STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

STATE OF MICHIGAN, ex rel. DANA NESSEL, Attorney General

Plaintiff,

vs.

HOFFMANN FAMILY OF COMPANIES; HOFFMANN MARINE; HOFFMANN SHEPLER'S FERRY SERVICE LLC; HOFFMANN STAR LINE LLC; SHEPLER'S, INC., d/b/a SHEPLER'S MACKINAC ISLAND FERRY; OSPREY CAPITAL, LLC; OSPREY HOLDINGS, LLC; MACKINAC ISLAND FERRY COMPANY, d/b/a ARNOLD TRANSIT COMPANY; and HOFFMANN COMMERCIAL REAL ESTATE

Defendants.

Case No.

2026-5609-CB

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There is no other pending or resolved civil action arising out of the transaction or occurrence alleged in the complaint. This case meets the statutory requirements to be assigned to business court. M.C.L. §§ 600.8031, 600.8035.

COMPLAINT

Plaintiff, the State of Michigan ("the State"), by and through its Attorney General, Dana Nessel, and its undersigned counsel, brings the following action against Defendants Hoffmann Family of Companies, Hoffmann Marine, Hoffmann Shepler's Ferry Service LLC, Hoffmann Star Line LLC, Shepler's, Inc. d/b/a Shepler's Mackinac Island Ferry, Osprey Capital, LLC, Osprey Holdings, LLC, Mackinac Island Ferry Company d/b/a Arnold Transit Company, and Hoffmann Commercial Real Estate (collectively, the "Hoffmann Family of Companies," "Hoffmann," or "Defendants") for entering into an agreement in unreasonable restraint of trade and for monopolizing passenger ferry service to Mackinac Island and long-term parking for ferry passengers (the "Relevant Markets," as defined below), in violation of the Michigan Antitrust Reform Act, M.C.L. §§ 445.772, 445.773.

INTRODUCTION

1. Mackinac Island (the "Island") is located in Lake Huron in the Straits of Mackinac, between Michigan's Upper and Lower Peninsulas. The Island is one of the Midwest's busiest and most beloved tourist destinations. Each year, an estimated 1.2 million people visit the Island, drawn by its Victorian-era architecture, historic forts, and wooded bluffs and shoreline. More than 80 percent of the Island is preserved as Mackinac Island State Park, and the entire Island is a designated National Historic Landmark.

2. The Island is perhaps best known for what it lacks: cars. The City of Mackinac Island banned cars on July 6, 1898, when its village council prohibited "horseless carriages" that were frightening local horses. The ban remains in force today, making the Island one of the few communities in the United States where cars are prohibited. The Island's car-free character is central to its appeal and sets it apart from other tourist destinations. Island residents and visitors

instead travel on foot, by bicycle, on horseback, or by horse-drawn carriage, including along M-185, the roughly eight-mile road that circles the Island and is the only state highway in the nation on which motor vehicles are prohibited.

3. No bridge connects Mackinac Island to the mainland. Apart from the few who can afford to fly in or sail their own boats there, the only way for visitors, residents, and seasonal workers to reach the Island is by commercial ferry. Well over 90 percent of visitors arrive by ferry departing from docks at Mackinaw City and St. Ignace, the two nearest port towns, each of which is less than eight miles from the Island. No scheduled passenger ferry serves the Island from any other location.

4. Historically, three independent ferry companies served the Island, all with deep Michigan roots. Arnold Transit Company ("Arnold") was founded in 1878 by a local lumberman and, for most of the twentieth century, was run by the family of Prentiss Brown, a St. Ignace native who represented Michigan in the U.S. Senate. Shepler's Mackinac Island Ferry ("Shepler's") was founded in 1945 by Mackinaw City native Captain William Shepler and was run by three generations of the Shepler family. And the Star Line Mackinac Island Ferry ("Star Line") was founded in 1978 by a group of local families based in St. Ignace.

5. Over the past decade, out-of-state investors have moved into the Straits of Mackinac, aggressively acquiring land and local businesses that have long served the Island. In 2019, KSL Capital Partners, a Denver-based private equity firm, purchased the Grand Hotel, the Island's best-known property, from the family that had owned it since 1933. But no outside investor has carved out a bigger footprint in the area than the Hoffmann Family of Companies, a Florida-based private equity firm controlled by billionaire David Hoffmann.

6. Today, Hoffmann owns more than 116 parcels of land and 51 buildings in the Straits of Mackinac region, making it the area's largest landholder. It also owns both newspapers that cover the Island, the St. Ignace News and the Mackinac Island Town Crier; Sip n' Sail Cruises, a sightseeing and dinner-cruise company; the Mackinac Marine Services shipyard; and the East Dock, the Island's premier private yacht dock.

7. But the centerpiece of Hoffmann's regional holdings is its monopoly over ferry services to the Island. Hoffmann now owns every passenger ferry company serving the Island and every dock on the Island, in St. Ignace, and in Mackinaw City that can serve passenger ferries. It also owns the vast majority of long-term parking near those mainland docks, which most visitors need in order to reach the Island. As a result, every tourist, worker, and resident who rides a ferry to the Island must buy a ticket from Hoffmann, and most of them must also pay Hoffmann to park for the duration of their visit.

8. Hoffmann did not earn its ferry monopoly by offering better service or lower prices. It achieved its monopoly by acquiring rivals through anticompetitive agreements that unreasonably restrained trade. Hoffmann has used its ill-gotten monopoly power to impose supracompetitive prices for both ferry rides and parking. When the Mackinac Island City Council tried to rein in that pricing, Hoffmann threatened to cease all ferry service. In short, Hoffmann uses its monopoly power to hold the Island, its residents, and its entire economy hostage.

