43 fell within the Non-ESI range. Of the 43, Defendant identified the following five responsive documents: GREE0007159, GREE0007219, GREE0012630, GREE0006683, and GREE0007019.

REQUEST NO. 16: Produce all documents pertaining to any investigation conducted into defects or problems with respect to the Subject Product or any Similar Product.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 16.

The search was: “investigation” and “defect” and “dehumidifier”. This search yielded 132 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 132 result set, 8 documents fell within Bates GREE0000001 – 0014826. Defendant identified three responsive documents within the Non-ESI range: GREE0011579, GREE0013590, and GREE0014267.

- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 16. Based on the high rate of responsive documents in the search result set for Request 16, there are likely additional responsive materials in the ESI Range.

REQUEST NO. 17: Produce any and all documents related to or arising out of any investigation or inquiry into safety concerns, defects, or problems with SoleusAir powered by Gree dehumidifiers about which you are aware, including communications with MJC America, LLC., communications among or between any and all Gree entities, federal and state governmental officials, and any third parties from 2009-2018.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 17.

The search was: “investigation” and “(safety or defect or problem)” and “SoleusAir”. This search yielded 431 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 431 result set, 36 documents fell within Bates GREE0000001 – 0014826. Defendant identified five responsive documents within the Non-ESI range: GREE0007483, GREE0006878, GREE0002570, GREE0002571, and GREE0003159
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 17. Based on the high rate of responsive documents in the search result set for Request 17, there are likely additional responsive materials in the ESI Range.

REQUEST NO. 18: Produce all testing documents and data related to the Subject Product or any Similar Product at issue in this case, including but not limited to certification testing and results.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 18.

The search consisted of the following: “(certification or UL or results)” and “dehumidifier” and “testing”. This search yielded 868 documents.

- Non-ESI Range (GREE0000001 – 0014826): From the 868 search result set, 95 documents fell within the Non-ESI range. Defendant identified the following three responsive documents within the Non-ESI range: GREE0006763, GREE007086, and GREE0007219. Based on an overview of the remaining documents within the Non-ESI range, there are likely additional responsive materials.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 18. The documents included, but were not limited to, correspondence to Gree employees regarding testing, expert reports, and additional expert reports of other parties related to dehumidifiers.

REQUEST NO. 19: Produce all documents that pertain to any investigation You conducted into problems or alleged problems with Soleus Air powered by Gree dehumidifiers from 2007-2018.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 19. Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are

included in the production or in the results noted below. Defendant conducted two searches relative to this Request.

The first search consisted of the following: “(investigation or inquiry or report or testing)” and “dehumidifier” and “Gree Zhuhai “. This search yielded 315 results.

- Non-ESI Range (GREE0000001 – 0014826): From the 315 search result set, 23 documents fell within the Non-ESI range. Of the 23 Non-ESI documents, Defendant identified five responsive documents: GREE000716, GREE007193, GREE0006763, GREE00705, and GREE0013610.

ESI Range (GREE0014827 – 0404863): Defendant identified several documents responsive to Request 19 in the ESI Range. The search yields information relating to investigation. Based on the number of documents identified, there are likely numerous more responsive documents in the ESI Range.

The second search was: “Gree Zhuhai Test Report”. This search yielded three results. All three were in the ESI Range and were responsive: GREE0371673, GREE013453, and GREE0134280. Defendant did not identify additional responsive documents in the Non-ESI Range as a result of this search.

REQUEST NO. 20: Produce all documents related to any certification issued for the Subject Product and/or Model Product, including but not limited to the entire UL file for the Subject Product, the file for any predecessor product upon which certification for the Model Product was based, all performance tests, all reports, UL certificates, and any other documents related to any certification or compliance with industry, governmental, and/or voluntary standards.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 19. Defendant conducted two searches relative to this Request.

The first search consisted of the following: “(UL or underwriters laboratories)” and “(certification or stamp or mark or compliance)”. This search yielded 1,259 results.

- Non-ESI Range (GREE0000001 – 0014826): From the 1,259 search result set, 63 documents fell within the Non-ESI range. Of the 63 Non-ESI documents, Defendant identified five responsive documents: GREE0006723, GREE0011446, GREE0011472, GREE0011481, and GREE0011486.

ESI Range (GREE0014827 – 0404863): Defendant identified several documents responsive to Request 19 in the ESI Range. The search yields various testing reports and communications related to the certification of a variety of model dehumidifiers. Based on a review of the sample size, it is evidence that additional responsive documents exist in both search result sets.

The second search was: “(Intertek or TUV Rheinland or UL or government or industry or internal)” and “(certification or compliance or standard)”. This search yielded 10,144 results, 380 of which fall within the Non-ESI Range. Defendant identified four additional Non-ESI responsive documents: GREE0006902, GREE0007037, GREE0012576, and GREE0012605.

REQUEST NO. 21: Produce all documents in your possession or control that provide information helpful to identifying whether a particular dehumidifier was designed, manufactured and/or sold by You.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 21.

The search was: “(design drawing)” or “(design change)” or “(exploded diagrams)” or “(design specification)”. The search yielded 107 documents.

- Non-ESI Range (GREE0000001 – 0014826): Of the 107 result set, 15 documents fell within Bates GREE0000001 – 0014826. Defendant identified two responsive documents within the Non-ESI range: GREE0012451, and GREE0013609.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 21 including design drawings, change requests, and more. Based on the high rate of responsive documents in the search result set for Request 21, there are likely additional responsive materials in the ESI Range.

REQUEST NO. 22: Produce all documents that reveal any efforts You made to locate Mr. Avenatti or any other people who purchased recalled Gree dehumidifiers in order to warn them of the dangers of the product they purchased.

SUPPLEMENTAL RESPONSE: Defendant has not identified any record of sending recall notice to Plaintiffs or contact with Plaintiffs. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 22.

The search was: “recall” and “(campaign or notice or mail or flyer or communication)” and “(customer or purchaser or owner or home)”. The search yielded 2,805 results.

- Non-ESI Range (GREE0000001 – 0014826): Of the 2,805 result set, 37 documents fell within Bates GREE0000001 – 0014826. Defendant identified two responsive documents within the Non-ESI range: GREE0007364, and GREE0007373.
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 22 including recall notices, Stericycle communications, and more. Based on the high rate of responsive documents in the search result set for Request 22, there are likely additional responsive materials in the ESI Range.

REQUEST NO. 23: Produce all documents indicating any efforts You made, personally or through representatives, to learn from retailers who sold defective Gree dehumidifiers the identities of individuals who purchased the units and all documents that reflect what steps you took to warn such persons of the dangers associated with the recalled products.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 23. The search was: “(Sears or Costco or Menards or Walmart or Home Depot or store or retailer or store or distributor or seller)” and “(warning or warn or tell or advise or caution or notify or “notice of recall)” and “(recall or defect or defective or warning or recalled or callback)” and “(fire or burn or combust or arc or arcing)” and “(purchaser or homeowner or customer or buyer or consumer or owner).” This search yielded 691 results.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 25 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified fourteen responsive documents within the Non-ESI range: GREE0006692, GREE0006692, GREE0006763, GREE0006793, GREE0006833, GREE0006849, GREE0006866, GREE0006886, GREE0007246, GREE0009486, GREE0009606, and GREE0011964.

- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 23 including recall notices, Stericycle communications, and more. Based on the high rate of responsive documents in the search result set for Request 22, there are likely additional responsive materials in the ESI Range.

REQUEST NO. 24: Produce all documents in your possession and/or which you have the right to access related to the thermal conductivity of any components of the Subject Product and all other Gree-made dehumidifier models sold in Indiana from 2009-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 24. The search was: “(“thermal protector” or thermal or component or “thermal conductivity” and “dehumidifier”). The search yielded 691 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 23 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified nine responsive documents within the Non-ESI range: GREE0007263, GREE0008293, GREE0011539, GREE0011572, GREE0011611, GREE0011716, GREE0012152, GREE0012451, and GREE0012877
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 22 including testing document and expert reports.

REQUEST NO. 25: Produce all documents related to the manufacture and design of the compressor(s) incorporated into the Subject Product and the plastic used in the Subject Product housing or casing.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 25. The search was: “(compressor or plastic)” and “(housing or casing)” and “(design or manufacture)” or “(“thermal protector” or thermal or component or “thermal conductivity” and “dehumidifier”). The search yielded 154 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 26 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified eight responsive documents within the Non-ESI range: GREE0109947, GREE0110513, GREE0114153, GREE0114182, GREE0120220, GREE0129144, GREE0131163, GREE0131452
- ESI Range (GREE0014827 – 0404863): Defendant identified several responsive documents in the ESI Range responsive to Request 25 including design drawings and design change drawings.

REQUEST NO. 26: Produce all documents that would identify the number of dehumidifiers manufactured by You that were sold in Indiana for each year 2009-2018 and, of that number, how many were recalled.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the

production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 26.

The search was: (“bank statement” or invoice or sales or income or profit or “quarterly report” or “income statement” or balance sheet or “accounts receivable” or “inventory sold” or sell or contract or order or “purchase order”) and “dehumidifier” and “Indiana”. This search yielded 338 results. Defendant did not identify any directly responsive results because financial records are not organized by State. However, Defendant identified the following four Non-ESI Range documents as potentially responsive and related to financial income: GREEE0000015, GREE0004498, GREE0004509, and GREE0004531. Defendants also identified several annual and financial reports in the Non-ESI set that are also relevant.

REQUEST NO. 27: Produce all documents demonstrating Your revenues and profits for each year 2010-2019 related to the design, manufacture, sale, distribution and/or marketing of dehumidifiers in the United States.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 27.

The search was: (“bank statement” or invoice or sales or income or profit or “quarterly report” or “income statement” or “balance sheet” or “accounts receivable” or “inventory sold” or “sell” or “contract” or “order” or “purchase order” or “revenue”) and “dehumidifier”. The search yielded 12,751 results. Defendant did not identify any responsive documents in the Non-ESI Range. Defendant identified potentially responsive documents including annual statements, purchase orders, and more in the ESI Range.

REQUEST NO. 28: Produce all documents relating to any claims made by MJC America, Ltd.’s against Gree USA, FIX Gree, and/or Gree Electric Appliances, Inc. of Zhuhai from 2008-2018, including but not limited to all non-privileged documents related to MJC America, Ltd., et al v Gree USA, Inc., United States District Court Central District of California case number 13-CV-04264-SJO.

SUPPLEMENTAL RESPONSE: Documents from 13-CV-0434-SJO are produced herein as GREE0000001 – GREE0404863 and MJC0000166 – 0229810. Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for additional documents responsive to Request No. 28.

The search was: “(13-CV-04264-SJO” or “MJC America, Ltd., et. al v. Gree USA, Inc.” or “Central District of California”) and “(MJC)” and “(claim OR notice OR demand OR complaint OR indemnification)”. The search yielded 28 results. The search identified three responsive documents in the Non-ESI Range: GREE0011135, GREE0011183, and GREE0011233. The search identified additional responsive documents in the ESI Range including deposition transcripts.

REQUEST NO. 29: Produce all documents related to Your cover-up of known defects with dehumidifiers You designed and/or manufactured from 2009-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant conducted two searches of the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 29.

The first search was: (flammability OR fire OR arcing OR “thermal protector” OR “thermal overload” OR “OLP” OR UL OR CPSC “Consumer Product Safety Commission” OR plastic) AND compressor AND dehumidifier. The first search yielded 736 results.

