

NEWS RELEASE

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**FOR: Orion Photo Industries, Inc. dba LaserGifts, Prescott,
AZ**

July 6, 2009

FOR IMMEDIATE RELEASE

FEDERAL LAWSUIT ALLEGES TRADEMARK VIOLATIONS, MISLABELING OF SOUVENIRS MADE IN CHINA

Prescott, AZ –Souvenirs labeled “Made in the USA,” but really made in China. US innovations copied and made in China. And confidential information taken by employees and leaked to the competition.

These are among the allegations of commercial piracy in a new federal lawsuit filed in Phoenix, Arizona June 24 by one of the nation’s leading manufacturers of personalized souvenir items, alleging a competitor has systematically violated federal law in trying to pirate its multi-million dollar designs and steal its market share.

Prescott-based “LaserGifts,” owned by Orion Photo Industries, Inc., asserts damages of at least \$12.7 million at the hands of Heartwood Creation, Inc., of Rockford, Illinois, its owner, Michael Fisher, and three individuals, two of whom once were LaserGifts representatives. A Heartwood subsidiary, Wayne Carver Woodworking, has been selling copied merchandise identical to LaserGifts’ offerings.

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LaserGifts designs, manufactures and sells high quality key chains, pens, pocket knives and similar items for the nation's theme parks, tourist attractions and national parks. They are sold in many locations across the U.S., including SeaWorld, the San Diego Zoo, and Grand Canyon National Park. Through its founder, Dave Mudrick, the company pioneered personalized "solar powered" key chains that flash on and off using the sun's light with no need for a battery. These items are merchandised on distinctive proprietary display racks.

"It's the American Dream," says Mudrick, "Through sheer hard work, our innovations have let us turn a home business into a leader in the industry with over 100 jobs for Arizona. My wife and I literally started this business in our basement."

Sometime in 2004, LaserGifts began noticing that Heartwood was producing items identical to LaserGift's souvenirs, and selling them at prices undercutting LaserGift's price. The lawsuit maintains that independent sales representatives marketing LaserGifts' goods were passing on proprietary information to Fisher and his company, Heartwood.

Worse yet, Heartwood is alleged to have had these and other souvenirs copied and produced in China, yet in its advertising and on products it labels them "Proudly Made in the United States." The lawsuit uses bills of lading to show that the falsely labeled Heartwood products were in fact made in China, a violation of federal statutes.

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Similar allegations surround Heartwood's use of an innovative swivel, also invented by Mudrick, apparently fabricated in China, and now appearing on Heartwood products. The lawsuit also contains examples of nearly identical print ads in souvenir trade magazines that are part of a scheme by Heartwood to deceive buyers to think they are purchasing the innovative products from the leader in the industry.

"We have built a very successful souvenir business here in Prescott, and now our livelihood and the jobs of our 135 employees are at stake. That's why we're using both federal and state laws to stop this unfair competition and to protect our innovations," said Mudrick. "America doesn't copy; it innovates."

Some of the federal statutes cited in the case, including the Lanham Act, allow for treble damages if the case is proven. The case has been assigned to Judge Paul Rosenblatt of the Federal District of Arizona.

The case was filed by two Colorado law firms; one that specializes in protecting businesses and another that specializes in trademark and patent issues. Attorneys Michael J. Tarutis and Luke Santangelo represent Orion Photo and LaserGifts.

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Attention Editors:

Orion Photo Industries Inc. vs. Heartwood Creation, Inc, et al has been assigned case # CV-09-8109-PCT-PGR. The cover sheet of the filing is attached.