9. The consolidation of the market for ferry service to Mackinac Island began in 2016, when Arnold ceased all ferry operations and sold its key assets—its fleet of ferries, docks, and parking lots—to Star Line, which later rebranded itself as the Mackinac Island Ferry Company ("MIFC"). After that sale, only two ferry companies served the Island, Shepler's and MIFC.

10. With only two ferry lines left, Hoffmann saw an opportunity to completely dominate ferry service to the Island. In 2022, Hoffmann acquired Shepler's. At the time of this purchase, Shepler's carried roughly half of all ferry passengers to and from Mackinac Island and possessed roughly half of the long-term parking spots available on the mainland for Island visitors. By buying Shepler's, Hoffmann thus acquired substantial market power in both the ferry and parking markets. But even this was not enough for Hoffmann.

11. In June 2024, Hoffmann completed its takeover of the ferry market by buying its last remaining competitor, MIFC. When Hoffmann and MIFC's then-owners agreed to the sale, they were independent companies with no common ownership or control; they ostensibly competed directly for ferry passengers and parking customers. Under the terms of the MIFC purchase agreement (the "MIFC Acquisition Agreement"), Hoffmann acquired MIFC's ferry fleet, its docks on the mainland and the Island, its parking lots, and its Mackinac Marine Services shipyard.

12. The MIFC Acquisition Agreement eliminated all competition in the ferry and parking markets (the "Relevant Markets") and gave Hoffmann a monopoly in both. The MIFC Acquisition Agreement handed Hoffmann every ferry line and commercial dock serving the Island and nearly all long-term parking near the mainland docks. The MIFC Acquisition Agreement also foreclosed future competition in the Relevant Markets. Any new ferry line would need docks and nearby parking to operate. Because the MIFC Acquisition Agreement gave Hoffmann control of both, Hoffmann can deny would-be rivals the infrastructure they need to enter the Relevant Markets.

13. Without any actual or even potential competition to discipline prices, both sides knew that Hoffmann could impose monopoly prices on consumers. On information and belief, the

price Hoffmann paid for MIFC reflected the monopoly profits Hoffmann expected to earn, allowing MIFC's then-owners to share in Hoffmann's expected supracompetitive profits. Their agreement to combine the two lines and end all present and future competition between them was an agreement in unreasonable restraint of trade.

14. Shortly after Hoffmann acquired MIFC, Jenny Gezella, the president of Hoffmann's marine operations, told a Florida newspaper that "[a]ll the pricing" for Mackinac Island ferry and parking services "will stay the same." That promise did not last. Within months, Hoffmann used its monopoly power to raise prices for both ferry rides and parking while reducing output.

15. Just weeks after closing the MIFC acquisition—and in the middle of the Island's peak summer tourist season—Hoffmann suspended MIFC's passenger ferry service from St. Ignace to the Island, taking six summer boats and two winter boats off the water. On August 19, 2024, it shut down MIFC's remaining service from Mackinaw City as well. For the rest of the 2024 season, the Shepler's fleet alone carried every ferry passenger to and from the Island. Visitors holding MIFC tickets were redirected to Shepler's docks. As Ms. Gezella later told the Hoffmann-owned Mackinac Island Town Crier, "As a family now of companies, a ticket is a ticket."

16. In September 2024, Hoffmann renamed MIFC to the Arnold Transit Company, reviving the name of the Island's oldest ferry line.[1] The new name suggested that travelers could still choose between competing ferry lines. But the opposite was true: the acquisition had given Hoffmann total control over the market for ferry services to Mackinac Island and virtually the entire market for long-term parking on the mainland, eliminating competition and consumer choice in both markets.

[1] References to "Arnold" for any period after September 2024 mean MIFC operating under that name.

17. The City of Mackinac Island (the "City") has long had authority over ferry service to the Island. Its 1899 charter authorizes it to license ferries and to "regulate and prescribe from time to time the charges and prices" for ferry service. Under that authority, the City granted franchises to the ferry lines. Under these franchise agreements, the City permitted the ferry lines to set their own schedules and rates, provided the ferry lines submit them to the City annually. However, each franchise agreement provides that "[i]n the event that no competition is found to exist in ferry boat service to and from the City, the City has the right to assert its jurisdiction over schedules and fares to the extent permitted by present law."

18. In late 2024, Hoffmann submitted its rates for the 2025 season to the Mackinac Island City Council. Contrary to Ms. Gezella's prior assurance, Hoffmann planned to increase rates for adult round-trip ferry fares by $2. Because Hoffmann's acquisition of MIFC had eliminated all competition in the ferry and parking markets, the City invoked its oversight authority for the first time ever. On December 11, 2024, it rejected Hoffmann's fare proposal and froze ferry fares at 2024 levels. In February 2025, Hoffmann submitted its proposed parking rates to the City, disclosing that it planned to charge $10 for day parking at its mainland lots, which had previously been free. The City rejected those rates, freezing parking rates at 2024 levels as well.

19. Rather than accept the City's decisions, Hoffmann went to court to strip the City of its oversight authority. On March 3, 2025, Hoffmann sued the City of Mackinac Island in the Western District of Michigan, seeking a declaratory judgment that the City had no authority under its charter or the franchise agreements to regulate its ferry or parking rates. *Shepler's Inc., et al. v. City of Mackinac Island*, No. 2:25-cv-36 (W.D. Mich.), ECF No. 1.

20. On April 3, 2025, the City counterclaimed against Hoffmann. It alleged that Hoffmann had breached the franchise agreements by refusing to cooperate with the City's

regulation of its rates, and it sought a declaration of the City's regulatory authority. It also asserted federal and state antitrust claims for unlawfully monopolizing the ferry and parking markets. *Id.*, ECF No. 7. The district court later dismissed the City's antitrust claims for lack of antitrust standing. *Id.*, ECF No. 58 (July 31, 2025); *id.*, ECF No. 125 (Feb. 20, 2026). The City's breach-of-contract claims and claims for declaratory relief remain pending.

