

DEC. 12. 2006 3:30PM

ALSCHULER

NO. 5311 P. 3

**SUMMONS  
(CITACION JUDICIAL)**

SUM-100

**NOTICE TO DEFENDANT:  
(AVISO AL DEMANDADO):**

Susan Paterno, an individual; and DORS 1 through 100, inclusive

**YOU ARE BEING SUED BY PLAINTIFF:  
(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

Ampersand Publishing LLC, a Delaware limited liability company

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

**FILED**

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER

DEC 12 2006

ALAN SLATER, Clerk of the Court

BY ENRIQUE VELOZ DEPUTY

JUDGE H. WARREN SIEGEL  
DEPT. C13

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association.

**Tiene 30 DÍAS DE CALENDARIO** después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protege. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.courtinfo.ca.gov/selfhelp/espanol/](http://www.courtinfo.ca.gov/selfhelp/espanol/)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio Web de California Legal Services ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), en el Centro de Ayuda de las Cortes de California ([www.courtinfo.ca.gov/selfhelp/espanol/](http://www.courtinfo.ca.gov/selfhelp/espanol/)) o poniéndose en contacto con la corte o el colegio de abogados locales.

The name and address of the court is:  
(El nombre y dirección de la corte es):  
Superior Court of the State of California  
700 Civic Center Drive West  
P.O. Box 838  
Santa Ana, California 92702-0838  
Central Justice Center

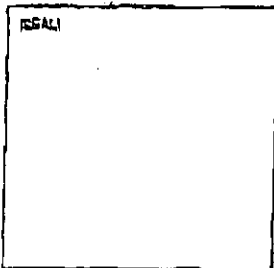
CASE NUMBER  
(Número del Caso): 06C012861

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:  
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):  
Stanton L. Stein (No. 045997) (310) 907-1000 (310) 907-2000  
Alschuler Grossman Stein & Kahan LLP  
The Water Garden, 1620 26th Street, Fourth Floor, North Tower  
Santa Monica, California 90404-4060

BY FAX

DATE: DEC 12 2006  
(Fecha) **ALAN SLATER** Clerk, by **ENRIQUE VELOZ** Deputy  
(Secretario) (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)  
(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).



- NOTICE TO THE PERSON SERVED:** You are served
- as an individual defendant.
  - as the person sued under the fictitious name of (specify):
  - on behalf of (specify):
- under:
- |  |   |
|--|---|
| <input type="checkbox"/> CCP 418.10 (corporation)                | <input type="checkbox"/> CCP 416.60 (minor)             |
| <input type="checkbox"/> CCP 418.20 (defunct corporation)        | <input type="checkbox"/> CCP 416.70 (conservatee)       |
| <input type="checkbox"/> CCP 418.40 (association or partnership) | <input type="checkbox"/> CCP 416.80 (authorized person) |
| <input type="checkbox"/> other (specify):                        |   |
- by personal delivery on (date):

DEC. 12. 2006 3:31PM ALSCHULER

NO. 5377 P. 4

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address):  
 Stanton L. Stein (No. 045997)  
 Alschuler Grossman Stein & Kahan LLP  
 The Water Garden  
 1620 26th Street, Fourth Floor, North Tower  
 Santa Monica, California 90404-4060  
 TELEPHONE NO.: (310) 907-1000 FAX NO.: (310) 907-2000  
 ATTORNEY FOR (Name): Plaintiff Ampersand Publishing LLC

FOR COURT USE ONLY

JUDGE H. WARREN SIEGEL  
 DEPT. C13  
 BY FAX

SUPERIOR COURT OF CALIFORNIA, COUNTY OF Orange  
 STREET ADDRESS: 700 Civic Center Drive West  
 MAILING ADDRESS: P.O. Box 838  
 CITY AND ZIP CODE: Santa Ana, California 92702-0838  
 BRANCH NAME: Central Justice Center

CASE NAME: Ampersand Publishing LLC, a Delaware limited liability company v. Susan Paterno, an individual, and Does 1 - 100, inclusive

**CIVIL CASE COVER SHEET**

Unlimited (Amount demanded exceeds \$25,000)  Limited (Amount demanded is \$25,000 or less)

**Complex Case Designation**

Counter  Joinder  
 Filed with first appearance by defendant (Cal. Rules of Court, rule 1811)

CASE NUMBER:

