

**IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY  
FIRST JUDICIAL OF PENNSYLVANIA  
CIVIL TRIAL DIVISION**

BDO SEIDMAN, LLP	:	
	:	May Term 2004
Plaintiff,	:	
v.	:	No.: 973
	:	
KADER HOLDINGS COMPANY, LTD.,	:	Commerce Program
KADER INDUSTRIAL COMPANY, LTD.,	:	
GREAT HOPE INVESTMENTS, LTD.,	:	Control Nos.: 012029
and BACHMANN INDUSTRIES, INC.	:	
	:	
Defendants	:	

**ORDER**

**AND NOW**, this 11<sup>TH</sup> day of February, 2005, upon consideration of Plaintiff BDO Seidman, LLP's Motion for Determination on Defendants' Jurisdictional Objections, Defendants Kader Holdings Company, Ltd. and Kader Industrial Company, Ltd.'s Response thereto, Defendant Great Hope Investment, Ltd.'s Response thereto, and Defendant Bachmann Industries, Inc.'s Response thereto, and following a hearing before the Court on February 8, 2005, it is hereby **ORDERED** and **DECREED** as follows:

- 1) On or before February 14, 2005, Plaintiff BDO Seidman, LLP shall file a Motion to Compel Defendant Kader Industrial Company, Ltd. to Arbitrate pursuant to 42 Pa. C.S. §7304(a);
- 2) Defendant Kader Industrial Company, Ltd. shall file its response to BDO Seidman, LLP's Motion on or before February 24, 2005;
- 3) Plaintiff BDO Seidman, LLP and Defendant Kader Industrial Company, Ltd. shall appear at 10 a.m. on March 4, 2005 in Room 676, City Hall, to present evidence, if any, and argument on BDO Seidman, LLP's Motion;

- 4) Defendant Kader Holdings Company, Ltd.'s Preliminary Objection based on jurisdiction is **SUSTAINED** and this Defendant is **DISMISSED** without prejudice;
- 5) Defendant Great Hope Investments, Ltd.'s Preliminary Objection based on jurisdiction is **OVERRULED**; and
- 6) The answers of Defendants Kader Industrial Company, Ltd. and Great Hope Investments, Ltd. are held in abeyance until further Order of this Court.

**BY THE COURT,**

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**C. DARNELL JONES, II, J.**

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	:	
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**MEMORANDUM**

**JONES, J.**

Presently before the Court is the Motion for Determination of Jurisdictional Objections of Plaintiff BDO Seidman, LLP (“BDO”). A hearing was held before the Court on February 8, 2005, to resolve the Motion.

The facts of this case were recited in the Court’s Order of January 7, 2005.

In their Preliminary Objections, Defendants Kader Holdings Company, Ltd. (“Holdings”) and Great Hope Investments, Ltd. (“Great Hope”) both challenge the Court’s jurisdiction.<sup>1</sup> As BDO has not filed any motions addressing discovery issues, the Court considers the record closed.<sup>2</sup>

There is no jurisdiction over Holdings in this Court. Holdings presents evidence that it has no contacts with Pennsylvania. Holdings and Industrial Exhs. D, E, F. In an attempt to create jurisdiction over Holdings, BDO creates an entity called the “Kader

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<sup>1</sup> Defendant Kader Industrial Company, Ltd. (“Industrial”) withdrew its objections to jurisdiction. Defendants Holdings and Industrial’s Response at 4, n.1, at Exh. C.

<sup>2</sup> Although counsel for BDO suggested some discovery issues existed at the hearing on February 8<sup>th</sup>, the hearing occurred more than 30 days after the January 7, 2005, Order was issued.

Companies.” A closer look at BDO’s evidence reveals that the only connection between Holdings and Bachmann Industries, Inc. (“Bachman”) is a non-interest bearing note from Bachmann to Holdings in the amount of \$5,132,382. BDO Exh. O. Construing this note to create a connection between Holdings and Pennsylvania does not create enough contact for jurisdiction under Pennsylvania’s long arm statute. The interest free loan does not result in any pecuniary benefit to Holdings, 42 Pa.C.S. §5322(1)(ii), and there is no evidence that any other acts occurred, id.

There is jurisdiction over Great Hope in this Court. The Court notes that both BDO and Great Hope contend that no funds passed between Bachmann and Great Hope, BDO Motion, at ¶40; Great Hope Response, at 3, relying on the memorandum sent from Industrial to Bachmann, BDO Exh. E; Great Hope Exh. B. Great Hope, however, conceded in its second supplemental response to BDO’s interrogatories that it made a loan to Bachmann. BDO Exh. L, ¶12. Debit notes between these two parties reveal that Great Hope loaned in excess of \$11,000,000 (eleven million dollars) to Bachmann. BDO Exh. N. In addition, other loans flowed from Great Hope to Bachmann during the 1990s, although it appears that two interest-bearing loans were covered by the debit notes. BDO Exh. M. As a result of certain of these loan transactions, Great Hope received interest from Bachmann. Great Hope Response, at 4 (“As the result of a later audit by the IRS, Bachmann was required to pay to the IRS withholding taxes on the interest paid from Bachmann to Great Hope.”). This evidence enables the Court to exercise jurisdiction over Great Hope pursuant to 42 Pa.C.S. §5322(a)(1).

**BY THE COURT,**

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**C. DARNELL JONES, II, J.**