21. On May 23, 2025—as the City prepared to adopt a new ordinance that would explicitly empower it to set ferry rates each year—Hoffmann moved for a temporary restraining order and preliminary injunction to block the new ordinance. *Id.*, ECF Nos. 24, 25. In that motion, Hoffmann warned that the City's planned measures "could very well cause the Ferry Companies to have no choice but to cease operations." That was a thinly veiled threat to cut off all passenger ferry service to the Island, devastating its economy and stranding its residents, to escape the City's oversight. On May 28, 2025, the City adopted Ferry Boats Ordinance No. 629, which requires each ferry line to submit proposed rates and supporting information annually and directs the City Council to set ferry rates and schedules. On June 30, 2025, the district court granted the ferry lines a preliminary injunction barring the City from enforcing that ordinance against Hoffmann. *Id.*, ECF No. 50. The City appealed to the Sixth Circuit.

22. When the 2025 season opened, and with its lawsuit still pending, Hoffmann imposed the $2 fare increase and $10 day-parking charge that the City had attempted to block. It also added new fees that it never submitted to the City, including a $3 fee on Arnold online ticket purchases and a 3% surcharge on Shepler's credit card transactions. Hoffmann also cut back the complimentary passes its ferry lines had long provided to Island hotels for their guests.

23. On March 12, 2026, the Sixth Circuit vacated the preliminary injunction as to ferry rates, holding that the City's reading of the franchise agreements was reasonable, and that the City

may regulate ferry fares while the case proceeds. It left the injunction in place as to parking. *Shepler's Inc. v. City of Mackinac Island*, No. 25-1668, 2026 WL 700482 (6th Cir. Mar. 12, 2026). The case is now back before the district court.

24. In March 2026, just days after the Sixth Circuit's ruling, the City attempted to block Hoffmann's proposed fare increases for the 2026 season and demanded that the ferry lines produce their financial records. Hoffmann did not produce the records, and it raised its prices anyway. On April 21, 2026, it announced another $1 increase in adult round-trip fares, to $39 on Shepler's and $37 on Arnold. Hoffmann also raised its parking prices again. At Shepler's, day parking rose from $10 to $15 per day; standard overnight parking rose from $20 to $25 per night; and premium dockside parking rose from $40-$45 (depending on the departure port) to $75 per night from Thursday through Saturday.

25. That same day, April 21, 2026, Hoffmann sent letters to the City threatening to stop all ferry service to the Island unless the City extended the lines' franchise agreements, which expire on June 30, 2027, on terms Hoffmann found acceptable—i.e., on terms that would let Hoffmann keep raising rates. The letters stated that each line would "reserve the right to cease operations for the 2027 season in the absence of a contract extension on reasonable and acceptable terms," and accused the City of refusing to negotiate an extension.

26. Hoffmann's threat to cut off all ferry service was existential for the Island, which depends on ferries for its entire economy and even for basic necessities like food and medical supplies. And the threat remains. Until the franchise agreements are renewed, Hoffmann can use its monopoly power, and the prospect of a shutdown that this power enables, to force the City to approve further price increases.

27. Absent court intervention, Hoffmann's monopolies—which leave the Island and consumers uniquely vulnerable to abuse—will persist indefinitely. Barriers to entry in both the ferry and parking markets are essentially insurmountable. Any ferry line seeking to enter the market would need access to commercial docks on both the mainland and the Island, but Hoffmann owns and exclusively controls them all. A new entrant also could not realistically build its own docks. Suitable waterfront land is already occupied. Even if it were not, a new dock would require extensive permitting, regulatory approval, and millions of dollars in investment. Building a new parking lot near the mainland docks is just as impractical, given the shortage of land and local zoning restrictions in Mackinaw City and St. Ignace. Without docks or parking, no competitor will invest in the vessels needed to enter either market. Hoffmann therefore faces no realistic threat of new entry, and only relief from this Court can restore competition.

28. The State brings this action in its sovereign capacity and as parens patriae on behalf of Michigan residents. It seeks structural relief (including divestiture) to restore competition, disgorgement of Hoffmann's monopoly profits, damages for the overcharges its residents paid for ferry service and parking, civil penalties, and any other relief the Court deems just and proper.

PARTIES

29. Plaintiff is the State of Michigan. The State brings this action for and on behalf of the sovereign State of Michigan and the People of Michigan, by and through Dana Nessel, the Attorney General, under M.C.L. §§ 14.28, 14.101, and 445.777–.778, and the Attorney General's common law authority to represent the State in the courts of this State. The State appears in this Court in its sovereign and parens patriae capacities to protect the economic wellbeing of Michigan residents and businesses that depend on ferry service to and from Mackinac Island and on the parking that serves it. The State's parens patriae authority derives from the common law and is

exercised here to vindicate its quasi-sovereign interest in free and open competition in Michigan markets.

30. Defendant Hoffmann Family of Companies ("HFC") is a private equity firm led by Chairman David Hoffmann and co-chief executive officers Geoffrey Hoffmann and Gregory Hoffmann. HFC does business from 568 Lincoln Avenue, Winnetka, Illinois. HFC holds and operates more than 200 businesses in industries including marine transportation, real estate, hospitality, and media. HFC's holdings include Shepler's and MIFC, each of which has identified HFC as its acquirer. On information and belief, the Hoffmann family owns and controls its operating businesses, including Shepler's and MIFC, through Defendant Osprey Holdings, LLC.

