

Palladium Books

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To: Marietta Cash, Trade Practices Consultant, 248-356-5156

From: Kevin Siembieda, President and Publisher

Comments: Attached is our response to Case #10752193,
complaint by Richard Steinberg.

Kevin Siembieda
Palladium Books Inc.
39074 Webb Court
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August 12, 2015

Marietta Cash
Trade Practices Consultant
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RE: BBB Case # 10752193

Dear Marietta,

We strongly disagree with the assertions put forward by Mr. Steinberg in Case #10752193.

Mr. Steinberg participated in backing a Kickstarter crowdfunding project. This entitles him to certain pre-determined *rewards* when the project is finished. We have kept all of our Kickstarter backers informed as to the progress of this project, which has suffered a number of delays from our original expectations. That said, there was never an exact *release date* (*that's not how Kickstarter works; you back a project, not purchase a product*), and we have never stopped working to achieve the goals of said Kickstarter-funded project.

As Mr. Steinberg should know, Kickstarter projects often deliver promised *rewards* well after their initial estimated dates. Under the terms of Kickstarter, as long as we are actively making this product (which we are; Wave One items have already been delivered, and Wave Two is under active development), and communicating with the backers to let them know where things stand (we have posted 14 Updates in the last six months, in addition to our own weekly e-mailings which often include Kickstarter updates), we are in FULL COMPLIANCE with the Kickstarter rules.

From the Kickstarter Terms of Use at <http://www.kickstarter.com/terms-of-use/oct2012>:

"Kickstarter is a platform where Project Creators run campaigns to fund creative projects by offering rewards to raise money from Backers."

"The Estimated Delivery Date listed on each reward is not a promise to fulfill by that

date, but is merely an estimate of when the Project Creator hopes to fulfill by."

From Kickstarter's FAQ at <http://www.kickstarter.com/help/faq/kickstarter+basics>:

"It's not uncommon for things to take longer than expected. Sometimes the execution of the project proves more difficult than the creator had anticipated. If a creator is making a good faith effort to complete their project and is transparent about it, backers should do their best to be patient and understanding while demanding continued accountability from the creator."

Kickstarter is not a store, and their fund-raising campaigns are not sales nor mechanisms for taking pre-orders. There are always risks, and often unexpected delays and problems. Mr. Steinberg pledged money to a project whose intention was to create a new product line. In exchange for that support, he is to receive rewards as outlined during the Kickstarter campaign. He received Wave One of those rewards last year, and we are actively working towards the production of Wave Two.

From the Kickstarter Terms of Use at <http://www.kickstarter.com/terms-of-use/oct2012>:

"Kickstarter does not offer refunds. A Project Creator is not required to grant a Backer's request for a refund unless the Project Creator is unable or unwilling to fulfill the reward."

The rewards that Mr. Steinberg has received thus far have a total retail value of \$364.60. The items he is still waiting for have a total retail value of \$324.65. By that measure, he has received slightly more than half of his total rewards. In terms of the sheer number of game pieces, he has received 69 so far (in addition to one copy of the full game rules, dice, and other accessories; everything he needs to play the game), and has only 44 additional game pieces remaining to be delivered in Wave Two.

In the 27 months since the funding period of this Kickstarter campaign ended, we have posted 87 Updates, an average of more than three per month. There have been 14 Updates in the last seven months alone, one of them showing multiple pictures and breaking down exactly what the status of several games pieces was at the time. And both of these numbers are just those Updates posted on Kickstarter's website itself; they do not include our own weekly e-mailings which often contain Kickstarter campaign updates. Mr. Steinberg's claim that we have "...remained silent on when other product will be delivered or even where they are at in production of other product other than[sic] to say 'soon'," is absolutely untrue.

As enumerated above, Mr. Steinberg has already received products worth more at retail than the total amount he pledged to back the Kickstarter campaign. And yet, from his BBB complaint he states:

"...I humbly request a full refund even for product received since I feel that Palladium

Books has defrauded me and other backers and delivered product that is not in line to what was promised and they failed to deliver."