- Non-ESI Range (GREE0000001 – 0014826): The first search did not yield directly responsive documents related to a cover up. The first search yielded 10 documents within the Non-ESI Range. All ten documents were responsive: GREE0006680, GREE0006740, GREE0006773, GREE0006779, GREE0006825, GREE0007037, GREE0007263, GREE0007458, GREE0007483, GREE0008987
- ESI Range (GREE0014827 – 0404863): Defendant did not identify directly responsive documents in the ESI Range related to a cover up. Defendant identified responsive documents in the ESI Range responsive to Request 29 including dehumidifier testing and communications with the Consumer Product Safety Commission related to the dehumidifier recall.

REQUEST NO. 30: Produce all documents, including all communications, related to Your decision to agree to pay a multi-million dollar penalty to the Consumer Product Safety Commission related to the recall of Your defective dehumidifiers.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant conducted a search of the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 30.

The first search was: “(CPSC OR Consumer Product Safety Commission)” and “(penalty)”. The search yielded 90 documents.

- Non-ESI Range (GREE0000001 – 0014826): The first search yielded 50 documents within the Non-ESI Range. Defendant identified two responsive documents GREE0002356 and GREE0009741.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 30.

REQUEST NO. 31: Produce all documentation that reflects any investment and or funding You have provided to Gree USA, Inc. in the past 10 years.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 31.

The search was: Gree USA” AND (investment OR funding) AND (capitalization OR incorporation OR agreement OR contract OR disbursement). The search yielded 130 documents.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 50 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified seven responsive documents within the Non-ESI range: GREE0002051, GREE0002406, GREE0002432, GREE0006713, GREE0006946, GREE0013874, and GREE0013900.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 31.

REQUEST NO. 32: Produce all documents revealing your relationship, if any, with Gree North America.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the

production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 32.

The search was: “Gree North America”. An additional search in Chinese for: 格力北美 (Gree North America) was run but did not yield any results. The English search yielded six results. None were in the Non-ESI Range. The six results in the Non-ESI Range were potentially responsive.

- Non-ESI Range (GREE0000001 – 0014826): Defendant reviewed 50 documents within Bates GREE0000001 – 0014826 from the result set. Defendant identified seven responsive documents within the Non-ESI range: GREE0002051, GREE0002406, GREE0002432, GREE0006713, GREE0006946, GREE0013874, and GREE0013900.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 32.

REQUEST NO. 33: Produce all documents and communications related to and/or that reveal when You first became aware of consumer complaints related to the safety of Gree dehumidifiers and that detail Gree China’s response, if any, including documents pertaining to any investigation undertaken by or at the request of Gree China or otherwise known to Gree China into claims by consumers that Gree dehumidifiers were starting fires and may be unreasonably dangerous.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 33.

The search was: (“consumer complaint” OR “consumer complaints” OR investigation) AND (fire OR burn OR combust). The search yielded 1,010 results.

- Non-ESI Range (GREE0000001 – 0014826): The search yielded 10 documents within Bates GREE0000001 – 0014826 from the search result set. Seven of those documents were responsive: GREE0002544, GREE0002566, GREE0006692, GREE0006833, GREE0006849, GREE0006866, and GREE0006866.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 33.

REQUEST NO. 34: Provide all documents that would identify any U.S. retailers that currently sell products you design, manufacture or sell, and the supply chain for such goods.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 33.

The search was: retail AND Gree. The search yielded 2,378 documents.

- Non-ESI Range (GREE0000001 – 0014826): The search yielded 23 documents within Bates GREE0000001 – 0014826 from the search result set. Two of those documents were responsive: GREE0004498, GREE0006793.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 34.

REQUEST NO. 35: Produce all documents related to in-house testing or third-party testing performed at the request of Gree Electric Appliances Inc. Of Zhuhai, or other related subsidiaries on the Subject Product or any other dehumidifier, including any developmental

testing, proximity to combustibles testing, worst-case scenario testing, and/or any other performance testing.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 35.

The search was: dehumidifier AND testing. The search yielded 1,517 results.

- Non-ESI Range (GREE0000001 – 0014826): The search yielded 117 documents within Bates GREE0000001 – 0014826 from the search result set. Defendant identified five responsive documents: GREE0006680, GREE0006740, GREE0007037, and GREE0007068, GREE0007263.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 35.

REQUEST NO. 36: Produce all documents and communications or statements, whether written or recorded, related to internal investigations into the safety and performance record of all dehumidifiers you designed, manufactured and/or sold from 2009-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 35.

The search was: (safety AND dehumidifier) OR (performance AND dehumidifier) AND investigation.. The search yielded 491 results. Defendant reviewed 50 of these documents.

- Non-ESI Range (GREE0000001 – 0014826): The search yielded 18 documents within Bates GREE0000001 – 0014826 from the search result set. Defendant identified five responsive documents: GREE0007263, GREE0007458, GREE0007483, and GREE0011579, GREE001161.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 37.

REQUEST NO. 37: Produce any documents that would identify the board or directors and all officers of any or all Gree entities, including but not limited to Gree USA, Inc. and Gree Electric Appliances, Inc. of Zhuhai, and Gree Hong Kong.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 37.

The search was: ("board of directors" AND ("Gree USA" OR zhuhai OR "hong kong gree")). The search yielded 141 results. Defendant reviewed 50 of these documents.

- Non-ESI Range (GREE0000001 – 0014826): The search yielded 14 documents within Bates GREE0000001 – 0014826 from the search result set. Defendant identified three responsive documents: GREE0002105, GREE0002273, GREE0006519.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 37.

REQUEST NO. 38: Produce any and all audio recordings or transcripts thereof taken during meetings related at all to the Recalled Dehumidifiers or the investigation into problems with

Gree dehumidifiers or claims or allegations relating to such dehumidifiers, including but not limited to any recordings that exist from meetings between MJC America and any Gree entity.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 38.

The search was: “Transcript.” Defendant also search by file type for audio files. The search yielded 18 documents and 0 audio files. Defendant did not identify any responsive documents or files.

REQUEST NO. 39: Produce all documents that explain or would reveal the relationship between Gree USA, Inc., Gree Zhuai, and any and all other related entities, including but not limited to any documents that demonstrate corporate hierarchy.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 39.

The search was: "Gree USA" AND Zhuhai AND (Parent OR Subsidiary). The search yielded 471 results. Defendant reviewed 50 of these documents.

- Non-ESI Range (GREE0000001 – 0014826): The search yielded 17 documents within Bates GREE0000001 – 0014826 from the search result set. Defendant identified two responsive documents: GREE002358, and GREE0013590.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 39.

REQUEST NO. 40: Produce your annual statements for the past 10 years.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 40.

The search was: "annual statement" OR "annual report" OR "year-end statement" OR "year-end report" OR "yearly financial statement" OR "annual financial statement" OR "yearly report". The search yielded 80 results.

- Non-ESI Range (GREE0000001 – 0014826): The search yielded 6 documents within Bates GREE0000001 – 0014826 from the search result set. Defendant identified two documents as responsive: GREE0013853, and GREE0013860.
- ESI Range (GREE0014827 – 0404863): Defendant identified responsive documents in the ESI Range responsive to Request 40.

REQUEST NO. 41: Produce all documents relating to the advertisement of the Model Product or any Similar Product.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 41.

The search was: "powered by gree" AND advertise AND dehumidifier. The search yielded 24 results. The search did not yield any documents in the Non-ESI range. Defendant identified responsive documents in the ESI Range responsive to Request 41.

REQUEST NO. 42: Produce all documents referred to in your Answers to Interrogatories.

SUPPLEMENTAL RESPONSE: Produced as Bates GREE0000001 – 0405225; MJC MJC0000166 – 0229810.

REQUEST NO. 43: Please produce all documents related to any valuation of the claim made the basis of this lawsuit performed by You or on Your behalf, including reserve information.

SUPPLEMENTAL RESPONSE: Defendants are also producing herein Bates GREE0404864 to GREE0405225 containing all non-privileged communications related to the within litigation. The documents include communications with opposing counsel, with independent adjusters, adjuster report, and electrical engineering expert.

REQUEST NO. 44: Please produce any loss run that you maintain or that is maintained on your behalf.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of GREE0000001 – GREE0404863 for documents responsive to Request No. 44.

The search was: "loss run". Defendants identified GREE0179523-26, GREE0185570-73, and GREE0171391-94. Which was prior to the initiation of this lawsuit.

Dated: May 12, 2021

GORDON REES SCULLY MANSUKHANI

By /s/ James F. Regan

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**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)
BARBARA E. AVENATTI)
)
Plaintiffs,)
)
)
v.)
)
GREE USA, INC.)
)
GREE ELECTRIC APPLIANCES)
INC. OF ZHUHAI)
)
HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD.)
)
MJC AMERICA LTD.)
)
MJC AMERICA HOLDINGS CO., LTD.)
)
Defendants.)

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANT’S SUPPLEMENTAL RESPONSE TO PLAINTIFFS’ FIRST SET OF
REQUESTS FOR PRODUCTION OF DOCUMENTS TO DEFENDANT MJC
AMERICA, LTD. d/b/a SOLEUS INTERNATIONAL, INC.**

Now comes Defendant, MJC AMERICA, LTD, by their attorneys respond to Plaintiffs’
First Set of Requests for Production of Documents to Defendant as follows:

REQUESTS FOR PRODUCTION OF DOCUMENTS

REQUEST NO. 1: Produce any and all contracts between or among MJC and Gree USA,
Inc., Gree Electric Appliances Inc. of Zhuhai, and/or Hong Kong Gree Electric Appliance Sales,
Ltd. from 2009-present.

SUPPLEMENTAL RESPONSE: In June 2013, Defendant was instructed to preserve all documents as they might be needed for the prior Gree litigation that took place before this case. The documents were collected during the Gree litigation by a third party litigation service company. All of Defendant's computer hard drives were imaged. Defendant had a three year document retention policy. All documents Defendant was still in possession of were destroyed at the time Defendant was evicted in 2016 as the Gree litigation was completed. However, all documents produced by Defendant in that litigation are produced herein as Bates MJC0000166 – 0229810 totaling 57,361 documents. These documents are produced in the same manner as they were in that litigation, which is TIF/JPG images with the necessary natives. However, the main load file does not contain any metadata information. Defendant searched for but has not yet obtained the metadata for these files.

The MJC v. Gree litigation ended in 2016, and there are no documents produced herein beyond that date. Defendant ran several searches the contents of MJC0000166 – 0229810 for documents responsive to Request No. 1. The search terms used to search for documents responsive to this request were “contracts” or “agreement” or “binding”. This search produced a result set of 2,264 documents. Defendant reviewed a subset of those documents and identified the following fifteen responsive documents: MJC0000193, MJC0000215, MJC0000303, MJC0000400, MJC0000408, MJC0223330, MJC0000465, MJC0000476, MJC0001312, MJC0001314, MJC0001499, MJC0001632, MJC0001663, MJC0001680, and MJC0001691. Additional documents are likely to be in the 2,264 document result set.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 2: Produce any and all documents relating to the sale, distribution, or importation of the Subject Product.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 2. The search terms used to search for documents responsive to this request were “distribution”, or “distribute”, or “import”, or “importation”. This search produced a result set of 3,863 documents. Defendant reviewed a subset of those documents and identified the following fifteen responsive documents: MJC0039991, MJC007978, MJC 0135382, MJC 0139351, MJC 0139502, MJC 0144442, MJC 0147921, MJC 0148000, MJC0148120, MJC 0148506, MJC0000202, MJC0000191, MJC0000213, MJC 0059808, and MJC0103032. Additional documents are likely to be in the 3,863 document result set because the above noted documents include distribution and importation agreements detailing relationships between Gree, MJC, and US retailers.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 3: Produce all documentation related to the recall of the Recalled Dehumidifiers.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 3. The search terms used to search for documents responsive to this request were “recall”, and “dehumidifier”. This search produced a result set of 2,554 documents. Defendant reviewed a subset of those documents and identified the following fifteen responsive documents: MJC0000505, MJC0000507, MJC0000549, MJC0000583, MJC0000639, MJC0002323, MJC0011266, MJC0012261, MJC0013868,

MJC0013869, MJC0013871, MJC0013873, MJC0013874, MJC0013876, and MJC0013971.