31. Defendant Hoffmann Marine is HFC's marine division. It manages over 50 vessels across Florida, Missouri, Tennessee, Wisconsin, Minnesota, Washington, and Michigan. Hoffmann Marine's operations in Michigan include MIFC, Shepler's, and Sip n' Sail Cruises. HFC publicly identifies Jenny Gezella as the president of Hoffmann Marine. Ms. Gezella is based in Naples, Florida. Management of both Shepler's and MIFC reports to Ms. Gezella. On information and belief, "Hoffmann Marine" is a trade name.

32. Defendant Hoffmann Shepler's Ferry Service LLC ("Hoffmann Shepler's") is a Florida limited liability company organized with its Michigan office at 556 East Central Avenue, Mackinaw City, Michigan. Its manager is Gregory Hoffmann. Hoffmann Shepler's was formed to acquire, and in March 2022 did acquire, a controlling majority of the stock of Shepler's. Hoffmann owns and controls Hoffmann Shepler's through Osprey Holdings, LLC.

33. Defendant Hoffmann Star Line LLC ("Hoffmann Star Line") is a Michigan limited liability company, whose manager is Gregory Hoffmann. Its articles state that it was formed to "own and operate a group of affiliated business[es] in Michigan that ferr[y] . . . tourist[s] and

customers from designated ports; provide tours, boat yards, storage, and marine services; transport freight; [and] own and/or lease real estate and docks used for the foregoing operations." Hoffmann Star Line acquired MIFC in June 2024. Osprey Holdings, LLC owns and controls Hoffmann Star Line.

34. Defendant Shepler's, Inc. d/b/a Shepler's Mackinac Island Ferry ("Shepler's") is a Michigan corporation with its principal place of business at 556 East Central Avenue, Mackinaw City, Cheboygan County, Michigan. Since March 18, 2022, Hoffmann has owned a controlling majority of Shepler's stock through Hoffmann Shepler's. Gregory Hoffmann is Shepler's resident agent and a director, and Geoffrey Hoffmann is its president. Shepler's operates seven passenger ferries and ferry docks in Mackinaw City, St. Ignace, and on Mackinac Island, and owns or operates long-term parking lots in Mackinaw City and St. Ignace.

35. Defendant Mackinac Island Ferry Company d/b/a Arnold Transit Company ("MIFC") is a Michigan corporation with its principal place of business at 587 North State Street, St. Ignace, Mackinac County, Michigan. MIFC was formerly known as Star Line Mackinac Island Hydro-Jet Ferry and, since 2016, has owned the passenger-ferry assets of the historic Arnold Line. In June 2024, Hoffmann acquired MIFC through Hoffmann Star Line, and in September 2024 Hoffmann rebranded MIFC as Arnold Transit Company. MIFC operates ten passenger ferries, ferry docks in Mackinaw City, St. Ignace, and on Mackinac Island, the Mackinac Marine Services boatyard in St. Ignace, and long-term parking lots in Mackinaw City and St. Ignace.

36. Defendant Hoffmann Commercial Real Estate ("Hoffmann CRE") is a Missouri LLC with its principal place of business at 8000 Maryland Ave., Suite 1550, St. Louis, MO 63105. Hoffmann CRE holds title to real property in the Straits of Mackinac area used for ferry docking and passenger parking, including docks at 6397 and 6929 Main Street on Mackinac Island and

parking at 206 Lake Street and 14965 Mackinaw Highway in Mackinaw City. Hoffmann CRE is a part of Hoffmann.

37. Defendant Osprey Holdings, LLC ("Osprey Holdings") is, on information and belief, the holding company for all of the operating businesses that run under the HFC name, including Shepler's and MIFC, both of which list Osprey Holdings as a corporate parent in their corporate disclosure statements.

38. Defendant Osprey Capital, LLC ("Osprey Capital") is a limited liability company organized under the laws of Illinois with its principal place of business at 568 Lincoln Avenue, Winnetka, IL 60093. Osprey Capital is the investment arm of HFC. On information and belief, Osprey Capital, directly or through one or more subsidiaries, was the vehicle through which HFC acquired its ownership interests in Shepler's and MIFC.

39. Defendants are not independent actors. Each is part of HFC and operates under its common management and direction. The same Hoffmann family members run these entities. Gregory Hoffmann is the manager of Hoffmann Shepler's; he also manages Hoffmann Star Line. Geoffrey Hoffmann is Shepler's president. The management of both ferry lines reports to Jenny Gezella at Hoffmann Marine. Osprey Holdings owns the ferry companies through Hoffmann Shepler's and Hoffmann Star Line, and Hoffmann CRE holds many of the docks and parking lots they use. On information and belief, HFC's leadership, acting through these entities, decided to acquire Shepler's and MIFC, to withdraw MIFC's fleet in 2024, to raise fares and parking prices over the City's objection, to sue the City, and to threaten to end ferry service in 2027, and each Defendant carried out, directed, or benefited from that conduct. Each Defendant is therefore liable for the violations alleged in this Complaint.

JURISDICTION AND VENUE

40. This Court has subject matter jurisdiction over this action under M.C.L. § 600.605, which gives circuit courts original jurisdiction over all civil claims unless another court has exclusive jurisdiction, and under the Michigan Antitrust Reform Act ("MARA"), M.C.L. §§ 445.775, 445.777–.778, which authorizes the Attorney General to bring this action.

41. This Court has general personal jurisdiction over Shepler's and MIFC under M.C.L. § 600.711 because each is incorporated under the laws of Michigan and carries on a continuous and systematic part of its business in Michigan.