JUDGE DEPT. 060012861

Items 1-5 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

<p><b>Auto Tort</b></p> <p><input type="checkbox"/> Auto (22)  <input type="checkbox"/> Uninsured motorist (48)</p> <p><b>Other P/VPD/WD (Personal Injury/Property Damage/Wrongful Death) Tort</b></p> <p><input type="checkbox"/> Asbestos (04)  <input type="checkbox"/> Product liability (24)  <input type="checkbox"/> Medical malpractice (45)  <input type="checkbox"/> Other P/VPD/WD (23)</p> <p><b>Non-P/VPD/WD (Other) Tort</b></p> <p><input type="checkbox"/> Business tort/unfair business practice (07)  <input type="checkbox"/> Civil rights (08)  <input checked="" type="checkbox"/> Defamation (13)  <input type="checkbox"/> Fraud (16)  <input type="checkbox"/> Intellectual property (19)  <input type="checkbox"/> Professional negligence (25)  <input type="checkbox"/> Other non-P/VPD/WD tort (35)</p> <p><b>Employment</b></p> <p><input type="checkbox"/> Wrongful termination (36)  <input type="checkbox"/> Other employment (15)</p>	<p><b>Contract</b></p> <p><input type="checkbox"/> Breach of contract/warranty (06)  <input type="checkbox"/> Collections (08)  <input type="checkbox"/> Insurance coverage (18)  <input type="checkbox"/> Other contract (37)</p> <p><b>Real Property</b></p> <p><input type="checkbox"/> Eminent domain/Inverse condemnation (14)  <input type="checkbox"/> Wrongful eviction (33)  <input type="checkbox"/> Other real property (26)</p> <p><b>Unlawful Detainer</b></p> <p><input type="checkbox"/> Commercial (31)  <input type="checkbox"/> Residential (32)  <input type="checkbox"/> Drugs (38)</p> <p><b>Judicial Review</b></p> <p><input type="checkbox"/> Asset forfeiture (05)  <input type="checkbox"/> Petition re: arbitration award (11)  <input type="checkbox"/> Writ of mandate (02)  <input type="checkbox"/> Other judicial review (39)</p>	<p><b>Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 1800-1812)</b></p> <p><input type="checkbox"/> Antitrust/Trade regulation (03)  <input type="checkbox"/> Construction defect (10)  <input type="checkbox"/> Mass tort (40)  <input type="checkbox"/> Securities litigation (28)  <input type="checkbox"/> Environmental/Toxic tort (30)  <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41)</p> <p><b>Enforcement of Judgment</b></p> <p><input type="checkbox"/> Enforcement of judgment (20)</p> <p><b>Miscellaneous Civil Complaint</b></p> <p><input type="checkbox"/> RICO (27)  <input type="checkbox"/> Other complaint (not specified above) (42)</p> <p><b>Miscellaneous Civil Petition</b></p> <p><input type="checkbox"/> Partnership and corporate governance (21)  <input type="checkbox"/> Other petition (not specified above) (43)</p>
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2. This case  is  is not complex under rule 1800 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:

a. <input type="checkbox"/> Large number of separately represented parties	d. <input type="checkbox"/> Large number of witnesses
b. <input type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve	e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
c. <input type="checkbox"/> Substantial amount of documentary evidence	f. <input type="checkbox"/> Substantial postjudgment judicial supervision

3. Type of remedies sought (check all that apply):

a.  monetary b.  nonmonetary, declaratory or injunctive relief c.  punitive

4. Number of causes of action (specify): Two: Product Disparagement Trade Libel; and Defamation (Libel)

5. This case  is  is not a class action suit.

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015).

Date: December 12, 2006  
 Stanton L. Stein (No. 045997)

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

**NOTICE**

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 201.8.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 1800 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

Form Adopted for Mandatory Use  
 Judicial Council of California  
 CM-010 (rev. January 1, 2005)

**CIVIL CASE COVER SHEET**

Legal Solutions & Plus

Cal. Rules of Court, rules 201.8, 1800-1812  
 Standards of Judicial Administration, § 19

DEC. 12. 2006 3:31PM ALSCHULER

NO. 5377 P. 5

1 ALSCHULER GROSSMAN STEIN & KAHAN LLP  
 2 Stanton L. Stein (No. 04599)  
 3 The Water Garden  
 4 1620 26th Street  
 5 Fourth Floor, North Tower  
 6 Santa Monica, CA. 90404-4060  
 7 Telephone: 310-907-1000  
 8 Facsimile: 310-907-2000

9 Attorneys for Plaintiff  
 10 AMPERSAND PUBLISHING LLC

**FILED**  
 SUPERIOR COURT OF CALIFORNIA  
 COUNTY OF ORANGE  
 CENTRAL JUSTICE CENTER

DEC 12 2006

ALAN BLATT, Clerk of the Court

BY: ENRIQUE VELOZ DEPUTY

JUDGE H. WARREN SIEGEL  
 DEPT. C13

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE, CENTRAL JUSTICE CENTER

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AMPERSAND PUBLISHING LLC, a  
 Delaware limited liability company,

Plaintiff,

VS.

SUSAN PATERNO, an individual; and  
 DOES 1 through 100, inclusive,

Defendants.

CASE NO.

*BY FAX*  
 000012861

COMPLAINT FOR:

- (1) PRODUCT DISPARAGEMENT (TRADE LIBEL)
- (2) DEFAMATION (LIBEL)

PLAINTIFF DEMANDS TRIAL BY JURY

ALSCHULER  
 GROSSMAN  
 STEIN &  
 KAHAN LLP

COMPLAINT

1 Plaintiff Ampersand Publishing LLC ("Plaintiff" or "Ampersand"), a Delaware  
2 limited liability company, hereby alleges as follows:

### 3 INTRODUCTION

4 1. The Santa Barbara News-Press (the "News-Press") is a well respected,  
5 award winning, daily newspaper that is published by Plaintiff.

6 2. The American Journalism Review (the "Review") purports to be an  
7 academic journal evaluating news reporting by others on an objective basis. Despite this lofty  
8 pretension, nothing could be further from the truth in this instance. Its article on the News-Press,  
9 authored by defendant Susan Paterno ("Defendant" or "Paterno"), is nothing but a biased, false  
10 and misleading diatribe against Plaintiff, owner of the News-Press. Supposedly factual  
11 statements are affirmatively false or else they omit critical facts in order to portray events through  
12 the prism of the writer's agenda. All attacks on the News-Press by "sources" are taken as Gospel  
13 while all responses, to the extent they are reported at all, are treated dismissively, if not  
14 derisively. Clearly neither accuracy nor objectivity was high on Defendant's list of priorities.  
15 The result is a one-sided article that is false and defamatory of Plaintiff and its publication. It is  
16 also one that has caused substantial damage to Plaintiff and its publication, to the detriment not  
17 only of the parties but of Santa Barbara's residents as well.

### 18 THE PARTIES

19 3. Plaintiff Ampersand Publishing LLC is a Delaware limited liability  
20 company whose principal place of business is in Santa Barbara, California. Ampersand is in the  
21 business of publishing a newspaper, and distributing said newspaper to the public. Ampersand  
22 owns and operates the Santa Barbara News-Press.