Additional documents are likely to be in the 2,554 document result set.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 4: Produce all communications, internally and externally, related to the Recalled Dehumidifiers, including electronic communications.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 4. The search terms used to search for documents responsive to this request were “correspondences” or “emails” or “recall”, “dehumidifier” or “lawsuit” or “claim” or “recall”, and “dehumidifier”. This search produced a result set of 2,540 documents. Defendant reviewed a subset of those documents and identified the following eleven responsive documents: MJC0011266, MJC0014003, MJC0014006, MJC0014008, MJC0013721, MJC0013786, MJC0029028, MJC0029032, MJC0029351, MJC0029370, and MJC0029389. Additional documents are likely to be in the 2,540 document result set because there are several email chains, along with other correspondences relating to the recall between MJC, Gree, and outside counsel.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 5: Produce all documents related to any and all claims, disputes lawsuit, occurrences, and/or complaints involving any SoleusAir powered by Gree dehumidifiers designed, manufactured, imported, sold, or distributed by MJC between 2009-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the

production or in the results noted below. Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 5. The search terms used to search for documents responsive to this request were: “dehumidifier” and “(MJC or SoleusAir)” and (“complaint” or “lawsuit” or “occurrence” or “dispute”). This search produced a result set of 161 documents. Defendant reviewed 160 documents from the result set and identified the following thirty-three responsive documents: MJC 0013893, MJC 0015007, MJC 0029351, MJC 0031691, MJC 0034197, MJC 0034440, MJC 0034954, MJC 0045043, MJC 0069303, MJC 0094153, MJC 0094867, MJC 0094980, MJC 0106780, MJC 0106934, MJC 0108151, MJC 0108183, MJC 0108380, MJC 0108577, MJC 0108650, MJC 0107926, MJC 0107911, MJC 0108572, MJC 0222845, MJC 0226545, MJC 0045225, MJC 0053070, MJC 0053118, MJC 0053136, MJC 0053411, MJC 0060588, MJC 0061206, MJC 0061211, and MJC 0065283.

There are likely to be additional responsive documents in the 161 document result set. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 6: Produce all documents related to claims involving the Recalled Dehumidifiers made against MJC.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 6. Defendant conducted four searches relative to this Request.

The first was: “dehumidifier” and “(MJC or SoleusAir)” and “claim” and “recall”. This search yielded 77 results. Defendant reviewed 67 documents from the first search result set. From the first search result set, Defendant identified the following eighteen responsive documents: MJC 0015217, MJC 0028548, MJC 0029351, MJC 0029370, MJC 0030054, MJC 0060709, MJC-

0060738, MJC 0061091, MJC 0061206, MJC 0065283, MJC 1016646, MJC 1016689, MJC 1016780, MJC 0106940, MJC 1018650, MJC 0191280, MJC 0222119, and MJC 0223249.

The second search was: “dehumidifier” and “claim” and “recall” and “list”. This search yielded 21 results. Defendant reviewed all of these search results. From the second search, Defendant identified the following four responsive documents: MJC 0077252, MJC 007255, MJC 0108611, and MJC 0108650.

The third search was: “fire” and “cases”. This search yielded 271 results. From this search result set, Defendant reviewed twenty-five documents and identified the following three responsive documents: MJC 0010018, MJC 0015197, and MJC 0029071.

The fourth search was: “notice” and “claim”. This search yielded 1,100 results. From this search result set, Defendant reviewed nine documents and identified three additional responsive documents: MJC 0106651, MJC 0107911, and MJC 0107926.

There are likely to be additional responsive documents in the result sets responsive to Request 6. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 7: Produce all documents related to any product testing, product review, or product input of any kind related to the Model Products and/or any substantially similar product.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 7. Defendant conducted three searches relative to this Request.

The first was: “dehumidifier” and “test!” and “report”. This search produced 309 results. Defendant reviewed 106 documents from the first search result set. From the first search result

set, Defendant identified the following sixteen responsive documents: MJC 0000505, MJC 0000507, MJC 0012237, MJC 1103583, MJC 0013592, MJC 0013596, MJC 0014023, MJC 0051774, MJC 00517777, MJC 0053206, MJC 0053070, MJC 0053118, MJC 0053161, MJC 0053411, MJC 0094153, and MJC 0095775.

The second search was: “plastic” and “(test! or analysis or investig! or report)” and “SoleusAir”. This search yielded 135 results. Defendant reviewed 25 documents from this result set and identified seven responsive documents: MJC 0013583, MJC 0013592, MJC 0014035, MJC 0014039, MJC 0014042, MJC 0013658, and MJC0032019.

The third search was: “(expert or engineer or exponent)” and “(report or investigation or survey or analysis)”. This search yielded 553 results. Defendant reviewed 25 documents from this search result and identified eighteen responsive documents: MJC0000319, MJC0001279, MJC0001288, MJC0010018, MJC0010095, MJC 0010388, MJC 0010460, MJC 0013583, MJC 0013592, MJC 0013596, MJC 0014035, MJC 0014042, MJC 0014039, MJC 0013502, MJC 0013658, MJC 0013665, MJC 0029071, and MJC 0029077.

There are likely to be additional responsive documents in the above noted search result sets. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 8: Produce the contract pertaining to the sale or transfer of ownership of Gree USA, Inc. from MJC to any other entity.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 8. Defendant conducted two searches relative to this Request.

The first was: “MJC America” and “Gree USA” and “ownership”. This search produced 32 results. Defendant reviewed 8 documents from the first search result set. From the first search result set, Defendant did not identify any documents directly responsive to this request. The first search identified eight documents that relate to ownership structure of MJC and Gree USA but do not directly related to the sale or transfer of ownership: MJC 00010629, MJC14185, MJC0014288, MJC 0014263, MJC 0014142, MJC 0032035, MJC 0078459, and MJC0191280.

The second search was: “Gree USA” and “shareholder”. This search yielded 28 results. From this search result set, Defendant reviewed all twenty-eight documents but did not identify any documents responsive to this Request. Defendant identified Gree bylaws marginally related to this Request: MJC 0085627. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 9: Produce all agreements related to the design, manufacture, distribution, importation, sale, or marketing of dehumidifiers between or among MJC, Gree Electric Appliances Inc. of Zhuhai, Hong Kong Gree Electric Appliance Sales, Ltd. Gree USA, Inc., Gree North America, and/or the People’s Insurance Company of China.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 9. The search terms used to search for documents responsive to this request were the following:

- English: (contract OR agreement OR covenant OR engagement OR bargain OR arrangement OR commitment) AND (design OR manufacture OR distribution OR importation OR sale OR marketing) AND (dehumidifier) AND (MJC OR Gree OR “People’s Insurance Company of China” OR PICC)
- Chinese: 合同 OR 协议 OR 盟 OR 承诺 OR 讨价还价 OR 安排 OR 承诺 [contract OR agreement OR covenant OR engagement OR bargain OR arrangement OR commitment) AND (design OR manufacture OR distribution OR importation OR sale OR marketing]

The English Search produced a result set total of 276 documents. Defendant reviewed approximately 25 of the result set and identified the following 16 responsive documents: MJC0000489, MJC0001725, MJC0001886, MJC 001500712261, MJC 0017442, MJC 0018438, MJC 0017564, MJC 0017582, MJC 0017621, MJC 0017780, MJC 0017826, MJC 0017847, MJC 0018438, MJC 0018574, MJC 0018632, and MJC 0019058.

The Chinese Search produced 50 additional documents. The following additional ten documents from the Chinese Search are responsive to Request 9: MJC 0011271; MJC 0011282; MJC 0011291; MJC 0011299; MJC 0011321; MJC 0011375; MJC 0011387; MJC 0011396; MJC 0011444; and MJC 0012359.

Additional responsive materials are likely to be within the results noted in MJC Request 9, English Search, and MJC Request 9, Chinese Search. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 10: Produce all documents You possess or have the right to control that relate to or arise out of the lawsuit *MJC America, Ltd., et. al v. Gree USA, Inc.*, filed in the United States District Court Central District of California, with case number 13-CV-04264-SJO.

SUPPLEMENTAL RESPONSE: All documents produced by Defendant in that litigation are produced herein as Bates MJC0000166 – 0229810, totaling 57,361 documents. These documents are produced in the same manner as they were in that litigation, which is TIF/JPG images with the necessary natives. However, the main load file does not contain any metadata information. Defendant searched for but has not yet obtained the metadata for these files. Defendant does not have additional materials.

Defendant searched the contents of the contents of MJC0000166 – 0229810 for documents noting the caption of the *MJC America, Ltd., et. al v. Gree USA, Inc.* litigation. The search terms used to capture any documents with this caption are as follows:

- **English**: (13-CV-04264-SJO OR “MJC America, Ltd., et. al v. Gree USA, Inc.” OR “Central District of California”)
- **Chinese**: 加州 OR 诉讼 OR 诉讼 OR 文件 OR 诉讼 OR 法院 [case, claim, California, lawsuit, litigation, Court]

The results of the English search produced one result. The Bates number is MJC 0033388. The Chinese search did not produced any results. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 11: Produce any communications or other documentation You possess or have the right to control related to the recall of SoleusAir powered by Gree dehumidifiers for the past 10 years, including but not limited to all communications between or among You and/or any person on Your behalf, the Consumer Product Safety Commission, Gree USA, Gree Zhuhai, and any third parties.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 11. The search terms used to search for documents responsive to this request were the following:

- **English**: (SoleusAir OR “SoleusAir powered by Gree” OR dehumidifier OR CPSC OR “Consumer Product Safety Commission” OR Gree) AND (recall OR recalled OR defective OR defect OR callback)
- **Chinese**: 召回 OR 缺陷 OR 消费品安全委员会 [recall, defect, “Consumer Product Safety Commission”]

The English Search produced a result set total of 691 documents. Defendant reviewed approximately 21 documents from the search result set and identified materials responsive to Request 11. The documents responsive from this request include the following 20 documents: MJC0000505; MJC0000507; MJC0000549; MJC0000583; MJC0000639; MJC0000654; MJC0000671; MJC0000699; MJC0000716; MJC0000761; MJC0000886; MJC0000987; MJC0001022; MJC0001062; MJC 0010018; MJC 0010095; MJC 0010514; MJC 0011138; MJC 0011266; and MJC 0013735.