42. This Court has personal jurisdiction over Hoffmann Shepler's and Hoffmann Star Line under M.C.L. §§ 600.731 and 600.715. Hoffmann Shepler's holds a certificate of authority to transact business in Michigan, maintains its Michigan office at 556 East Central Avenue, Mackinaw City, and owns and controls Shepler's, a Michigan ferry operator. The State's claims arise out of and relate to those Michigan contacts. Hoffmann Star Line is organized in the State of Michigan and carries on a continuous and systematic part of its business in Michigan.

43. This Court also has personal jurisdiction over HFC, Osprey Capital, Osprey Holdings, and Hoffmann Marine pursuant to M.C.L. § 600.715 because each purposefully availed itself of the privilege of doing business in Michigan, and the State's claims arise out of and relate to those Michigan contacts. Among other things, these entities acquired, own, and control Shepler's and MIFC, own more than 116 parcels of real property in the Straits of Mackinac area, including passenger ferry docks and parking lots in Mackinaw City, St. Ignace, and on Mackinac Island, direct the ferry and parking operations, pricing, and franchise negotiations at issue in this action, and own and operate other Michigan businesses, including Sip n' Sail Cruises, the Mackinac Island Town Crier, and The St. Ignace News.

44. This Court has personal jurisdiction over Hoffmann CRE under M.C.L. § 600.715(3) because it owns real property in Michigan, including ferry docks and parking lots in the Straits of Mackinac area, and the State's claims arise out of the use of that property.

45. The exercise of jurisdiction over each Defendant comports with due process. Each Defendant purposefully directed its conduct at Michigan by acquiring, owning, or operating the Michigan ferry, dock, and parking businesses whose conduct gives rise to the State's claims.

46. Venue is proper in Ingham County pursuant to M.C.L. § 600.1631(a) and M.C.L. § 14.102 because this action is commenced by the Attorney General in the name of the State and for the use and benefit of the people of the State. Venue is also proper under MARA, which requires that actions under the Act be brought in circuit court, M.C.L. § 445.775.

47. This action is a business or commercial dispute within the meaning of M.C.L. § 600.8031 and must be assigned to the business court. M.C.L. § 600.8035(3). Each Defendant is a business enterprise, or a trade name of one. M.C.L. § 600.8031(1)(b). The State brings its parens patriae claims in part on behalf of Michigan businesses injured by Defendants' conduct, including Defendants' competitors and potential competitors in the Ferry Market and the Parking Market. They also include businesses on Mackinac Island, which lose customers when Defendants' monopolistic prices deter visitors from traveling to the Island. M.C.L. § 600.8031(1)(c)(ii). The claims arise out of the purchase and combination of business enterprises, namely Hoffmann's acquisitions of Shepler's and MIFC. M.C.L. § 600.8031(2)(a). They also arise out of business dealings involving antitrust. M.C.L. § 600.8031(2)(d). The State seeks equitable relief, including divestiture. M.C.L. § 600.8035(1).

48. The amount in controversy exceeds $25,000, exclusive of interest, costs, and attorney fees.

BACKGROUND

A. Mackinac Island

49. Mackinac Island is a small island in northern Lake Huron, at the eastern end of the Straits of Mackinac, between Michigan's Upper and Lower Peninsulas. It has been one of the Great Lakes region's most popular tourist destinations since at least the late nineteenth century. Although the Island is only about eight miles in circumference and has fewer than 600 year-round residents, its natural beauty and distinctive character draw more than one million visitors each year.

50. The Island's appeal is the product of 150 years of efforts to preserve its natural and historic character. In 1875, Congress designated much of the Island as Mackinac National Park, making it the nation's second national park after Yellowstone. In 1895, the federal government transferred the park to the State of Michigan, making it the State's first state park. Today, Mackinac Island State Park covers roughly 80 percent of the Island and is managed by the Mackinac Island State Park Commission, a state agency. The State Park includes Fort Mackinac, a military outpost dating to the American Revolution, and Arch Rock, a natural limestone arch high above Lake Huron, along with other historic and natural landmarks that attract visitors from across Michigan and beyond. The entire Island is a designated National Historic Landmark.

51. The Island's most distinctive feature is its ban on motor vehicles, which dates to July 6, 1898, when the village council prohibited "horseless carriages" that were frightening local horses. Apart from a small number of emergency and service vehicles, cars and trucks are not allowed on the Island. Visitors instead travel by horse-drawn carriage, by bicycle, or on foot through a town whose appearance has changed little since the nineteenth century. The Island is one of the few communities in the United States that bans motor vehicles. Its main road, M-185, which circles the Island for roughly eight miles, is the only state highway in the nation where motor vehicles are prohibited.

B. Ferry Service to Mackinac Island

52. No bridge connects Mackinac Island to the mainland. Apart from the few who can afford to fly in or sail their own boats there, everyone who travels to or from the Island rides a passenger ferry. Ferries have been the Island's lifeline to the mainland since the nineteenth century, and there is no practical substitute for them.

53. For decades and until 2016, three independent, Michigan-based companies provided ferry service to the Island. Arnold, the Island's oldest ferry line, was founded in 1878 by a local lumberman. For most of the twentieth century, it was run by the family of Prentiss Brown, a St. Ignace native who represented Michigan in the U.S. Senate. Shepler's was founded in 1945 by Captain William Shepler, a Mackinaw City native, and was run by three generations of his family. Star Line was founded in 1978 by a group of St. Ignace families.

54. The Island's visitors, workers, residents, and businesses all depend on ferries. Ferries carry well over 90 percent of the Island's visitors, along with much of its freight, including food and medical supplies. Many of the workers who staff the Island's hotels, restaurants, and shops commute by ferry each day. Year-round residents rely on ferries to reach doctors, hospitals, and stores on the mainland. And the Island's tourism economy, which supports nearly 5,000 jobs, cannot function without reliable and reasonably priced ferry service.