23 4. Plaintiff is informed and believes, and thereon alleges, that Defendant  
24 Susan Paterno is a resident of the State of California, County of Orange, and the author of an  
25 article entitled "Santa Barbara Smackdown" (the "Article"), a true and correct copy of which is  
26 attached hereto as Exhibit "A." The Article was published in the October/November 2006 edition  
27 of the Review.

28 5. Plaintiff is informed and believes, and thereon alleges, pursuant to Code of

1 Civil Procedure § 474, that the fictitiously named defendants sued herein as Does 1 through 100,  
 2 inclusive, and each of them, were in some manner responsible or legally liable for the actions,  
 3 events, transactions and circumstances alleged herein. The true names and capacities of such  
 4 fictitiously named defendants, whether individual, corporate, associate, or otherwise, are  
 5 presently unknown to Plaintiff and Plaintiff will seek leave of the Court to amend this Complaint  
 6 to assert the true names and capacities of such fictitiously named defendants when the same have  
 7 been ascertained. For convenience, each reference to a named defendant herein shall also refer to  
 8 the Doe defendants, and each of them. Paterno and the Doe defendants shall be collectively  
 9 referred to as "Defendants."

10 **THE AJR ARTICLE**

11 6. The Santa Barbara News-Press is the largest daily publication in the region  
 12 and dominates the local market in and around Santa Barbara. It has been considered historically  
 13 the newspaper of record in the region. As with all newspapers, its reputation for honesty and  
 14 fairness in the reporting of the news is an essential asset in its success. To characterize this or any  
 15 newspaper as being driven by a personal agenda of its owner disparages the Plaintiff and the  
 16 product it sells, drives away subscribers, readers and advertisers, and makes recruitment of  
 17 personnel difficult if not impossible.

18 7. As set forth more specifically below, the Article falsely states and implies  
 19 that Ampersand is an unethical corporate entity engaged in unlawful conduct and that its product,  
 20 the Santa Barbara News-Press, is a deficient product. The Article falsely states and implies that  
 21 Ampersand allows its corporate management improperly to control its news reporting and that it  
 22 regularly violates journalistic ethics and standards. The Article falsely states and implies that  
 23 Ampersand's conduct has resulted in a product - the News-Press - that provides news reporting  
 24 which is improperly influenced by Ampersand and Ampersand management, and is not worthy of  
 25 being read or respected by the public. These statements and implications are false and  
 26 defamatory of both Ampersand and the News-Press in numerous respects and entirely  
 27 unsupported by any accurate factual assertions contained in the Article.

28 8. Among the specifically false and misleading statements contained in the

1 Article are the following (the comments not intended to be exhaustive):

2 a. "[Former editor] Roberts was ordered to kill a story about the  
3 editorial page editor's drunk-driving sentence." This is misleading. The facts are that Mr.  
4 Roberts had long standing antipathy towards Mr. Armstrong who refused to allow Mr. Roberts to  
5 influence the Editorial pages, and was seen by Mr. Roberts as a rival for influence in the paper.  
6 In June 2006, Mr. Armstrong was arrested for a non-injury drunk driving case. Such arrests,  
7 where there is no injury, have typically not been reported by the News-Press except in rare  
8 circumstances such as where a public official was involved. However, because of hostility  
9 towards Mr. Armstrong, Mr. Roberts chose to not only report the story, but do so in an manner  
10 out of proportion to its newsworthiness, using placement and content intended to cause the  
11 maximum amount of embarrassment to Mr. Armstrong. Not satisfied with the initial overblown  
12 account, Mr. Roberts and the reporter, Dawn Hobbs, who also shared Mr. Roberts' antipathy  
13 towards Mr. Armstrong, sought to later write and publish a "follow up" story about his  
14 sentencing. Given the lack of newsworthiness of this story and its obvious purpose to simply  
15 embarrass a rival, Mr. Armstrong complained to the Human Resources Director of the News-  
16 Press of this "harassment" by Mr. Roberts. Counsel for the News-Press intervened and requested  
17 Mr. Roberts not to publish the story. Mr. Roberts asked for the rationale for the request, but  
18 voiced no objection or protest and after it was explained to him, and agreed to not publish this  
19 second story on the Mr. Armstrong matter.

20 b. "When she [Wendy McCaw, owner of the News-Press] put the  
21 editorial page editor in charge of the newsroom, then left with the restaurant critic on a month  
22 long Mediterranean cruise aboard her multimillion-dollar yacht, the editors figured it couldn't get  
23 much worse." This is false. Among other things, Mr. von Wiesenberger was co-publisher of the  
24 News-Press, and was not the restaurant critic. Mr. Armstrong became acting publisher while the  
25 co-publishers were out of the country and was in charge of the overall publication of the  
26 newspaper. During this time, Mr. Roberts remained in his position as editor, in charge of the  
27 newsroom, as he had been prior to the co-publishers vacation.

28 c. "More than half of the 50-member News-Press newsroom has

1 resigned or been dismissed since then." This statement clearly suggests a mass firing. In fact,  
2 only five newsroom employees were involuntarily terminated, one was a new employee, and all  
3 of the terminations were for cause, although all employees are at will.

4 d. "... McCaw's attempt to silence everyone from former and current  
5 employees and competitors to community members, the Teamsters, the Santa Barbara  
6 Independent, even Vanity Fair and AJR, by threatening or filing lawsuits against them." Mrs.  
7 McCaw did not attempt to "silence" any of the above individuals or entities but rather her  
8 representatives wrote to three former employees and requested them to abide by their  
9 confidentiality obligations, which they agreed to follow in working for the News-Press. Her  
10 representatives legitimately wrote to the Review asking it to cease its attempts to induce  
11 employees to breach confidentiality agreements which it knew existed and wrote to a competitor  
12 and requested it cease illegal use of the News-Press' work for hire.