The Chinese Search produced 14 additional documents. All fourteen documents from the Chinese Search are responsive to Request 11: MJC 0013456, MJC 0015089, MJC 0015247, MJC 0028145, MJC 0028147, MJC 0028375, MJC 0028679, MJC 0028681, MJC 0033530, MJC 0033604, MJC 0042226, MJC 0053087, MJC 0053100, and MJC 0058427.

Additional responsive materials are likely to be within the results noted in MJC Request 11, English Search. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 12: Produce all documents that reveal the amount of money You made by importing, distributing, and/or selling defective Gree-made dehumidifiers from 2009-present.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 12. The search terms used to search for documents responsive to this request were the following:

- **English:** (“bank statement” OR invoice OR sales OR income OR profit OR “quarterly report” OR “income statement” OR balance sheet OR “accounts receivable” OR “inventory sold” OR sell OR contract OR order OR “purchase order”) AND dehumidifier

- SoleusAir OR “SoleusAir powered by Gree” OR dehumidifier OR CPSC OR “Consumer Product Safety Commission” OR Gree) AND (recall OR recalled OR defective OR defect OR callback)
- **Chinese:** (银行对帐单 OR 发票 OR 销售量 OR 收入 OR 利润 OR 季度报告 OR 收入证明 OR 资产负债表 OR 应收账款 OR 出售存货 OR 卖 OR 合同 OR 命令 OR 采购订单) AND 除湿机 [(“bank statement” OR invoice OR sales OR income OR profit OR “quarterly report” OR “income statement” OR balance sheet OR “accounts receivable” OR “inventory sold” OR sell OR contract OR order OR “purchase order”) AND dehumidifier]

The English Search produced a result set total of 4,834 documents. Defendant reviewed approximately 31 documents from the result set and identified documents responsive to Request 12. The documents directly responsive from this request include the following 25 documents: MJC0000202, MJC0000223, MJC0000373, MJC0000374, MJC0000375, MJC0000376, MJC0000377, MJC0000378, MJC0000379, MJC0000380, MJC0000381, MJC0000382, MJC0000383, MJC0000384, MJC0000385, MJC0000386, MJC0000387, MJC0000388, MJC0000389, MJC0000390, MJC0000432, MJC0000434, MJC0000461, MJC0000510, and MJC0000511.

The Chinese Search produced 11 additional documents. None of the documents from the Chinese Search were responsive to Request 12.

Additional responsive materials are likely to be within the results noted in MJC Request 12, English Search. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 13: Produce all documents that demonstrate how MJC was initially capitalized.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 13. Defendant conducted two searches relative to this Request.

The first was: “Capitalization” or “capital contribution” or “initial capital” or “contribution to capital” or “balance sheet” or “financial statement”. The second search was: “paid in capital” and “mjc”. The two searches yielded 296 and 41 documents, respectively.

Defendant identified the following four responsive documents from the first search: MJC 0014121, MJC 0014167, MJC 0014130, and MJC 00191280. Defendant identified an additional two documents in response to the second search, MJC 0014475 and MJC 0014556. Based on the broad nature of Request 13, additional responsive materials are likely to be within the results noted. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 14: Produce all documents that indicate how MJC paid its officers and members from 2009-2018.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 14. Defendant conducted two searches relative to this Request. The first was: “officers” and “directors” and “MJC”. The second search was “compensation” and “MJC”. The two searches yielded 17 and 80 documents respectively.

Defendant identified the following five responsive documents from the first search: MJC 0010573, MJC 0014311, MJC 0014274, MJC 0049759, and MJC 0049798. Defendant identified an additional three responsive documents in the second search: MJC 0014475 and MJC 0014556. Based on the broad nature of Request 14, additional responsive materials are likely to be within

the results noted. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 15: Produce all documents revealing what efforts, if any, You undertook to preserve or destroy and information or communications related to Recalled Dehumidifiers.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 15. Defendant conducted three searches relative to this Request. The first was: “preservation”. The second was: “preserve” and “evidence”. The third search was “spoliation”. The three searches yielded 2, 46, and 4 documents respectively.

Defendant identified the following two responsive documents from the first search: MJC 0061206 and MJC 0104499. Defendant identified an additional eight responsive documents in the second search: MJC 0060824, MJC 0061098, MJC 0061120, MJC 0061206, MJC 0065283, MJC 0065615, MJC 0107467, and MJC 0108286. Defendant identified an additional four responsive documents in the third search: MJC 0061155, MJC 0061206, MJC 0061211, and MJC 0065650. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 16: Produce all member meeting notes, minutes, communications, or other documents that relate to defects, or potential defects with Gree-made dehumidifiers.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 16. Defendant conducted four searches relative to this Request. The first search was: “meeting minutes” and “defect”. The second search was: “dehumidifier” and “defect”. The third search was: “meeting minutes” and “recall”. The

fourth search was: “meeting minutes.” The four searches yielded 14, 282, 43, and 313 results, respectively.

Defendant identified the following six responsive documents from the first search: MJC 0010905, MJC 0032084, MJC 0042492, MJC 0064821, MJC 0064830, and MJC0088823. Defendant identified an additional seven responsive documents in the second search: MJC 0107793, MJC 0107833, MJC 0107848, MJC 0107848, MJC 0107953, MJC 0107987, and MJC 0108023. Defendant identified an additional six responsive documents in the third search: MJC 0013926, MJC 0015110, MJC 0015127, MJC 0014197, MJC 0197293, and MJC 0212267. Defendant identified an additional nine responsive documents in the fourth search: MJC 0010903, MJC 0013502, MJC 0013507, MJC 0014883, MJC 0014888, MJC 0014892, MJC 0015197, MJC 0015222, and MJC 0028683. Based on the broad nature of Request 16, additional responsive materials are likely to be within the results noted. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

Dated: May 12, 2021

GORDON REES SCULLY MANSUKHANI LLP

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Counsel for Defendants

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)
BARBARA E. AVENATTI)
)
Plaintiffs,)
)
)
v.)
)
GREE USA, INC.)
)
GREE ELECTRIC APPLIANCES)
INC. OF ZHUHAI)
)
HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD.)
)
MJC AMERICA LTD.)
)
MJC AMERICA HOLDINGS CO., LTD.)
)
Defendants.)

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANT’S SUPPLEMENTAL RESPONSE TO PLAINTIFFS’ FIRST SET OF
REQUESTS FOR PRODUCTION OF DOCUMENTS TO DEFENDANT MJC
HOLDINGS CO. LTD.**

Now comes Defendant, MJC HOLDINGS CO. LTD, by their attorneys respond to Plaintiffs’ First Set of Requests for Production of Documents to Defendant as follows:

REQUESTS FOR PRODUCTION OF DOCUMENTS

REQUEST NO. 1: Produce any and all contracts between or among MJC and Gree USA, Inc., Gree Electric Appliances Inc. of Zhuhai, and/or Hong Kong Gree Electric Appliance Sales, Ltd. from 2009-present.

SUPPLEMENTAL RESPONSE: In June 2013, Defendant was instructed to preserve all documents as they might be needed for the prior Gree litigation that took place before this case. The documents were collected during the Gree litigation by a third party litigation service company. All of Defendant's computer hard drives were imaged. Defendant had a three year document retention policy. All documents Defendant was still in possession of were destroyed at the time Defendant was evicted in 2016 as the Gree litigation was completed. However, all documents produced by Defendant in that litigation are produced herein as Bates MJC0000166 – 0229810 totaling 57,361 documents. These documents are produced in the same manner as they were in that litigation, which is TIF/JPG images with the necessary natives. However, the main load file does not contain any metadata information. Defendant searched for but has not yet obtained the metadata for these files.

The MJC v. Gree litigation ended in 2016, and there are no documents produced herein beyond that date. Defendant ran several searches the contents of MJC0000166 – 0229810 for documents responsive to Request No. 1. The search terms used to search for documents responsive to this request were “contracts” or “agreement” or “binding”. This search produced a result set of 2,264 documents. Defendant reviewed a subset of those documents and identified the following fifteen responsive documents: MJC0000193, MJC0000215, MJC0000303, MJC0000400, MJC0000408, MJC0223330, MJC0000465, MJC0000476, MJC0001312, MJC0001314, MJC0001499, MJC0001632, MJC0001663, MJC0001680, and MJC0001691. Additional documents are likely to be in the 2,264 document result set.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 2: Produce any and all documents relating to the sale, distribution, or importation of the Subject Product.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 2. The search terms used to search for documents responsive to this request were “distribution”, or “distribute”, or “import”, or “importation”. This search produced a result set of 3,863 documents. Defendant reviewed a subset of those documents and identified the following fifteen responsive documents: MJC0039991, MJC007978, MJC 0135382, MJC 0139351, MJC 0139502, MJC 0144442, MJC 0147921, MJC 0148000, MJC0148120, MJC 0148506, MJC0000202, MJC0000191, MJC0000213, MJC 0059808, and MJC0103032. Additional documents are likely to be in the 3,863 document result set because the above noted documents include distribution and importation agreements detailing relationships between Gree, MJC, and US retailers.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 3: Produce all documentation related to the recall of the Recalled Dehumidifiers.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 3. The search terms used to search for documents responsive to this request were “recall”, and “dehumidifier”. This search produced a result set of 2,554 documents. Defendant reviewed a subset of those documents and identified the following fifteen responsive documents: MJC0000505, MJC0000507, MJC0000549, MJC0000583, MJC0000639, MJC0002323, MJC0011266, MJC0012261, MJC0013868,

MJC0013869, MJC0013871, MJC0013873, MJC0013874, MJC0013876, and MJC0013971.

Additional documents are likely to be in the 2,554 document result set.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 4: Produce all communications, internally and externally, related to the Recalled Dehumidifiers, including electronic communications.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 4. The search terms used to search for documents responsive to this request were “correspondences” or “emails” or “recall”, “dehumidifier” or “lawsuit” or “claim” or “recall”, and “dehumidifier”. This search produced a result set of 2,540 documents. Defendant reviewed a subset of those documents and identified the following eleven responsive documents: MJC0011266, MJC0014003, MJC0014006, MJC0014008, MJC0013721, MJC0013786, MJC0029028, MJC0029032, MJC0029351, MJC0029370, and MJC0029389. Additional documents are likely to be in the 2,540 document result set because there are several email chains, along with other correspondences relating to the recall between MJC, Gree, and outside counsel.

Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 5: Produce all documents related to any and all claims, disputes lawsuit, occurrences, and/or complaints involving any SoleusAir powered by Gree dehumidifiers designed, manufactured, imported, sold, or distributed by MJC between 2009-2018.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the

production or in the results noted below. Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 5. The search terms used to search for documents responsive to this request were: “dehumidifier” and “(MJC or SoleusAir)” and (“complaint” or “lawsuit” or “occurrence” or “dispute”). This search produced a result set of 161 documents. Defendant reviewed 160 documents from the result set and identified the following thirty-three responsive documents: MJC 0013893, MJC 0015007, MJC 0029351, MJC 0031691, MJC 0034197, MJC 0034440, MJC 0034954, MJC 0045043, MJC 0069303, MJC 0094153, MJC 0094867, MJC 0094980, MJC 0106780, MJC 0106934, MJC 0108151, MJC 0108183, MJC 0108380, MJC 0108577, MJC 0108650, MJC 0107926, MJC 0107911, MJC 0108572, MJC 0222845, MJC 0226545, MJC 0045225, MJC 0053070, MJC 0053118, MJC 0053136, MJC 0053411, MJC 0060588, MJC 0061206, MJC 0061211, and MJC 0065283.