55. Every ferry to the Island departs from a dock in St. Ignace or Mackinaw City, Michigan, and arrives at a dock along the Island's Main Street harbor front. St. Ignace and Mackinaw City are the closest mainland ports to the Island. Each port lies roughly five to eight miles from the Island, translating to a ferry ride of about 15 to 20 minutes. Mackinaw City sits at the northern tip of Michigan's Lower Peninsula, and St. Ignace sits across the Straits at the southern edge of the Upper Peninsula. The two towns are joined by the Mackinac Bridge, which carries Interstate 75 across the Straits, so travelers from either peninsula can reach a ferry dock directly

from the interstate. The next-closest port town, Cheboygan, lies about 17 miles southeast of Mackinaw City on U.S. Route 23, away from the interstate. It has no ferry service to the Island. No mainland port other than St. Ignace and Mackinaw City serves the Island.

56. Most ferry riders drive to St. Ignace or Mackinaw City. Because the Island bans motor vehicles, they must leave their cars on the mainland for the length of their visit, whether a day or a week. Public parking within walking distance of the mainland docks is limited to two or three hours, too short for even a day trip. Access to long-term parking near the docks is therefore an essential part of nearly every trip to the Island. Other businesses' lots are reserved for their own customers. That leaves riders one option: they must park in a lot owned by a ferry company.

C. The City's Oversight Authority Over Ferry Service

57. The State and the City of Mackinac Island have treated ferry service to the Island as a public necessity subject to public oversight for over a century. When the Michigan Legislature granted the City of Mackinac Island its charter in 1899, it empowered the City to pass ordinances "to establish or authorize, license and regulate ferries to and from the City . . . and to regulate from time to time the charges and prices for the transportation of persons and property thereon." City of Mackinac Island Charter, ch. IX, § 1, pt. 13 (Local Act 437 of 1899).

58. In 1977, the City adopted an ordinance to regulate ferry service to and from the Island. City of Mackinac Island Ordinance No. 12 (adopted 1977) (the "Ferry Ordinance"). On July 10, 2012, the City amended the Ferry Ordinance to require ferry lines to enter into franchise agreements with the City. Arnold, Shepler's, and Star Line each entered into a franchise agreement with the City that same year. The franchise agreements permit the ferry lines to set their own schedules and rates, provided they file them with the City each year. However, each agreement provides that "[i]n the event that no competition is found to exist in ferry boat service to and from

the City, the City has the right to assert its jurisdiction over schedules and fares to the extent permitted by present law." Franchise Agreement § 9.

59. When Star Line bought Arnold's assets in 2016, it assumed Arnold's franchise agreement. Shepler's agreement remained in place after Hoffmann acquired Shepler's in 2022. In 2023, Shepler's and MIFC amended and restated their franchise agreements with the City. MIFC's agreement likewise remained in place after Hoffmann acquired MIFC in 2024. Both agreements now govern Hoffmann's two ferry lines, and both expire on June 30, 2027.

D. Hoffmann's Entry into the Ferry Market

60. Consolidation of the Island's ferry service began in 2016, when Arnold ceased independent operations and sold its core assets to Star Line. Star Line acquired not only Arnold's fleet but also its docks on the Island and the mainland and its parking lots. From then on, just two companies—Shepler's and Star Line (which later renamed itself MIFC)—owned every passenger ferry line serving the Island, every passenger ferry dock, and most of the long-term parking near the docks.

61. In March 2022, Hoffmann, a Florida-based private equity firm controlled by billionaire David Hoffmann, entered the Island's ferry market, acquiring a controlling stake in Shepler's. The 2022 acquisition of Shepler's gave Hoffmann immediate control of the Island's largest ferry line by passenger volume, which then carried roughly half of all ferry passengers to and from the Island. At the time, Shepler's operated seven ferries, owned docks in Mackinaw City, St. Ignace, and on the Island, and owned parking lots near its mainland docks.

62. In June 2024, Hoffmann reached an agreement with MIFC's chief executive officer and other shareholders to acquire MIFC, bringing both of the Island's remaining ferry lines under its control. Following the acquisition, Hoffmann controlled every passenger ferry line serving the Island, every dock on the Island, in St. Ignace, and in Mackinaw City that can serve passenger

ferries, and nearly all of the long-term parking near the mainland docks. The acquisition thus eliminated all competition in the ferry and parking markets. Hoffmann's control of those docks and nearly all nearby parking foreclosed any would-be rival from accessing the infrastructure needed to enter, enabling Hoffmann to impose monopoly prices. On information and belief, the price Hoffmann paid for MIFC reflected their shared understanding that Hoffmann would be able to charge monopoly prices once it controlled both ferry lines. The sale price therefore reflected the monopoly profits Hoffmann expected to earn, giving MIFC's then-owners a share of those supracompetitive profits.

63. Hoffmann's holdings in the region reach well beyond the ferries. It owns more than 116 parcels of land in the Straits of Mackinac area, along with 51 buildings and 6,500 parking spaces. Hoffmann itself touts these holdings as making it "the largest owner of real estate parcels in the area" and an employer of 500 people there. Hoffmann also owns the Mackinac Marine Services shipyard and Sip n' Sail Cruises, a sightseeing and dinner-cruise operator based on the Island. It owns the East Dock, the Island's premier private yacht dock. It also owns Maurer Publishing, which publishes both newspapers that cover the Island, the St. Ignace News and the Mackinac Island Town Crier.