13 e. "McCaw has consistently refused to comment on the upheaval at  
14 her newspaper, says Communications Manager Agnes Huff." Among other things, Ms. Huff  
15 never said that Mrs. McCaw had "consistently refused to comment" and, in fact, Mrs. McCaw has  
16 commented on the events at the newspaper, both on the pages of the News-Press and to media  
17 outlets such as the New York Times. Ms. Huff is not Communications Manager for Plaintiff, nor  
18 is she an employee, but rather she is a public relations consultant.

19 f. "But after buying the paper from the New York Times Co. in 2000  
20 and promising to have no role in newsgathering, McCaw began whacking away, her lieutenants  
21 firing one editor after another, presiding over the dismissal or resignation of five publishers in  
22 five years, destroying friendships, families and livelihoods, until it was Jerry Roberts' turn to  
23 bend to her will." This statement is untrue in numerous respects, including, without limitation,  
24 the statement that there was a dismissal or resignation of five publishers that resulted from the  
25 violation of a promise made by Mrs. McCaw and/or that she was responsible for destroying  
26 families and livelihoods by virtue of such breach, and that individuals were fired for failing to  
27 "bend to [Mrs. McCaw's] will."

28 g. "Roberts spent his final years at the News-Press fiercely protecting

1 the wall against McCaw, who flattened it last summer, . . . .” This is untrue in several respects.  
2 First, Mr. Roberts served gleefully as both editor and publisher of the News-Press for over a year,  
3 occupying the very roles he now hypocritically characterizes as inherently conflicting. Contrary  
4 to the Article’s statements, in simultaneously engaging in both those capacities, he did not step  
5 back from directing the activities of the newsroom but was actively involved in the newsroom and  
6 had indisputable final authority in all newsroom matters. Second, Ampersand management did  
7 not inappropriately interfere or control news reporting in that its activities were consistent with  
8 the responsible and legitimate management and ownership of a publication.

9 h. “Ownership, ironically, was a big reason Jerry Roberts left the San  
10 Francisco Chronicle after 25 years, the last five as managing editor. In 2000, the family-owned  
11 Chronicle was sold to Hearst, now the nation’s ninth-largest newspaper company. Life under the  
12 new owners was ‘exhausting and difficult,’ says Strean, Roberts’ deputy managing editor for  
13 news in San Francisco. It ‘just wasn’t fun anymore.’ Roberts left in 2002 to teach at Stanford and  
14 the University of California, Berkeley.” Among other things, this misrepresents the  
15 circumstances under which Mr. Roberts left the Chronicle. Plaintiff is informed and believes, and  
16 thereon alleges, that Mr. Roberts was terminated involuntarily from his employment at the  
17 Chronicle and given a package of benefits to ensure that he did not disparage or sue it and  
18 provided a release, and that Mr. Roberts and the Chronicle chose to characterize that  
19 settlement/arrangement as a voluntary departure for their own mutual commercial and  
20 professional interests.

21 i. “In the next two years, though, [Wendy McCaw’s] largely  
22 unexplained directives led to confusion, turmoil and turnover, with benefits and overtime pay  
23 slashed, newsroom decisions challenged and executives fired or forced to resign after refusing to  
24 do her bidding . . . .” This is false in numerous respects. Among other things, until the events of  
25 the summer of 2006, the News-Press saw only normal turnover and there was no “confusion or  
26 turmoil” other than that generated by Mr. Roberts and his persistent and unrelenting attempts to  
27 undermine Mrs. McCaw and her position as owner. In general, ordinary personnel decisions  
28 were being made and overtime was no more or less a concern than it is for any business owner



1 who seeks to minimize overtime. Given that Mr. Roberts overstaffed the newsroom with  
2 approximately 60 reporters for a circulation of approximately 42,000, there was no need for  
3 overtime. With respect to supposed "challenges" to "newsroom decisions," Ampersand's  
4 management's involvement in the general direction and quality of news reporting was appropriate  
5 and was not unethical.

6 j. "Through her executives, McCaw worked her will: 'It was always  
7 about news content and news reporters,' says an insider no longer at the paper. 'If one story'  
8 wasn't the way she wanted it, it was "off with their heads," with Cole "just doing her bidding."'"  
9 This statement is false. Mrs. McCaw had little involvement with any news gathering or content  
10 except for issues that arose out of Mr. Roberts' incompetence, including his failure to follow  
11 direction, focus upon local Santa Barbara news and personalities, failure to stop reporters from  
12 injecting their personal opinions into the stories, failure to implement appropriate stylistic  
13 measures, insubordination, refusal to abide by his contractual obligations, failure to devote  
14 sufficient time to the position, and uncontrolled verbal outbursts against his superiors.

15 k. "As the newsroom strengthened, the paper's opinion section grew  
16 more virulent under the direction of Travis K. Armstrong, a 38-year-old openly gay American  
17 Indian, former San Jose Mercury News editorial writer and registered Democrat. . . . Strean and  
18 Roberts mostly ignored him, Strean says, but Armstrong's columns 'created lots of problems for  
19 our reporters. Whenever we went into the community, we had to listen to complaints.'" This  
20 statement attacking the quality of News-Press editorials under Ampersand management and  
21 blaming reader complaints on Mr. Armstrong is false. Complaints of readers were measured by a  
22 survey conducted by the independently commissioned Media Consulting survey group, MORI, in  
23 2005. The results were that 63% of the readers in the MORI study found that the news stories  
24 contained too much of the bias of the reporters. These were the very reporters that were under  
25 Mr. Robert's and Ms. Strean's direction. On the other hand, the editorial page supervised by Mr.  
26 Armstrong (whom Defendants refer to out of any context as "openly gay") was highly rated by  
27 the readers; 74% of readers rated it positively. In fact, the News-Press editorial page was  
28 awarded for the Best Editorial Pages in its circulation category by the California Newspaper

1 Publishers Association and was given the first ever award from the Humane Society of the United  
2 States for Outstanding Newspaper Editorials. Further, Defendants' reference to Travis  
3 Armstrong as an "openly gay American Indian" is a deplorable attempt to disparage Plaintiffs'  
4 Opinion Editor Mr. Armstrong, by pointing out his ethnicity and sexual preference in a manner  
5 that is out of context, thus demonstrating the malice Defendants bear towards Plaintiff.