There are likely to be additional responsive documents in the 161 document result set. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 6: Produce all documents related to claims involving the Recalled Dehumidifiers made against MJC.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 6. Defendant conducted four searches relative to this Request.

The first was: “dehumidifier” and “(MJC or SoleusAir)” and “claim” and “recall”. This search yielded 77 results. Defendant reviewed 67 documents from the first search result set. From the first search result set, Defendant identified the following eighteen responsive documents: MJC 0015217, MJC 0028548, MJC 0029351, MJC 0029370, MJC 0030054, MJC 0060709, MJC-

0060738, MJC 0061091, MJC 0061206, MJC 0065283, MJC 1016646, MJC 1016689, MJC 1016780, MJC 0106940, MJC 1018650, MJC 0191280, MJC 0222119, and MJC 0223249.

The second search was: “dehumidifier” and “claim” and “recall” and “list”. This search yielded 21 results. Defendant reviewed all of these search results. From the second search, Defendant identified the following four responsive documents: MJC 0077252, MJC 007255, MJC 0108611, and MJC 0108650.

The third search was: “fire” and “cases”. This search yielded 271 results. From this search result set, Defendant reviewed twenty-five documents and identified the following three responsive documents: MJC 0010018, MJC 0015197, and MJC 0029071.

The fourth search was: “notice” and “claim”. This search yielded 1,100 results. From this search result set, Defendant reviewed nine documents and identified three additional responsive documents: MJC 0106651, MJC 0107911, and MJC 0107926.

There are likely to be additional responsive documents in the result sets responsive to Request 6. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 7: Produce all documents related to any product testing, product review, or product input of any kind related to the Model Products and/or any substantially similar product.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 7. Defendant conducted three searches relative to this Request.

The first was: “dehumidifier” and “test!” and “report”. This search produced 309 results. Defendant reviewed 106 documents from the first search result set. From the first search result

set, Defendant identified the following sixteen responsive documents: MJC 0000505, MJC 0000507, MJC 0012237, MJC 1103583, MJC 0013592, MJC 0013596, MJC 0014023, MJC 0051774, MJC 00517777, MJC 0053206, MJC 0053070, MJC 0053118, MJC 0053161, MJC 0053411, MJC 0094153, and MJC 0095775.

The second search was: “plastic” and “(test! or analysis or investig! or report)” and “SoleusAir”. This search yielded 135 results. Defendant reviewed 25 documents from this result set and identified seven responsive documents: MJC 0013583, MJC 0013592, MJC 0014035, MJC 0014039, MJC 0014042, MJC 0013658, and MJC0032019.

The third search was: “(expert or engineer or exponent)” and “(report or investigation or survey or analysis)”. This search yielded 553 results. Defendant reviewed 25 documents from this search result and identified eighteen responsive documents: MJC0000319, MJC0001279, MJC0001288, MJC0010018, MJC0010095, MJC 0010388, MJC 0010460, MJC 0013583, MJC 0013592, MJC 0013596, MJC 0014035, MJC 0014042, MJC 0014039, MJC 0013502, MJC 0013658, MJC 0013665, MJC 0029071, and MJC 0029077.

There are likely to be additional responsive documents in the above noted search result sets. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 8: Produce the contract pertaining to the sale or transfer of ownership of Gree USA, Inc. from MJC to any other entity.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 8. Defendant conducted two searches relative to this Request.

The first was: “MJC America” and “Gree USA” and “ownership”. This search produced 32 results. Defendant reviewed 8 documents from the first search result set. From the first search result set, Defendant did not identify any documents directly responsive to this request. The first search identified eight documents that relate to ownership structure of MJC and Gree USA but do not directly related to the sale or transfer of ownership: MJC 00010629, MJC14185, MJC0014288, MJC 0014263, MJC 0014142, MJC 0032035, MJC 0078459, and MJC0191280.

The second search was: “Gree USA” and “shareholder”. This search yielded 28 results. From this search result set, Defendant reviewed all twenty-eight documents but did not identify any documents responsive to this Request. Defendant identified Gree bylaws marginally related to this Request: MJC 0085627. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 9: Produce all agreements related to the design, manufacture, distribution, importation, sale, or marketing of dehumidifiers between or among MJC, Gree Electric Appliances Inc. of Zhuhai, Hong Kong Gree Electric Appliance Sales, Ltd. Gree USA, Inc., Gree North America, and/or the People’s Insurance Company of China.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 9. The search terms used to search for documents responsive to this request were the following:

- English: (contract OR agreement OR covenant OR engagement OR bargain OR arrangement OR commitment) AND (design OR manufacture OR distribution OR importation OR sale OR marketing) AND (dehumidifier) AND (MJC OR Gree OR “People’s Insurance Company of China” OR PICC)
- Chinese: 合同 OR 协议 OR 盟 OR 承诺 OR 讨价还价 OR 安排 OR 承诺 [contract OR agreement OR covenant OR engagement OR bargain OR arrangement OR commitment) AND (design OR manufacture OR distribution OR importation OR sale OR marketing]

The English Search produced a result set total of 276 documents. Defendant reviewed approximately 25 of the result set and identified the following 16 responsive documents: MJC0000489, MJC0001725, MJC0001886, MJC 001500712261, MJC 0017442, MJC 0018438, MJC 0017564, MJC 0017582, MJC 0017621, MJC 0017780, MJC 0017826, MJC 0017847, MJC 0018438, MJC 0018574, MJC 0018632, and MJC 0019058.

The Chinese Search produced 50 additional documents. The following additional ten documents from the Chinese Search are responsive to Request 9: MJC 0011271; MJC 0011282; MJC 0011291; MJC 0011299; MJC 0011321; MJC 0011375; MJC 0011387; MJC 0011396; MJC 0011444; and MJC 0012359.

Additional responsive materials are likely to be within the results noted in MJC Request 9, English Search, and MJC Request 9, Chinese Search. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 10: Produce all documents You possess or have the right to control that relate to or arise out of the lawsuit *MJC America, Ltd., et. al v. Gree USA, Inc.*, filed in the United States District Court Central District of California, with case number 13-CV-04264-SJO.

SUPPLEMENTAL RESPONSE: All documents produced by Defendant in that litigation are produced herein as Bates MJC0000166 – 0229810, totaling 57,361 documents. These documents are produced in the same manner as they were in that litigation, which is TIF/JPG images with the necessary natives. However, the main load file does not contain any metadata information. Defendant searched for but has not yet obtained the metadata for these files. Defendant does not have additional materials.

Defendant searched the contents of the contents of MJC0000166 – 0229810 for documents noting the caption of the *MJC America, Ltd., et. al v. Gree USA, Inc.* litigation. The search terms used to capture any documents with this caption are as follows:

- **English**: (13-CV-04264-SJO OR “MJC America, Ltd., et. al v. Gree USA, Inc.” OR “Central District of California”)
- **Chinese**: 加州 OR 诉讼 OR 诉讼 OR 文件 OR 诉讼 OR 法院 [case, claim, California, lawsuit, litigation, Court]

The results of the English search produced one result. The Bates number is MJC 0033388. The Chinese search did not produced any results. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 11: Produce any communications or other documentation You possess or have the right to control related to the recall of SoleusAir powered by Gree dehumidifiers for the past 10 years, including but not limited to all communications between or among You and/or any person on Your behalf, the Consumer Product Safety Commission, Gree USA, Gree Zhuhai, and any third parties.

SUPPLEMENTAL RESPONSE: Because the production was from the *MJC v. Gree* litigation, which concluded in 2016, no documents beyond that time frame are included in the production or in the results noted below. Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 11. The search terms used to search for documents responsive to this request were the following:

- **English**: (SoleusAir OR “SoleusAir powered by Gree” OR dehumidifier OR CPSC OR “Consumer Product Safety Commission” OR Gree) AND (recall OR recalled OR defective OR defect OR callback)
- **Chinese**: 召回 OR 缺陷 OR 消费品安全委员会 [recall, defect, “Consumer Product Safety Commission”]

The English Search produced a result set total of 691 documents. Defendant reviewed approximately 21 documents from the search result set and identified materials responsive to Request 11. The documents responsive from this request include the following 20 documents: MJC0000505; MJC0000507; MJC0000549; MJC0000583; MJC0000639; MJC0000654; MJC0000671; MJC0000699; MJC0000716; MJC0000761; MJC0000886; MJC0000987; MJC0001022; MJC0001062; MJC 0010018; MJC 0010095; MJC 0010514; MJC 0011138; MJC 0011266; and MJC 0013735.

The Chinese Search produced 14 additional documents. All fourteen documents from the Chinese Search are responsive to Request 11: MJC 0013456, MJC 0015089, MJC 0015247, MJC 0028145, MJC 0028147, MJC 0028375, MJC 0028679, MJC 0028681, MJC 0033530, MJC 0033604, MJC 0042226, MJC 0053087, MJC 0053100, and MJC 0058427.

Additional responsive materials are likely to be within the results noted in MJC Request 11, English Search. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 12: Produce all documents that reveal the amount of money You made by importing, distributing, and/or selling defective Gree-made dehumidifiers from 2009-present.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 12. The search terms used to search for documents responsive to this request were the following:

- **English:** (“bank statement” OR invoice OR sales OR income OR profit OR “quarterly report” OR “income statement” OR balance sheet OR “accounts receivable” OR “inventory sold” OR sell OR contract OR order OR “purchase order”) AND dehumidifier

- SoleusAir OR “SoleusAir powered by Gree” OR dehumidifier OR CPSC OR “Consumer Product Safety Commission” OR Gree) AND (recall OR recalled OR defective OR defect OR callback)
- **Chinese:** (银行对帐单 OR 发票 OR 销售量 OR 收入 OR 利润 OR 季度报告 OR 收入证明 OR 资产负债表 OR 应收账款 OR 出售存货 OR 卖 OR 合同 OR 命令 OR 采购订单) AND 除湿机 [(“bank statement” OR invoice OR sales OR income OR profit OR “quarterly report” OR “income statement” OR balance sheet OR “accounts receivable” OR “inventory sold” OR sell OR contract OR order OR “purchase order”) AND dehumidifier]

The English Search produced a result set total of 4,834 documents. Defendant reviewed approximately 31 documents from the result set and identified documents responsive to Request 12. The documents directly responsive from this request include the following 25 documents: MJC0000202, MJC0000223, MJC0000373, MJC0000374, MJC0000375, MJC0000376, MJC0000377, MJC0000378, MJC0000379, MJC0000380, MJC0000381, MJC0000382, MJC0000383, MJC0000384, MJC0000385, MJC0000386, MJC0000387, MJC0000388, MJC0000389, MJC0000390, MJC0000432, MJC0000434, MJC0000461, MJC0000510, and MJC0000511.

The Chinese Search produced 11 additional documents. None of the documents from the Chinese Search were responsive to Request 12.

Additional responsive materials are likely to be within the results noted in MJC Request 12, English Search. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 13: Produce all documents that demonstrate how MJC was initially capitalized.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 13. Defendant conducted two searches relative to this Request.

The first was: “Capitalization” or “capital contribution” or “initial capital” or “contribution to capital” or “balance sheet” or “financial statement”. The second search was: “paid in capital” and “mjc”. The two searches yielded 296 and 41 documents, respectively.