64. Hoffmann's entry into the region is part of a broader wave of outside investment in the Straits of Mackinac. In 2019, KSL Capital Partners, a Denver-based private equity firm, bought the Grand Hotel, the Island's best-known property, from the family that had owned it since 1933. But where KSL bought a single landmark, Hoffmann set out to buy not just the only way onto the Island, but much of the Island itself. No other outside investor has acquired as large a footprint in the region as Hoffmann. On information and belief, Hoffmann and other outside investors are

working to reposition the Island as a luxury destination for affluent visitors, at the expense of the residents, workers, local businesses, and ordinary tourists who depend on affordable ferry access.

65. Hoffmann's takeover of Mackinac Island also follows a familiar pattern. Since its founding in 2015, Hoffmann has grown by acquiring businesses in small communities and captive markets across a wide range of industries, from marine travel and aviation to real estate, hospitality, and media. On information and belief, Hoffmann is now the largest private owner of commercial real estate in Avon, Colorado, the base town for the Beaver Creek ski resort; Winnetka, Illinois, a small village on Chicago's North Shore; Naples, Florida, a Gulf Coast resort city and Hoffmann's headquarters; and Augusta, Missouri, a wine-country town of about 300 residents, where Hoffmann owns four of the town's five wineries.

E. Hoffmann Defies the City's Oversight Authority

66. Shortly after the MIFC acquisition, Jenny Gezella, the president of Hoffmann's marine operations, stated publicly that "[a]ll the pricing" for the Island's ferry and parking services "will stay the same." Within months, Hoffmann broke that promise. In late 2024, Hoffmann submitted its rates for the 2025 season to the Mackinac Island City Council. Contrary to Ms. Gezella's assurances, Hoffmann planned to increase ferry fares by $2 for the 2025 season for both MIFC and Shepler's.

67. On December 11, 2024, the City determined that, with both ferry lines under Hoffmann's control, there was no longer competition in ferry boat service to and from the City. Thus, for the first time ever, it sought to exercise its authority under Section 9 of the franchise agreements to block the $2 rate increase. In February 2025, the City also attempted to block Hoffmann's plans to begin charging $10 for day parking at its mainland lots, which had previously been free.

68. Rather than cooperate with the City, Hoffmann went to court to strip the City of its oversight authority. On March 3, 2025, Hoffmann filed suit in the U.S. District Court for the Western District of Michigan, seeking a declaratory judgment that the City has no authority to regulate ferry fares or parking rates. *Shepler's Inc. v. City of Mackinac Island*, No. 2:25-cv-36 (W.D. Mich.), ECF No. 1. On April 3, 2025, the City counterclaimed, alleging that Hoffmann had breached the franchise agreements by refusing to cooperate with the City's regulation of its rates, and it sought a declaration of the City's regulatory authority. It also asserted federal and state antitrust claims. *Id.*, ECF No. 7. The district court later dismissed the antitrust claims for lack of antitrust standing. *Id.*, ECF No. 58 (July 31, 2025); *id.*, ECF No. 125 (Feb. 20, 2026). The City's breach-of-contract and declaratory claims remain pending.

69. When the 2025 season opened, Hoffmann imposed the planned $2 fare increase and $10 day-parking charge in defiance of the City.

70. On May 28, 2025, the City adopted Ferry Boats Ordinance No. 629, which requires each ferry line to submit proposed rates and supporting information annually and gives the City Council greater oversight over ferry rates and schedules. Even before it was formally adopted, Hoffmann moved to enjoin this new ordinance. *Id.*, ECF Nos. 24, 25. In that motion, Hoffmann warned that the City's measures "could very well cause the Ferry Companies to have no choice but to cease operations." Because nearly every visitor and many of the Island's workers arrive by ferry, that warning was a thinly veiled threat to shut down the Island's entire economy.

71. On June 30, 2025, the district court preliminarily enjoined the City from enforcing that ordinance against Shepler's and MIFC. *Id.*, ECF No. 50. The City appealed. On March 12, 2026, the Sixth Circuit vacated the injunction as to ferry rates, reasoning that the City's reading of

the franchise agreements was reasonable, but affirmed it as to parking. *Shepler's Inc. v. City of Mackinac Island,* No. 25-1668, 2026 WL 700482 (6th Cir. Mar. 12, 2026).

72. Days after the Sixth Circuit's ruling, the City attempted to block Hoffmann's proposed fare increases for the 2026 season and demanded that the ferry lines produce their financial records. Hoffmann ignored the City and raised fares anyway.

73. On April 21, 2026, the same day it announced its 2026 fare increases, Hoffmann escalated its threat. Each of its ferry lines sent the City a near-identical letter demanding the City extend its franchise agreement, which expires on June 30, 2027, on terms acceptable to Hoffmann. Each letter stated that the line "reserve[d] the right to cease operations for the 2027 season in the absence of a contract extension on reasonable and acceptable terms," and accused the City of refusing to negotiate an extension.

74. Backed by the resources of a billionaire-controlled private equity firm, Hoffmann continues to charge Mackinac Island's visitors and its 600 permanent residents prices that the City has rejected and that no competitor constrains. The threat is ongoing. Until the franchise agreements are renewed, Hoffmann can use the prospect of a shutdown to force the City to approve further price increases.

75. On June 3, 2026, Governor Gretchen Whitmer signed Senate Bill 304 into law as Public Act No. 17 of 2026. The Act authorizes the City's voters to amend the City's 1899 charter to extend the City's oversight authority to all aspects of ferry service, including fees for parking, baggage, and priority boarding. Because the City operates under a special charter, the amendment required approval by the City's voters. On November 3, 2026, the City's voters approved the charter amendment. Following the vote, Hoffmann publicly responded that it will continue to

operate under its existing franchise agreements, which run through June 30, 2027, and that the new law cannot modify those agreements and will not affect the 2027 season.