6 1. "The arrangement worked well, Streaan says, until spring 2004,  
7 when McCaw insisted on previewing stories mentioning Brian Cearnal, a prominent Santa  
8 Barbara architect she was suing for malpractice. An ugly scene ensued in June when McCaw  
9 ordered Roberts to publish a piece touting her alleged legal victory over Cearnal, Streaan says, a  
10 story that had no comment from the architect and whose facts were disputed by his partner. After  
11 a while, McCaw wanted Roberts to publish four pages of her boyfriend's restaurant reviews.  
12 Though McCaw 'continually pursued it,' Roberts 'kept arguing against it,' Streaan says, and  
13 refused to implement her directive. Finally, McCaw stopped meeting with Roberts and then 'quit  
14 speaking to him.'" This is false in numerous respects. Among other things, Ampersand  
15 management did not improperly interfere with or influence news reporting. Roberts resisted  
16 writing a story of the Cearnal matter because it would show that Mrs. McCaw had prevailed on  
17 her counter suit, not for any legitimate reason. Mrs. McCaw did not want or request publication of  
18 four pages of Mr. Wiesenberger's restaurant reviews. Mrs. McCaw stopped meeting with Mr.  
19 Roberts after he became verbally abusive with her, as he had with others in the company.

20 m. "While bloggers reported what McCaw wanted squelched, another  
21 newsroom drama was unfolding. Michael Todd, the business editor widely admired for his  
22 intelligence and acerbic wit, made a joke to part-time photographer Ana Fuentes that she  
23 construed as a death threat. Though much of what transpired between them is disputed, neither  
24 argues the basic facts: Todd saw Fuentes in front of a downtown store in late May; when he next  
25 saw her, he made what he considered a joke about hitting her with his car. Everyone agrees  
26 Fuentes laughed although she says she thought it was 'weird,' and the rest of the story is unclear."  
27 This entire description is false. Mrs. McCaw did not "squelch" anything and efforts to prevent  
28 the discussion of personnel matters outside the place of employment were completely legitimate

1 business practices for an employer, including a newspaper, to pursue. Ana Fuentes was so  
2 concerned after the first threat that she sought re-assurance from Mr. Todd the following day as to  
3 his intent and he responded that he had thought about it and would not run her over with his car  
4 but would shoot her with a gun because running her over would be too messy, and would cause  
5 body parts to be over his grill. Mr. Todd admitted making these two statements. Ms. Fuentes  
6 was justifiably upset and reported the incident to News-Press management. Assistant Editor  
7 Foulsham and Editor Roberts swept the complaint under the rug, failed to report it to Human  
8 Resources as policy required, and did not respond to Ms. Fuentes in a timely manner. As a result,  
9 Ms. Fuentes later wrote co-publishers Wendy McCaw and Arthur von Wiesenberger to demand  
10 action. As employers, they were obligated to timely investigate and act upon this potential  
11 workplace violence issue. HR did so and suspended Mr. Todd pending further investigation.

12 n. "The News-Press pursued a restraining order against Todd in  
13 connection with the Fuentes episode in July, costing him close to \$7,000 in attorney's fees, he  
14 says, before dropping the case in late October." This statement is seriously misleading as it omits  
15 the fact that the proceeding, a Petition of Employer for Injunction Prohibiting Workplace  
16 Violence Against Employee, was rendered moot when, months after the filing of the complaint,  
17 Ms. Fuentes left her employment at the News-Press, depriving the News Press of standing to raise  
18 the matter.

19 o. "The paths carrying Todd, Fuentes, McCaw and Armstrong  
20 converged on a Friday morning in June, when reporter Dawn Hobbs returned from the courthouse  
21 with a report on Travis Armstrong's drunk-driving sentence. . . . Orders 'from on high' forced  
22 Roberts to kill Hobbs' story, says then Deputy Managing Editor Murphy, . . . ." Plaintiff  
23 incorporates by reference its comments contained in Paragraph 8(a) above.

24 p. The Article describes the News-Press' reporting of the address of a  
25 residence owned by actor Rob Lowe and his wife. It then states that "Todd and McCaw  
26 exchanged a series of blistering memos, with Todd censuring McCaw for granting a celebrity  
27 privacy rights exceeding 'those given to average citizens.' McCaw suspended him without pay  
28 pending an investigation into the Fuentes incident, blasting him for 'careless news judgment,' for

1 prompting the Lowes to cancel their subscription and for potentially damaging 'relations with  
2 other high profile readers.'" Among other things, this is seriously misleading insofar as Mr. Todd  
3 was suspended pending the investigation into Ms. Fuentes' complaint – not for anything to do  
4 with the reporting of Mr. Lowe's address. The misleading nature of this is further evidenced by  
5 the fact that the other two employees reprimanded for the Lowe article, including the actual  
6 writer, were not suspended, which Defendants failed to report.

7 q. "While [the co-publishers] were gone, Armstrong ordered Cohee to  
8 rewrite a routine story about a local city council member's resignation 'to reflect the editorial  
9 position of the paper,' Murphy says." This statement is untrue. Among other things, the story in  
10 question was a Page One profile and Mr. Armstrong, as acting publisher, gave Ms. Cohee some  
11 questions to follow up on when her initial draft was clearly below the reporting standards of the  
12 paper. Armstrong did not tell her to rewrite the story to "reflect the editorial position of the  
13 paper."