Defendant identified the following four responsive documents from the first search: MJC 0014121, MJC 0014167, MJC 0014130, and MJC 00191280. Defendant identified an additional two documents in response to the second search, MJC 0014475 and MJC 0014556. Based on the broad nature of Request 13, additional responsive materials are likely to be within the results noted. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 14: Produce all documents that indicate how MJC paid its officers and members from 2009-2018.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 14. Defendant conducted two searches relative to this Request. The first was: “officers” and “directors” and “MJC”. The second search was “compensation” and “MJC”. The two searches yielded 17 and 80 documents respectively.

Defendant identified the following five responsive documents from the first search: MJC 0010573, MJC 0014311, MJC 0014274, MJC 0049759, and MJC 0049798. Defendant identified an additional three responsive documents in the second search: MJC 0014475 and MJC 0014556. Based on the broad nature of Request 14, additional responsive materials are likely to be within

the results noted. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 15: Produce all documents revealing what efforts, if any, You undertook to preserve or destroy and information or communications related to Recalled Dehumidifiers.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 15. Defendant conducted three searches relative to this Request. The first was: “preservation”. The second was: “preserve” and “evidence”. The third search was “spoliation”. The three searches yielded 2, 46, and 4 documents respectively.

Defendant identified the following two responsive documents from the first search: MJC 0061206 and MJC 0104499. Defendant identified an additional eight responsive documents in the second search: MJC 0060824, MJC 0061098, MJC 0061120, MJC 0061206, MJC 0065283, MJC 0065615, MJC 0107467, and MJC 0108286. Defendant identified an additional four responsive documents in the third search: MJC 0061155, MJC 0061206, MJC 0061211, and MJC 0065650. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

REQUEST NO. 16: Produce all member meeting notes, minutes, communications, or other documents that relate to defects, or potential defects with Gree-made dehumidifiers.

SUPPLEMENTAL RESPONSE: Defendant searched the contents of MJC0000166 – 0229810 for documents responsive to Request No. 16. Defendant conducted four searches relative to this Request. The first search was: “meeting minutes” and “defect”. The second search was: “dehumidifier” and “defect”. The third search was: “meeting minutes” and “recall”. The

fourth search was: “meeting minutes.” The four searches yielded 14, 282, 43, and 313 results, respectively.

Defendant identified the following six responsive documents from the first search: MJC 0010905, MJC 0032084, MJC 0042492, MJC 0064821, MJC 0064830, and MJC0088823. Defendant identified an additional seven responsive documents in the second search: MJC 0107793, MJC 0107833, MJC 0107848, MJC 0107848, MJC 0107953, MJC 0107987, and MJC 0108023. Defendant identified an additional six responsive documents in the third search: MJC 0013926, MJC 0015110, MJC 0015127, MJC 0014197, MJC 0197293, and MJC 0212267. Defendant identified an additional nine responsive documents in the fourth search: MJC 0010903, MJC 0013502, MJC 0013507, MJC 0014883, MJC 0014888, MJC 0014892, MJC 0015197, MJC 0015222, and MJC 0028683. Based on the broad nature of Request 16, additional responsive materials are likely to be within the results noted. Defendant will search and identify all remaining documents responsive to this request within MJC0000166 – 0229810 with additional time.

Dated: May 12, 2021

GORDON REES SCULLY MANSUKHANI LLP

By: /s/ James F. Regan
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Counsel for Defendants

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)	
BARBARA E. AVENATTI)	
)	
Plaintiffs,)	
)	
)	
v.)	
)	
GREE USA, INC.)	
)	
GREE ELECTRIC APPLIANCES INC. OF ZHUHAI)	
)	
HONG KONG GREE ELECTRIC APPLIANCE SALES, LTD.)	
)	
MJC AMERICA LTD.)	
)	
MJC AMERICA HOLDINGS CO., LTD.)	
)	
Defendants.)	

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANTS’ SECOND SUPPLEMENTAL RESPONSE TO PLAINTIFF’S FIRST
SET OF INTERROGATORIES TO DEFENDANT HONG KONG GREE
ELECTRIC APPLIANCE SALES, LTD.**

Now comes Defendant, HONG KONG GREE ELECTRIC APPLIANCE SALES, LTD.,
by their attorneys respond to Plaintiffs’ First Set of Interrogatories Defendant as follows:

INTERROGATORIES

INTERROGATORY NO. 1: Please describe Gree Hong Kong’s business in full for all years 2009-2019, including detailing what role You play, or played, in the provision of Gree dehumidifiers to the US market, and whether You are simply pass-through for Gree Electric Appliances Inc. of Zhuhai (“ Gree Zhuhai”) to more easily do business with non-China Markets.

SUPPLEMENTAL RESPONSE: Gree Hong Kong was 100% subsidiary of Gree Zhuhai from 2010 to 2019. Gree USA was joint venture between MJC and Gree Hong Kong 2010-Jan 2017. Gree USA's purpose was to introduce Gree products to the United States. On February 1st 2017, Gree USA's control was transferred and Gree USA became 100% subsidiary of Gree Hong Kong.

SECOND SUPPLEMENTAL RESPONSE: Gree Zhuhai sold Gree Hong Kong products, including dehumidifiers. Gree Hong Kong then sold Gree products to Gree USA or to other customers within the United States. Afterwards, Gree USA sold to retailers within the United States to be sold to the public.

INTERROGATORY NO. 2: Please describe Gree Hong Kong's relationship with Gree Zhuhai, including but not limited to stating whether Gree Zhuhai funds Gree Hong Kong and whether Gree Hong Kong buys products from Gree Zhuhai at arms' length.

SUPPLEMENTAL RESPONSE: Gree Hong Kong was 100% subsidiary of Gree Zhuhai from 2010 to 2019. Gree USA was joint venture between MJC and Gree Hong Kong 2010-Jan 2017. Gree USA's purpose was to introduce Gree products to the United States. On February 1st 2017, Gree USA's control was transferred and Gree USA became 100% subsidiary of Gree Hong Kong.

SECOND SUPPLEMENTAL RESPONSE: From 2010 to 2019, and to-date, Gree Hong Kong is a 100% subsidiary of Gree Zhuhai and is financially dependent on Gree Zhuhai. Gree Hong Kong purchased dehumidifiers from Gree Zhuhai and then sold them to retailers in the United States.

INTERROGATORY NO. 3: Please identify all individuals responsible for any investigation by Gree Hong Kong into potential product defects with respect to the Model Product and Similar Products from 2008-2019.

SUPPLEMENTAL RESPONSE: Yao Gang is the individual responsible for investigating alleged dehumidifier defects.

SECOND SUPPLEMENTAL RESPONSE: Gree Hong Kong has identified the following additional former employees that were responsible for the investigation: Tang Xiaohui, Wu Jieying, and Yao Ceng.

INTERROGATORY NO. 4: Please describe all efforts Gree Hong Kong has made in the past 9 years to attempt to prevent the Model Product and Similar Products from causing fires in the Indiana and the United States.

SUPPLEMENTAL RESPONSE: Defendant states that it conducted internal testing and retained third-parties to conduct further testing and investigations into the causes of the fires and refunded consumers through Defendant's insurance policy.

SECOND SUPPLEMENTAL RESPONSE: As Gree Hong Kong is wholly owned by Gree Zhuhai, it did not independently undertake efforts to prevent the sale of dehumidifiers into the United States. However, Gree Zhuhai communicated with the CPSC and informed them, through counsel, of the number of Recall related fire incidents in the United States. Some of these claims were in Indiana and Wisconsin. The CPSC requested information including the location of the fires and what Gree Zhuhai did in response, including settling matters of damage with property owners. Gree Zhuhai also issued a public recall of the dehumidifiers making several public announcements through the CPSC website to notify potential users of the product. Gree

Zhuhai retained Stericycle to aid in the recall process, including mailing out notice of the recalled dehumidifier to consumers who had registered their products.

INTERROGATORY NO. 5: Please state your gross revenue, gross profit, net revenue, net profit, and value of total assets for each year 2010-2020.

RESPONSE: Defendant did not separately keep track of these sales as it specifically relates to recalled products. Defendant previously provided its annual statements. Estimated total sales were approximately \$500 million for that time period.

SECOND SUPPLEMENTAL RESPONSE: As Defendant is wholly owned by Gree Zhuhai, its statements for gross revenue, gross profit, net revenue, net profit, and value of total assets are incorporated and consolidated into Gree Zhuhai annual statements.

INTERROGATORY NO. 6: Please describe in full your involvement with the Model Product and all Similar Products from 2008-2019.

SUPPLEMENTAL RESPONSE: Defendant states that it was involved with selling dehumidifiers manufactured by Gree Zhuhai from 2010 to 2019, as a wholly owned subsidiary of Gree Zhuhai.

SECOND SUPPLEMENTAL RESPONSE: Gree Zhuhai sold products to Gree Hong Kong, including dehumidifiers. Gree Hong Kong then sold Gree products to Gree USA and other customers within the United States, or directly to United States retailers including AAFES, HH Gregg, Home Depot, K-Mart, Lowes, Menards, Mills Fleet Farm, Sam's Club, Sears, Walmart, Amazon, and Ebay.

INTERROGATORY NO. 7: Please state whether Gree Hong Kong has any employees, and if so, identify each employee in a managerial or higher role, by name, title, and business address,

whose job involved the sale, distribution, manufacture, marketing, importation, or design of dehumidifiers intended for the U.S. market at any time between 2008-2019.

RESPONSE: Gree Hong Kong has employees. Defendant is searching for information responsive to this demand and reserves the right to supplement same.

SECOND SUPPLEMENTAL RESPONSE: Ouyang Jun was the director of Gree Hong Kong during the requested time period. Ouyang Jun was the only employee in a managerial or higher role at Gree Hong Kong from 2008-2019. Ouyang Jun's business address is Gree Zhuhai Jinji Road West Qianshan Zhuhai, Guangdong, 519070 China

INTERROGATORY NO. 9: Please describe the relationship between Gree Hong Kong and Gree USA, Inc., in full, and describe the Gree USA employees with whom any Gree Hong Kong representatives deals or dealt with on business matters from 2008-present.

SUPPLEMENTAL RESPONSE: Gree Hong Kong was 100% subsidiary of Gree Zhuhai from 2010 to 2019. Gree USA was joint venture between MJC and Gree Hong Kong 2010-Jan 2017. Gree USA's purpose was to introduce Gree products to the United States. On February 1st 2017, Gree USA's control was transferred and Gree USA became 100% subsidiary of Gree Hong Kong. From 2017 to 2019, Gree USA's chairperson was Dong Mingzhu, president was Ouyang Jun and secretary was Jian Chen. Among them, Madam Dong is chairperson of Gree Zhuhai. Ouyang Jun is one of export sales department managers of Gree Zhuhai.

SECOND SUPPLEMENTAL RESPONSE: Gree USA became a 100% owned subsidiary of Gree Hong Kong after 2017. Jian Chen and Jun Ouyang were Gree USA employees after 2017. Gree Hong Kong is not in possession of the employee list before 2017. That list was in the possession of MJC.

INTERROGATORY NO. 10: Please identify all other claims about which you are aware involving the Model Product and all Similar Products, including the following information: claimant's name, address of loss, specific product model involved, point of sale, date of loss,

allegations lodged, and investigation undertaken with respect to all allegations made by each claimant.

SUPPLEMENTAL RESPONSE: Defendant states that by 2016 there were more than 2,000 reported incidents of dehumidifiers overheating. These claims are identified in Defendant's document production in response to Plaintiffs' requests for production.