This backer is clearly not being reasonable, and I doubt there's much hope of retaining his business. Our primary concern in his case is that he has been coordinating with other backers in a deliberate attempt to lower our rating with the Better Business Bureau and harm us in any way he can. It is our hope that his complaint will be seen for what it is, and treated appropriately. He is making false and exaggerated claims in an effort to damage us and get some sort of revenge for being late in delivering the rewards for this Kickstarter campaign.

On July 10, Mr. Steinberg posted the following comment:

"...i'm not pissed off because of my brother messing with me, i'm pissed off that Kevin has proven him right, and right now your conversation is only make me more determined to make sure PB is destroyed as a company and Kevin no longer is allowed to do this to anyone ever again. so thank you for impressing upon me my desire to destroy PB."

On August 8, Mr. Steinberg posted:

"...file with the BB (heck I just did) but doubt PB gives a rats ass what the BBB thinks and will ignore any complaints, especially since PB is not accredited thru them. but hey enough complaints and the BBB will give them an "F" instead of the "A" they have."

But allow me to address his other claims:

"Palladium Books has remained silent on when other product will be delivered or even where they are at in production of other product other then[sic] to say 'soon'."

"...nor have they indicated that they will be delivering said promised product any time soon if at all."

On June 6, we posted the following in an update on the Kickstarter campaign page:

"We want Wave Two out yesterday. Or even better, last year. That can't happen. We are shooting for the end of 2015 and will do EVERYTHING we can to make that a reality. But as I hope you are beginning to understand, things are not always under our absolute control.

"To be honest, we have been so savaged for the many delays and changing release dates in the past, that we are afraid to offer release dates or certain details until we are sure of them. That has resulted in fewer updates over the past few months. In fact, I have had several advisors tell me not to even say that we are trying hard for an end of 2015 release for Wave Two. But we really are. That's what I want more than anything. If we can make it happen, we will. Again, going into all the reasons for the delays or why we might not be able to make a release date is excruciating and we are not going to put ourselves or you through that pain. We just aren't. We will, of course, release what we consider to be reasonable information and data as we get it. And we'll try to do so more

often. PLEASE remember this is all a work in progress. Things change.

"We hope that you realize Wave Two and all future releases mean money for Palladium and its partners, as well as a vibrant future for the game line, so if we can get product out faster we most certainly will! End of year is the plan. If we can do it sooner, even better! But no promises. And might it be later? Maybe. We don't know yet. When we have a much clearer idea for a release date we will post it!"

Then on June 9, we posted:

"As for Wave 2, I'm working on a big breakdown of where each and every component is in its development, but that's going to take some time. The short version is that some have been approved for tooling, some are still pending minor changes, and a couple are being reworked to reduce part counts while preserving detail. It's going painfully slowly."

For Mr. Steinberg to say "Palladium Books has remained silent on when other product will be delivered or even where they are at in production of other product other than[sic] to say 'soon'," is simply not true. We don't have a definite date, because the products are still in the engineering and redesign stages of development. I understand that some of our backers are unhappy with this; so are we. But such is the nature of many Kickstarter projects that aim to create new products. These things take time, and sometimes much more than expected. For Mr. Steinberg to claim that we have said nothing about when the remaining products will be released is false, plain and simple.

In conclusion, Mr. Steinberg did not order a product, but rather financially backed a project in exchange for the promise of a reward when the project was completed. He was well aware that it could take some time for the project to be finished. We have kept all of our backers informed throughout this process. He received more than half of his rewards last year, and will receive the rest when they have been manufactured.

We sympathize with his frustration over how long it is taking to deliver the rest of the rewards; we're frustrated, too. But there have been a number of unforeseen difficulties with engineering and production on this project, as we have explained to our backers on a number of occasions.

We are working to fulfill our Kickstarter campaign and deliver all remaining rewards to our backers. By Kickstarter's Terms of Service which Mr. Steinberg agreed to when he created his Kickstarter account and backed our Kickstarter campaign, we are not obligated to grant him a refund.

Sincerely,
Kevin Siembida

Publisher/Owner, Palladium Books Inc.