14 r. The Article falsely stated that after Mrs. Macaw left on vacation  
15 and Mr. Armstrong became interim Publisher, that "Executives threatened to terminate anyone  
16 'sharing or leaking information involving the News-Press to any other news organization,'" according to a News-Press memo. This is untrue in that it implied this memorandum was sent  
17 later than it was and done to address the departures of certain reporters and editors. The policy  
18 memorandum referred to in the Article was written and approved by Jerry Roberts in June (prior  
19 to his departure in reaction to a competing newspaper's publication of a rumor that he was going  
20 to be fired, which he claimed was upsetting to him and his family). This memorandum was  
21 distributed well before he and others resigned. Such confidentiality policies are common and  
22 standard for most organizations to protect their proprietary information.

24 s. "Shortly thereafter, Managing Editor Foulsham also resigned, citing  
25 the same reasons Murphy had articulated [that is, alleged ethical breaches]." In fact, Mr.  
26 Foulsham cited no such reasons when he resigned. He expressly stated to the HR director at the  
27 time of resignation that was doing so due to "stress" and marital strains that "stress" was causing  
28 as well as a difficult commute. He made no reference to ethical breaches.

1 t "What happened next was a scene out of 'The Battle of Algiers,' a  
2 former editor says, with Armstrong 'roaring' into Roberts' office, 'face all red,' yelling, 'I want  
3 you out of here right now!' Someone shouted: 'Jerry's getting kicked out!' prompting reporters  
4 and editors to rush forward and form a tight ring around Roberts, while Armstrong, tugging on  
5 Roberts' sleeve, repeated, 'C'mon, you've got to get out now!'" This is untrue. In fact, Mr.  
6 Roberts gave the Human Resources director Yolanda Apodaca a 30-day letter of resignation prior  
7 to reporting for work and inquired whether the News-Press wanted him to report for work during  
8 his final 30 days. Ms. Apodaca told him to go to his office and she would get back to him with an  
9 answer after a few minutes. She did and while in Mr. Roberts' office informing him he need not  
10 report to work, Mr. Armstrong poked his head into the office and confirmed to Mr. Roberts that  
11 he "should leave." He left and at that point, the HR director escorted Mr. Roberts from the  
12 building, and took Mr. Roberts' key card. Among other things, Mr. Armstrong did not yell or  
13 "roar" or use the words "now" nor did he touch Mr. Roberts nor did he escort him out of the  
14 building.

15 u. "Armstrong had brought down Roberts, and the wall." This is  
16 another outrageous fabrication. Ampersand management did not improperly interfere with news  
17 reporting or act unethically. Mr. Roberts voluntarily resigned and he was not "brought down" by  
18 Mr. Armstrong. In his lengthy resignation letter, Mr. Roberts did not accuse Mr. Armstrong of  
19 bringing him down or having any responsibility for him resigning and professed to have warm  
20 feelings for Mr. Armstrong weeks before his departure. Mr. Armstrong did not "bring down the  
21 wall" and at all times while Acting Publisher acted responsibly and consistent with industry  
22 standards.

23 v. "Hadly wrote a story about the resignations gave it to the copy desk  
24 and left for a meeting with his colleagues and a union representative. Around 10 p.m., Armstrong  
25 killed it, . . . ." Again, the Article is untrue and misleading by failing to tell its readers that Mr.  
26 Hadly was specifically assigned to write a brief factual article as to who left the paper, their  
27 length of service, etc., without going into the various contentions of either party to the dispute.  
28 This was entirely appropriate and consistent with journalistic standards in the newsroom:

1 employees were not in a position to objectively write a story about themselves and their  
2 colleagues as they were too close to the issues to write without bias. Further, the News-Press was  
3 not going to republish the unauthorized and illegal disclosure that many ex-employees were  
4 making in violation of their confidentiality agreements and the employee handbook. Despite  
5 having agreed to and being assigned to write this article, Mr. Hadly nevertheless drafted a  
6 lengthy, clearly biased and self-serving advocacy piece which was intended to advance his  
7 personal interests and those of the Teamsters Union and friends on the staff which he sought to  
8 promote, to unfairly disparage his employer, and to act out of disloyalty and malice. The article  
9 lacked any journalistic integrity or attempt at objectivity. Further, Mr. Hadly did not deny, when  
10 asked, whether he converted his article from the archives of the News-Press computer and  
11 illegally provided it for publication to the Santa Barbara Independent, which has been sued for  
12 copyright infringement for the taking of the News-Press' work for hire.

13 w. "Those who resigned left "because the hands of the executive suite  
14 and op-ed department had extended their reach so far into the newsroom that their fingertips were  
15 on the reporters" keyboards,' . . . ." Among other things, the accusation is patently untrue;  
16 Ampersand management did not control writing of news stories other than to set appropriate  
17 standards, direction and to demand quality and accuracy so as to ensure that the paper would meet  
18 the standards of a similar paper of record.