SECOND SUPPLEMENTAL RESPONSE: See all claims following 2016 in Defendants possession attached as Annex "A".

INTERROGATORY NO. 11: Please identify all persons and/or entities that have an ownership interest in You.

SUPPLEMENTAL RESPONSE: At the time of the subject incident, Gree Hong Kong was a wholly owned subsidiary of Gree Zhuhai.

SECOND SUPPLEMENTAL RESPONSE: Gree Hong Kong is currently a 100% subsidiary of Gree Zhuhai.

INTERROGATORY NO. 12: Please state whether You have assets in the United States and, if so, the value of those assets.

SUPPLEMENTAL RESPONSE: Gree USA is a wholly owned subsidiary of Gree Hong Kong, located in California.

SECOND SUPPLEMENTAL RESPONSE: Gree Hong Kong does not have other any assets in the United States.

INTERROGATORY NO. 13: Please describe in full all portions of Your business that is not entirely dependent upon and controlled by Gree Zhuhai.

SUPPLEMENTAL RESPONSE: Gree Hong Kong is a wholly owned subsidiary of Gree Zhuhai. However, Gree Zhuhai does not have authority to hire or fire staff or employees.

Gree Hong Kong and Gree Zhuhai do not share bank accounts. Gree Zhuhai has no authority over payroll.

SECOND SUPPLEMENTAL RESPONSE: In supplementation to the above response, Gree Hong Kong also states that all business decisions for Gree Hong Kong are controlled by Gree Hong Kong itself.

Dated: June 11, 2021

Gordon Rees Scully Mansukhani LLP

By: /s/ James Regan
James Regan
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**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)
BARBARA E. AVENATTI)
)
Plaintiffs,)
)
)
v.)
)
GREE USA, INC.)
)
GREE ELECTRIC APPLIANCES)
INC. OF ZHUHAI)
)
HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD.)
)
MJC AMERICA LTD.)
)
MJC AMERICA HOLDINGS CO., LTD.)
)
Defendants.)

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANT’S SECOND SUPPLEMENTAL RESPONSES TO PLAINTIFFS’ FIRST
SET OF INTERROGATORIES TO DEFENDANT, GREE ELECTRIC APPLIANCES
INC. OF ZHUHAI**

Now comes Defendant, GREE ELECTRIC APPLIANCES INC. OF ZHUHAI, by their attorneys further respond to Plaintiffs’ First Set of Interrogatories to Defendant as follows:

INTERROGATORY NO. 3: Please identify all individuals responsible for the investigation into potential product defects with respect to the Subject Product and Similar Products from 2008-2018.

SUPPLEMENTAL RESPONSE: Yao Gang is the individual responsible for investigating alleged dehumidifier defects.

SECOND SUPPLEMENTAL RESPONSE: Gree Zhuhai has identified the following additional former employees that were responsible for the investigation: Tang Xiaohui, Wu Jieying, and Yao Ceng. These persons are no longer employees of Gree Zhuhai.

INTERROGATORY NO. 4: Please describe all efforts You has made in the past 9 years to attempt to prevent the Subject Product and Similar Products from causing fires in the Wisconsin and the United States.

SUPPLEMENTAL RESPONSE: As this case is venued in Indiana and all material events occurred in Indiana, Defendant states that it conducted internal testing and investigations into the causes of the fires and refunded consumers through Defendant's insurance policy.

SECOND SUPPLEMENTAL RESPONSE: Gree Zhuhai communicated with the CPSC and informed them, through counsel, of the number of Recall related fire incidents in the United States. Some of these claims were in Indiana and Wisconsin. The CPSC requested information including the location of the fires and what Gree Zhuhai did in response, including settling matters of damage with property owners. Gree Zhuhai also issued a public recall of the dehumidifiers making several public announcements through the CPSC website to notify potential users of the product. Gree Zhuhai retained Stericycle to aid in the recall process, including mailing out notice of the recalled dehumidifier to consumers who had registered their products. The recall was expanded to include all model dehumidifiers sharing the same design. The recall was later re-announced to maximize public awareness.

INTERROGATORY NO. 6: Please describe in full all of the ways in which a Gree designed or manufactured dehumidifier can be identified, including specifically describing what markings or design features and / or characteristics are present on the compressor, the control box, the wheels, and the base of the products and any other information available on any component

internal to the product which can assist in identifying the product as one manufactured and/or designed by You.

SUPPLEMENTAL RESPONSE: Defendant's dehumidifiers are not designed for uniqueness and are only designed to fit the requirements of a dehumidifier. Defendant is unaware whether any markings other than the "SoleusAir Powered by Gree" tag on Defendant's dehumidifiers are exclusive to Defendant.

SECOND SUPPLEMENTAL RESPONSE: Notwithstanding the above, common features of a Gree product are: an embossed "E" on the power box, the "stepped shape" design of the electric box, the shape of the compressor and location of the terminals. Many, but not all, Gree Recall Products have a white triangular base (other models are black) with a waffle like design.

INTERROGATORY NO. 7: Please indicate whether you dispute that the Subject Product at issue in this litigation was defective in design when originally sold to a consumer and, if so, explain in detail the full basis for such contention.

RESPONSE: As stated in Defendants' Answer, Defendant denies that the dehumidifier at issue was defective. As the discovery process is ongoing, Defendant reserves the right to supplement this response as investigation continues.

SECOND SUPPLEMENTAL RESPONSE: After further investigation, Defendant has confirmed the Subject Product is a recall model and amends its prior response. Defendant does not dispute that the Subject Product was defective when originally sold to a consumer.

INTERROGATORY NO. 8: Describe in full the efforts you took to determine what model dehumidifiers to recall as part of the 2013 recall and the full investigation and effort that led to that initial recall being expanded and re-announced multiple times.

SUPPLEMENTAL RESPONSE: Defendant conducted internal investigations and testing of particular models of dehumidifiers upon receiving consumer complaints regarding malfunctioning dehumidifiers.

SECOND SUPPLEMENTAL RESPONSE: Gree Zhuhai manufactured dehumidifiers for several brands including General Electric, SoleusAir, LG and more. Gree's investigation into allegations of defects included retaining a third-party expert, Exponent, to attempt to recreate allegations of overheating. The issue of overheating could not be replicated in those tests. Gree communicated through counsel with the CPSC and advised them of consumer complaints of Gree dehumidifiers. A decision was made to recall the dehumidifiers. The recall was expanded to include all models of the recall that shared the same design. The recall was re-announced as an additional measure to maximize public awareness of the recall.

INTERROGATORY NO. 9: Please describe the relationship between Gree China and each of the following entities, including fully detailing any ownership interests such entities may have with respect one to another and describing any contracts that exist or existed between the Defendants related to the design, manufacture, sale distribution, and marketing of dehumidifiers:

- a. Hong Kong Gree Electric Appliance Sales, Ltd.
- b. Gree North America
- c. Gree USA, Inc.

SUPPLEMENTAL RESPONSE: Please see Defendant's response to Interrogatory No. 2.

SECOND SUPPLEMENTAL RESPONSE: Gree Zhuhai never registered a company named Gree North America and is unaffiliated.

INTERROGATORY NO. 10: Please identify all other claims about which you are aware involving any dehumidifier your designed or manufactured.

SUPPLEMENTAL RESPONSE: Defendant states that by 2016 there were more than 2,000 reported incidents of dehumidifiers overheating. These claims are identified in Defendant's document production in response to Plaintiffs' requests for production.

SECOND SUPPLEMENTAL RESPONSE: In addition, See Annex "A" providing a list of claims and requested information in Defendants possession.

INTERROGATORY NO. 11: Please identify and describe in detail any data, statistics, research and/or analysis about which You are aware or that You have conducted related to the frequency with which dehumidifiers designed and manufactured by any Gree entity fail.

SUPPLEMENTAL RESPONSE: Defendant conducted internal testing and retained third-party vendor Exponent to conduct further testing but was unable to replicate claimed issues of overheating and combustion. Defendants communicated with CPSC regarding all instances of alleged dehumidifier failures. Upon information and belief this information is contained in Defendant's supplemental production in response to Plaintiff's Request for Production of Documents (Set 1).

SECOND SUPPLEMENTAL RESPONSE: In addition to the above, Gree conducted testing in accordance with the requirements of UL 474.

INTERROGATORY NO. 13: Please describe in detail all safety testing conducted with respect to the Subject Product and indicate whether such testing was conducted to achieve compliance with any UL or any other industry or governmental standards.

SUPPLEMENTAL RESPONSE: Defendant conducted internal testing on the recalled models based on UL requirements. Defendant also conducted external testing with Exponent.

SECOND SUPPLEMENTAL RESPONSE: In addition to the above, Gree conducted testing in accordance with UL 474.

INTERROGATORY NO. 14: Please describe in detail the failure mode(s) that allows those Gree dehumidifiers which were recalled on September 12, 2013, to overheat, smoke and catch fire.

RESPONSE: Defendant conducted internal and external testing of the recalled dehumidifier models and was unable to replicate the conditions necessary to cause the failure. However, the reasons for the recall were that dehumidifiers allegedly overheated, and caught fire, thus potentially posing a fire hazard to consumers and their property.

SECOND SUPPLEMENTAL RESPONSE: The defect for which Recalled Dehumidifiers were recalled related to the thermal overload protector. This device is designed to cut off power to the dehumidifier if the internal temperature was too high. However, Recalled Models contained a defect where the thermal overload protector would fail after several years of normal operation, allowing heat to accumulate to the point of ignition as evidenced by signs of arcing and electrical activity on the connectors leading to the top of the compressor, which would in turn ignite the plastic casing of the Recalled Dehumidifier. Further some Recalled Models were found to have used sub-standard plastics not containing the required flammability measures. This

was determined to be a manufacturing oversight. The use of sub-standard plastics contributed to the ignition of the dehumidifier.

Dated: June 11, 2021

Gordon Rees Scully Mansukhani LLP

By: /s/ James Regan

James Regan (pro hac vice)
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New York, NY 10004

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Attorneys for Defendants

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION**

ANTHONY AVENATTI)
BARBARA E. AVENATTI)

Plaintiffs,)

v.)

GREE USA, INC.)

GREE ELECTRIC APPLIANCES)
INC. OF ZHUHAI)

HONG KONG GREE ELECTRIC)
APPLIANCE SALES, LTD.)

MJC AMERICA LTD.)

MJC AMERICA HOLDINGS CO., LTD.)

Defendants.)

Case No. 2:20-cv-00354-JPH-MJD

**DEFENDANTS’ SECOND SUPPLEMENTAL RESPONSES TO PLAINTIFFS’ FIRST
SET OF INTERROGATORIES TO DEFENDANT, GREE USA, INC.**

Now comes Defendant, GREE USA, INC., by their attorneys submit second supplemental responses to Plaintiffs’ First Set of Interrogatories to Defendant:

INTERROGATORY NO. 2: Please state the brand, model, pint / quart size, date of manufacture, date of first sale to a consumer, date of sale to a retailer, identity of the retailer to whom sold, and all entities who possessed title to or held actual position of the Subject Product at issue in this litigation.

SUPPLEMENTAL RESPONSE: As the dehumidifier was destroyed and Plaintiffs have not provided proof of purchase, Defendant is unable to respond to this interrogatory.

