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TCP Files Suit Against Former Chairman Ellis Yan for Unfair Competition and Violation of Employment Agreement

AURORA, Ohio, March 21, 2017 /PRNewswire/ -- TCP International Holdings Ltd. (OTC: TCPIF) ("the Company" or "TCP") today filed a lawsuit against its former Chairman and Chief Executive Officer Ellis Yan for recent actions that have involved unfair competition and deceptive trade practices, tortious interference, and violations of restrictive covenants in Yan's employment agreement with TCP. The suit, filed today in U.S. District Court, Northern District of Ohio, Eastern Division, also names newly formed company Quality Light Source LLC (QLS) and others associated with QLS as defendants. This case involves misrepresentations to TCP's customers and the public at large about the facilities, capabilities and products of QLS.



In the suit, TCP states that Yan has been working with Solomon Yan, who is Ellis Yan's brother and former Vice Chairman of the Company, and others to set up QLS as a lighting company to unfairly compete with TCP. Through its investigations, TCP has learned that the defendants have attempted to mislead TCP's customers and prospective customers and influence their purchasing decisions by presenting TCP's long-standing experience in the industry, established infrastructure and product offerings as those of QLS - a brand new company.

The suit cites a number of deceptive and unfair practices undertaken by Yan and QLS, including using TCP marketing materials and providing TCP light bulbs as sample products.

In addition, the suit states that Ellis Yan violated terms of his Executive Employment Agreement with the Company that prohibit him from competing with TCP or soliciting its employees until July 1, 2017, and permanently prohibit him from disclosing TCP's confidential and proprietary information. According to the suit, Ellis Yan has attempted to induce TCP employees to leave the Company and work for him, as well as providing confidential information to others at QLS.

"Ellis Yan's actions are clearly prohibited and harmful to TCP, our customers and our employees, and we could not stand idly by while he and his associates continued to provide false information and misrepresent themselves to our customers," said TCP Chairman George Strickler. "We are confident in the merits of our case, and we hope the court will take swift action to halt these unfair and deceptive practices. TCP remains a strong business with a promising future, and we are well-positioned to continue serving customers in a marketplace that is fair and competitive."

TCP is seeking injunctive relief to restrain the defendants from unfairly competing with TCP and from passing off the Company's marketing materials and products as those belonging to QLS. In addition, the Company is seeking a temporary restraining order to prohibit Ellis Yan from continuing to violate the non-compete, non-solicitation and confidentiality provisions of his employment agreement.

As the Company has previously reported, earlier investigations by the Audit Committee of the TCP Board of Directors found, among other things, that actions related to certain payments by Ellis Yan and undisclosed related party transactions involving Solomon Yan, while they held positions with TCP, resulted in a material weakness in the effectiveness of the Company's internal control over financial reporting. Ellis and Solomon Yan stepped down from day-to-day involvement in the operations of the Company in 2015 and 2016, respectively. Earlier this year Ellis Yan resigned as Chairman of the Company, and Solomon Yan resigned as Vice Chairman.

About TCP

TCP is a leading global manufacturer and distributor of energy efficient lighting technologies. TCP's extensive product offerings include LED and CFL lamps and fixtures and other energy efficient lighting products. TCP is a proud ENERGY STAR® partner of the U.S. Environmental Protection Agency. TCP's products are currently offered through thousands of retail and C&I distributors. Since TCP's inception, it has sold more than one billion energy efficient lighting products. For more information, visit <http://www.tcpi.com>.

Forward Looking Statements

Certain statements in this release may constitute forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While TCP believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are a number of risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein. Such forward-looking statements are made only as of the date of this release. TCP expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or changes in events, conditions or circumstances on which any statement is based.

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