19 x. "Human resources manager Apodaca forbade Roberts from  
20 retrieving his belongings, hiring a delivery service to return enough boxes to fill a storage room,  
21 along with an envelope one of the workers handed his 16-year-old daughter, a cease-and-desist  
22 letter from McCaw's attorney that basically said: 'Shut your pie hole or we'll sue you to kingdom  
23 come,' says the Independent's Nick Welsh, who along with several others received similar  
24 letters." This is another fabrication designed to maliciously defame Ampersand. Ms. Apodaca's  
25 treatment of Mr. Roberts was entirely consistent with business standards for a separation such as  
26 Mr. Roberts, who violated his employment agreement and demonstrated gross disloyalty and a  
27 disregard for his contractual duties. Moreover, the letter to Mr. Roberts recited his confidentiality  
28 obligations and demanded that he cease violating the confidentiality agreement he happily signed

1 as part of his executive employment agreement when hired, which agreement Mr. Roberts admits  
2 he is subject to. The article further suggests that Ampersand threatened Mr. Roberts' daughter,  
3 which is another outrageous lie written in malice. The letter in question was addressed to Mr.  
4 Roberts and hand delivered by a messenger to his home, in a sealed envelope addressed to Mr.  
5 Roberts, to ensure his immediate receipt, consistent with legal standards to ensure notice. If Mr.  
6 Roberts' 16 year old daughter indeed read the letter as the Article suggests, it would only be as  
7 result of Mr. Roberts failing to protect her from learning of his unethical and unprofessional  
8 behavior. Mr. Welsh at no time received a "similar letter."

9 y. "In his first public address since resigning, Roberts enumerated the  
10 many ways McCaw and her loyalists had failed to 'distinguish between advocacy and reporting,  
11 obliterating the metaphorical wall that stands to separate them.'" Again, Mr. Roberts is lying to  
12 the extent he made such statements. Among other things, Ampersand management did not fail to  
13 distinguish between advocacy and reporting and did not improperly interfere with or influence  
14 news reporting or act unethically.

15 z. "... Steepleton fired the features editor for allowing health  
16 columnist Michael Seabaugh to make a passing reference to Laura Schlessinger's preaching  
17 'against tolerating diversity' as 'a waste of time.' ... Calling the features editor's dismissal  
18 'unconscionable,' Seabaugh, too, resigned ..." The Article is false. The Article states that Mr.  
19 Seabaugh resigned and was fired, demonstrating how Plaintiffs misrepresent facts to fit their  
20 theory. In fact, Mr. Seabaugh chose to stop working for News-Press.

21 aa. "Roberts beseeched the audience to struggle every day 'to ensure  
22 the values, principles and ethics that define public interest journalism.'" This is another false  
23 claim that the News-Press is a deficient product resulting from management's alleged improper  
24 interference with and influence on news reporting and is untrue.

25 bb. "In the newsroom, fall brought union representation and a renewed  
26 commitment to securing a contract 'with guarantees that the wall will not be breeched,' says a  
27 reporter ... ." Among other things, Ampersand management did not improperly interfere with  
28 news reporting or act unethically and the Teamsters Union was not certified to represent the

1 newsroom in the fall or even now. Moreover, the Union cannot by law require any newspaper to  
2 negotiate on issues dealing with the content of the newspaper.

3 cc. "Fall also found McCaw on her yacht again with boyfriend von  
4 Wiesenberger, now using the title 'Baron,' the Dallas Morning News reported, with 'more  
5 pressing business than putting down [a] staff insurrection.'" This is similarly untrue. Co-  
6 publisher Mr. von Wiesenberger did not in the fall – and or not now – using the title Baron.

7 dd. "McCaw's attorney sent a threatening letter to prominent lawyers  
8 providing legal assistance to News-Press journalists." This is an utter fabrication of the purpose,  
9 content and individuals to whom it was sent and mischaracterizes further the facts. The letter was  
10 written in response to a public announcement that attorneys were forming a group to raise money  
11 for supposedly aggrieved News-Press Journalists. The letter urged attorneys that before making  
12 donations or lending their name to such an effort they should learn the facts, not rely on rumor.  
13 The letter did not ask attorneys not to accept cases, nor was it addressed to the attorneys for  
14 News-Press reporters. It did not threaten anyone in any fashion.

15 ee. "[I]ntensifying a campaign of intimidation that has union leaders  
16 and newsroom veterans worried that News-Press executives will fire them just as they did  
17 Melinda Burns, an award-winning, 21-year News-Press reporter and union leader, in late  
18 October." This statement is false. There is no intimidation other than that conducted by the  
19 Union and its supporters. The Article wrongly suggests that Mrs. Burns was fired as part of a  
20 campaign of intimidation when she was in fact fired for her long term and well known  
21 unwillingness to keep her personal political biases out of her stories, precisely the charge that  
22 Defendants wrongfully make against Plaintiff.

23 ff. "Starshine Roshell, an 11-year veteran who lost her column in  
24 August after publicly declaring her support for the newsroom and the union . . ." This is another  
25 patently untrue statement by Defendants, as it suggests she lost her column as a result of her  
26 union activities, a charge that is not true.

27 gg. Defendants at all times failed to demonstrate any objectivity in  
28 reporting and failed to abide by even the most basic of journalistic principles and standards in



1 writing and publishing the Article. Defendants failed to reasonably and consistent with  
2 journalistic standards check the facts before publication. Indeed, Defendants refused the written  
3 invitation of Plaintiff's public relations consultant Agnes Huff to submit questions for response.

4 9. The general assertion that Ampersand management improperly interfered  
5 with and influenced news reporting and that this resulted in a deficient product – the News-Press  
6 – is false. To the contrary, Ampersand management (including co-publisher, Wendy McCaw) has  
7 sought to end bias at the paper inserted by many of the Article's named and unnamed sources.  
8 The MORI survey conducted during Mr. Roberts' editorship indicates that readers felt that, under  
9 his stewardship, reporters such as Mrs. Burns injected too much bias into news reporting.

#### 10 FIRST CAUSE OF ACTION

#### 11 (FOR PRODUCT DISPARAGEMENT AGAINST ALL DEFENDANTS)

12 10. Ampersand realleges and incorporates herein by reference each and every  
13 allegation contained in Paragraphs 1 through 9, inclusive, of the Complaint as though set forth in  
14 full.