SECOND SUPPLEMENTAL RESPONSE: Generally, Recalled Models were manufactured by Gree Zhuhai and sold to Gree Hong Kong. From Gree Hong Kong they were either distributed to Gree USA or directly to a United States based retailer. These retailers included the following: The Army & Air Force Exchange Service, H.H. Gregg Online Retail Company, The Home Depot, Kmart, Lowe's, Menards, Amazon, Ebay, Mills Fleet Farm, Sam's Club, Sears, Walmart, and other stores nationwide and in Canada. Gree USA was formed to further the Gree brand in the United States. If the subject model was a SoleusAir by Gree model, it was distributed through Gree USA and then sold to a U.S. retailer.

INTERROGATORY NO. 3: Please identify all retailers in Indiana that retailed "SoleusAir powered by Gree" dehumidifiers for each year from 2010-2018.

SUPPLEMENTAL RESPONSE: Upon information and belief, the Home Depot, Menards, Mills Fleet Farm, Lowe's and Sears.

SECOND SUPPLEMENTAL RESPONSE: From 2010 to 2012, retailers, including those in Indiana, included the following: The Army & Air Force Exchange Service, H.H. Gregg Online Retail Company, The Home Depot, Kmart, Lowe's, Menards, Amazon, Ebay, Mills Fleet Farm, Sam's Club, Sears, Walmart, and other stores nationwide and in Canada. Gree stopped selling recalled models after the initial recall and therefore no United States based retailer should have sold SoleusAir powered by Gree dehumidifiers from 2013 through 2018.

INTERROGATORY NO. 5: Please describe, in detail, what efforts can be undertaken through the investigation of a burned Gree-made dehumidifier to reveal specific model and/or size information after a fire involving a "SoleusAir powered by Gree," including but not limited to identifying what information can be learned from the letter and number coding on Soleus Air

powered by Gree dehumidifier compressors, what other parts of “SoleusAir powered by Gree” dehumidifiers contain coding and what information such coding reveals.

SUPPLEMENTAL RESPONSE: Defendant’s dehumidifiers are not designed for uniqueness and are only designed to fit the requirements of a dehumidifier. The compressors are manufactured by third-parties and, as such, any coding on the compressors is provided by those third-parties and is not in the possession, custody, or control of Defendant. Other than the “Soleus Air Powered by Gree” tag, Defendant is unaware of any markings or features on Defendant’s dehumidifiers that are exclusive to Defendant.

SECOND SUPPLEMENTAL RESPONSE: However, when attempting to identify whether the remains of a dehumidifier damaged by fire are a Gree product, Gree looks for the following features: an embossed “E” on the power box, the “stepped shape” design of the power box, the shape of the compressor and the location of the terminal connections. The compressors are manufactured by third-parties and Defendant does not know the meaning of the coding. The size of the dehumidifier is difficult to determine unless the water tank remains can be identified. Gree will look for extraneous evidence including any receipts, packaging, or pre-fire photographs to determine the size.

INTERROGATORY NO. 6: Please indicate whether you dispute that the Subject Product at issue in this litigation was defective in design when originally sold to a consumer and, if so, explain in detail the full basis for such contention.

SUPPLEMENTAL RESPONSE: As stated in Defendants’ Answer, Defendant denies that the dehumidifier at issue was defective. As the discovery process is ongoing, Defendant reserves the right to supplement this response as investigation continues.

SECOND SUPPLEMENTAL RESPONSE: After further investigation and consultation, Defendant confirmed the dehumidifier is a Gree recall product. Defendant admits the dehumidifier was defective when originally sold to the consumer. Defendant denies it knew the dehumidifier was defective at the time it was manufactured and distributed for sale.

INTERROGATORY NO. 7: Please explain in detail your role in the design, manufacture, marketing, sale, testing, distribution, certification, sourcing, or importing, of the Subject Product.

SUPPLEMENTAL RESPONSE: Gree USA was responsible for dehumidifiers including recalled models distributing electric appliances within the United States.

SECOND SUPPLEMENTAL RESPONSE: Gree USA was formed for the purpose of expanding the Gree brand in the United States. Gree USA had no role in manufacturing, testing, certification, or sourcing of the dehumidifiers. Gree USA marketed the dehumidifiers under the “SoleusAir powered by Gree” brand as an introduction to the US market. Gree also received the imports of Dehumidifiers from Gree Hong Kong and distributed and sold them to US retailers including The Army & Air Force Exchange Service, H.H. Gregg Online Retail Company, The Home Depot, Kmart, Lowe’s, Menards, Amazon, Ebay, Mills Fleet Farm, Sam’s Club, Sears, Walmart, and other stores nationwide. Following the recall, Gree USA has no further day-to-day operations.

INTERROGATORY NO. 8: Please describe the relationship between Gree USA and each of the following entities, for all times between 2010-present, including fully detailing any ownership interests such entities may have with respect one to another and describing any contracts that exist or existed between the Defendants related to the design, manufacture, sale, distribution, and marketing of dehumidifiers:

- a. Gree North America
- b. MJC America Ltd.
- c. MJC America Holdings Co., Inc.

SUPPLEMENTAL RESPONSE: Gree USA was joint venture between MJC and Gree Hong Kong from 2010 to 2017. In 2017, Gree USA's control was transferred and Gree USA became a wholly owned subsidiary of Gree Hong Kong.

SECOND SUPPLEMENTAL RESPONSE: Gree USA has no relationship at any time, including 2010 to present with Gree North America. Gree USA is still currently wholly owned by Gree Hong Kong. Gree USA has no current relationship with MJC after 2017. Gree USA had no relationship with MJC America Holdings Co. Inc from 2010 to present.

INTERROGATORY NO. 9: Please identify any other claims about which you are aware for the past 10 years involving contentions that SoleusAir powered by Gree dehumidifiers are defective in design, manufacture, or warning, providing for each such claim the claimant's name, location and date of loss, and case number (if applicable).

RESPONSE: Defendant states that by 2016 there were more than 2,000 reported incidents of dehumidifiers overheating. These claims are identified in Defendant's document production in response to Plaintiffs' requests for production.

SECOND SUPPLEMENTAL RESPONSE: See Annex A with a list of all such claims in Defendant's possession.

INTERROGATORY NO. 10: Please state the basis for Your contention that the product at issue in this lawsuit was not designed, manufactured, distributed, sold, and/or imported by You.

SUPPLEMENTAL RESPONSE: As stated in response to Interrogatory No. 5, Gree Zhuhai does not design dehumidifiers for uniqueness. As such, Defendant is unsure if other entities also use similar identifying markings on their dehumidifiers. Therefore, because the dehumidifier has not been conclusively identified as a dehumidifier Defendants manufactured, designed, distributed, sold, or imported, and because Plaintiffs have not yet produced any proof of purchase of the dehumidifier, Defendant is unable to confirm that manufactured, designed, distributed, sold, or imported the subject dehumidifier.

SECOND SUPPLEMENTAL RESPONSE: Upon further investigation, and based on the examination of the dehumidifier remains displaying common, but not exclusive, features of a Gree product, Defendant admits the Subject Dehumidifier was a Gree product manufactured, distributed, sold and imported by Defendants.

INTERROGATORY NO. 13: Please state what Gree USA, Inc. does to generate income and profit currently and for each of the past 10 years.

SUPPLEMENTAL RESPONSE: Gree USA imports and distributes electrical appliances manufactured by Gree Zhuhai.

SECOND SUPPLEMENTAL RESPONSE: Since the recall was issued in September 2013, Gree USA and discontinued day-to-day operations and does not generate income, including through the present. From 2011-2013, Gree USA imported Gree dehumidifiers from Gree Hong Kong and sold them to United States retailers.

INTERROGATORY NO. 14: Please state how much money Gree USA, Inc. made, in revenue and profit, through the importation, sale, and/or distribution of dehumidifiers in the United States that were later recalled, for each of the past 10 years.

RESPONSE: Defendant estimates that the total quantity of recalled units is 2.5 million units. The average retail price is around \$200.00. The estimated total sales during that time is approximately \$500 million.

SECOND SUPPLEMENTAL RESPONSE: Since the recall was issued in September 2013, Gree USA and discontinued day-to-day operations and does not generate income, including through the present. From 2011-2013, Gree USA imported Gree dehumidifiers from Gree Hong Kong and sold them to United States retailers.

INTERROGATORY NO. 15: Please describe, in full, the specific failure mode and defects for which the Recalled Dehumidifiers were recalled.

RESPONSE: Gree Zhuhai conducted internal and external testing of the recalled dehumidifier models and was unable to replicate the conditions necessary to cause the failure. However, the reasons for the recall were that dehumidifiers allegedly overheated, and caught fire, thus potentially posing a fire hazard to consumers and their property.

SECOND SUPPLEMENTAL RESPONSE: The defect for which Recalled Dehumidifiers were recalled related to the thermal overload protector. This device is designed to cut off power to the dehumidifier if the internal temperature was too high. However, Recalled Models contained a defect where the thermal overload protector would fail after several years of normal operation, allowing heat to accumulate to the point of ignition as evidenced by signs of arcing and electrical activity on the connectors leading to the top of the compressor, which would in turn ignite the plastic casing of the Recalled Dehumidifier. Further some Recalled Models were found to have used sub-standard plastics not containing the required flammability measures. This

was determined to be a manufacturing oversight. The use of sub-standard plastics contributed to the ignition of the dehumidifier.

Dated: June 11, 2021

Gordon Rees Scully Mansukhani LLP

By: James F. Regan

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CERTIFICATE OF SERVICE

I hereby certify that on **June 11, 2021**, a true copy of the foregoing:

**- DEFENDANTS' OPPOSITION TO PLAINTIFF'S MOTION FOR SANCTIONS
WITH EXHIBITS**

was electronically served via ECF e-filing on the following counsel of record:

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Dated: June 11, 2021

/s/ James F. Regan
James F. Regan

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION

ANTHONY AVENATTI,)	
BARBARA E. AVENATTI,)	
)	
Plaintiffs,)	
)	
v.)	No. 2:20-cv-00354-JPH-MJD
)	
GREE USA, INC.,)	
GREE ELECTRIC APPLIANCES, INC. OF)	
ZHUHAI,)	
HONG KONG GREE ELECTRIC)	
APPLIANCES SALES LTD.,)	
MJC AMERICA LTD.)	
d/b/a SOLEUS INTERNATIONAL)	
INC.,)	
MJC AMERICA HOLDINGS CO., LTD.,)	
)	
Defendants.)	

ORDER ADOPTING REPORT AND RECOMMENDATION

On July 26, 2021, Magistrate Judge Mark Dinsmore entered a Report and Recommendation, dkt. 114, recommending that the Court grant Plaintiffs' motion for sanctions, dkt. 100. The parties have had the opportunity to object but have not done so. *See* Fed. R. Civ. P. 72(b); 28 U.S.C. § 636(b)(1). The Court has considered and now **ADOPTS** the Report and Recommendation. Dkt. [114].

Plaintiffs' motion for sanctions is **GRANTED**, dkt. [100], and **default is entered** against Defendants, *see* Fed. R. Civ. P. 37(b)(2)(A)(vi). Default judgment will follow after damages have been determined according to the plan described in Magistrate Judge Dinsmore's order. *See* dkt. 114 at 10; *e360*

Insight v. The Spamhaus Project, 500 F.3d 594, 602 (7th Cir. 2007).

SO ORDERED.

Date: 8/18/2021



James Patrick Hanlon
United States District Judge
Southern District of Indiana

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