15 11. The Article falsely portrayed the News-Press as a deficient product, not  
16 worthy of reading, purchase or respect, because of allegedly improper interference with and  
17 influence/control of its news reporting by Ampersand management and as a newspaper that is  
18 nothing more than an instrumentality of its owner's views and opinions. Such accusations  
19 impugn the integrity and quality of the Plaintiff's primary product, the Santa Barbara News-Press.

20 12. Beginning in October or November 2006 and continuing through the  
21 present, Defendants printed, published and/or circulated the Article authored by Defendant  
22 Paterno.

23 13. The Article is of and concerning Ampersand's products and services,  
24 namely the News-Press, and was reasonably understood by those who read or heard about the  
25 Article to make statements of fact and concerning Ampersand's product.

26 14. The Article disparaged the News-Press by characterizing it as a deficient  
27 conveyor of news and information, not to be trusted, improperly influenced by Ampersand's  
28 management, inferior, unethical and failing to meet minimum journalistic standards of integrity,

1 ethics and independence.

2 15. The foreseeable result of the disparagement is to impair the vendibility of  
3 Ampersand's product.

4 16. Plaintiff is informed and believes, and thereon alleges, that in publishing  
5 the false statements complained of, Defendants, and each of them, were aware of their probable  
6 falsity or acted in reckless disregard for their truth or falsity.

7 17. Plaintiff is informed and believes, and thereon alleges, that in publishing  
8 the false statements complained of, Defendants, and each of them, acted negligently with respect  
9 to the truth or falsity of the statements.

10 18. Plaintiff is informed and believes, and thereon alleges, that as a result of  
11 Defendants' disparagement of the News-Press, Ampersand has suffered, continues to suffer, and  
12 will continue to suffer actual damage to its business and reputation, through, among other things,  
13 the loss of readers and advertising revenues, in an amount to be determined at trial but in excess  
14 of \$25,000.

15 19. Plaintiff is informed and believes, and thereon alleges, that in engaging in  
16 the conduct alleged herein, each of the Defendants has been guilty of oppression, fraud or malice,  
17 including the knowing or reckless publication of false and defamatory material concerning  
18 Plaintiff's product, with intent to cause it harm or with willful and conscious disregard of  
19 Plaintiff's rights. Therefore, the conduct of Defendants, and each of them, justifies an award of  
20 punitive and exemplary damages against each of the Defendants.

21 **SECOND CAUSE OF ACTION**

22 **(FOR DEFAMATION (LIBEL) AGAINST ALL DEFENDANTS)**

23 20. Ampersand realleges and incorporates herein by reference each and every  
24 allegation contained in Paragraphs 1 through 9, inclusive, of the Complaint as though set forth in  
25 full.

26 21. The Article made materially false statements about Ampersand, impugning  
27 its honesty, integrity and professionalism as publisher of the News-Press.

28 22. Ampersand is informed and believes, and thereon alleges, that Defendants

1 made such false statements, knowing and intending that they would be read by readers of the  
2 Review and that such false statements would be republished to others.

3 23. The false statements in the Article were, at all relevant times, not subject to  
4 any applicable privilege.

5 24. The false statements in the Article tend to directly injure Ampersand with  
6 respect to its business, profession, and trade by imputing to it general disqualifications in those  
7 respects that its business as a newspaper publisher require. Such statements have a natural  
8 tendency to lessen its profits by causing the loss of readers and advertising revenues.

9 25. Ampersand is informed and believes, and thereon alleges, that the persons  
10 to whom the false and defamatory statements were made reasonably understood them to be about  
11 Ampersand and reasonably understood them to mean that Ampersand was unethical and  
12 unprofessional in publishing the News-Press.

13 26. Ampersand is informed and believes, and thereon alleges, that the  
14 defamatory statements made or published by Defendants, and each of them, were made or  
15 published with knowledge of their falsity or with reckless disregard of their falsity.

16 27. Plaintiff is informed and believes, and thereon alleges, that in publishing  
17 the false statements complained of, Defendants, and each of them, acted negligently with respect  
18 to the truth or falsity of the statements.

19 28. Plaintiff is informed and believes, and thereon alleges, that as a result of  
20 Defendants' false and defamatory statements about Ampersand, Ampersand has suffered,  
21 continues to suffer, and will continue to suffer general and special damage to its business and  
22 reputation, through, among other things, the loss of readers and advertising revenues, in an  
23 amount to be determined at trial but in excess of \$25,000.

24 29. Plaintiff is informed and believes, and thereon alleges, that in engaging in  
25 the conduct alleged herein, each of the Defendants has been guilty of oppression, fraud or malice,  
26 including the knowing or reckless publication of false and defamatory material concerning  
27 Plaintiff, with intent to cause it harm or with willful and conscious disregard of Plaintiff's rights.  
28 Therefore, the conduct of Defendants, and each of them, justifies an award of punitive and

1 exemplary damages against each of the Defendants.

2 Wherefore, Ampersand prays for judgment against Defendants, and each of them,  
3 as follows:

4 **AS TO THE FIRST CAUSE OF ACTION:**

5 30. For compensatory damages in an amount according to proof, together with  
6 interest thereon at the legal rate; and

7 31. For exemplary and punitive damages in an amount to be determined at the  
8 time of trial.

9 **AS TO THE SECOND CAUSE OF ACTION:**

10 32. For compensatory damages in an amount according to proof, together with  
11 interest thereon at the legal rate; and

12 33. For exemplary and punitive damages in an amount to be determined at the  
13 time of trial.

14 **AS TO BOTH CAUSES OF ACTION:**

15 34. For attorneys' fees;

16 35. For costs of suit herein; and

17 36. For general relief.

18  
19 DATED: December 12, 2006

ALSCHULER GROSSMAN STEIN & KAHAN LLP

20  
21 By 

22 Stanton J. Stein  
23 Attorneys for Plaintiff  
24 AMPERSAND PUBLISHING LLC