76. Whatever the City's formal regulatory powers, Hoffmann's monopoly power prevents the City from meaningfully exercising them. Hoffmann's dominance over ferry service to the Island enables it to hold the Island and its residents hostage—as it has already threatened to do.

F. Hoffmann Operates Shepler's and MIFC as a Single Business

77. Since acquiring MIFC, Hoffmann has owned and managed Shepler's and MIFC as a single ferry business. Hoffmann owns a controlling majority of the stock of both companies and controls their operations, including their boats, docks, parking lots, names, brands, and pricing. The two companies operate as a single economic unit.

78. Both companies report to Jenny Gezella, the president of Hoffmann's marine operations. In July 2024, Ms. Gezella told the Mackinac Island Town Crier that "Star line tickets will be accepted at Shepler's. As a family now of companies, a ticket is a ticket . . . . If you cannot get on at Star Line, bring it over to Shepler's, and we will get you on the boat."

79. Shepler's CEO, Chris Shepler, has acted as the chief operating officer of both Shepler's and MIFC. In August 2024, he was publicly identified as the president of both companies, and in September 2024, Hoffmann announced that Shepler would "lend his expertise" to rebuilding MIFC under the Arnold Transit name. He has also told at least one Island resident that Shepler's and MIFC are "all one company."

80. The two lines also share boats and passengers. In the summer of 2024, weeks after the MIFC acquisition closed, Hoffmann pulled MIFC's entire passenger fleet—six summer boats and two winter boats—out of service. For the rest of the season, Shepler's boats carried every ferry passenger to and from the Island.

G. Hoffmann Squeezes the Island and Consumers for Profit

81. Since acquiring MIFC, Hoffmann has raised the price of nearly every part of a trip to Mackinac Island. Since 2024, Hoffmann has raised the price of an adult round-trip ferry ticket by $3 on each line, even though the City rejected those increases. Hoffmann has also charged "convenience fees" and credit card "surcharges" on top of the fare, including a $3 fee on online ticket purchases and a 3% surcharge on Shepler's credit card transactions, since replaced by a $2 booking fee on every Shepler's ticket. Neither line included those fees in the rates it submitted to the City.

82. Hoffmann has raised parking prices even more sharply. In 2024, both ferry lines offered free daytime parking to their customers; since 2024, day parking prices have risen to $15 per day at Shepler's and $10 per day at Arnold. Since 2024, Shepler's premium dockside parking has risen from $40-$45 per night (depending on the departure port) to $50 per night Sunday through Wednesday, and to $75 per night Thursday through Saturday, an increase of up to 88 percent. Shepler's standard overnight parking has risen from $20 per night in 2024 to $25 per night, a 25 percent increase. Since 2024, Arnold's dockside overnight parking has risen from $30 to $80 per night, an increase of 167 percent. Its valet dockside overnight parking has risen from $50 to $130 per night, an increase of 160 percent. Its premium dockside day parking has risen from $30 to $40 per day, a 33 percent increase. And Arnold now charges $20 per night for standard overnight parking.

83. Before the MIFC acquisition, both lines offered free, year-round parking to Island residents and seasonal workers. After the acquisition, the lines began requiring residents and seasonal workers to buy annual or seasonal parking passes that cost hundreds of dollars a year. Hoffmann also eliminated programs the ferry lines had long offered to the Island community. Before the acquisition, friends and family of Island residents paid the discounted resident

commuter fare. Now, they must pay the full tourist fare. Both lines also once offered free shuttles to City employees and other Island workers who relied on them to get to their lodging, the grocery store, and the hospital. Hoffmann ended those shuttles in 2025. Hoffmann has also cut the number of free or discounted ferry tickets and parking passes it provides to Island hotels.

RELEVANT MARKETS

84. This case involves two relevant antitrust markets: passenger ferry service to the Island from St. Ignace and Mackinaw City (the "Ferry Market") and long-term parking for Island ferry passengers (the "Parking Market").

85. Courts identify relevant antitrust markets using the hypothetical monopolist test. That test asks whether a single firm controlling all sellers of a group of products in a given area could profitably impose a small but significant and non-transitory increase in price (a "SSNIP," typically 5 percent). If too few customers would switch to other products or areas to make the increase unprofitable, those products in that area form a relevant market. Both the Ferry Market and the Parking Market satisfy this test.

A. The Ferry Market

86. The first relevant antitrust market is passenger ferry service to Mackinac Island from the ports of Mackinaw City and St. Ignace, Michigan (the "Ferry Market").

87. Ferry service is not an economic substitute for other ways of accessing the Island, such as air travel. The Island's only airport has a single 3,500-foot runway serving about 30 flights per day, on aircraft that carry at most nine passengers. Even if every seat on every flight were filled throughout the 150-day high season, air travel could carry less than 4% of the Island's 1.2 million annual visitors. And one-way charter flights cost roughly $4,780, more than 100 times the price of a round-trip ferry ticket, confirming that charter flights are not in the same market as ferry service.

Ferry riders would not switch to charter flights in response to a SSNIP such that imposing one would be unprofitable.

88. Travel by private boats is not a reasonable economic substitute for ferry service either. The Island's 80 public transient slips are open about five months a year and could accommodate at most about 48,000 visitors annually, or roughly 4% of the total. The only other docks open to private boats add negligible capacity (and are also owned by Hoffman). Arriving by private boat also requires owning or chartering a boat, paying for fuel, and paying private docking fees of roughly $185 per day. Those costs far exceed the price of a ferry ticket and confirm that private boats are not in the same market as ferry service. Ferry riders would not switch to private boats in response to a SSNIP.

89. Ferry service from other mainland ports is not a reasonable economic substitute for service from Mackinaw City or St. Ignace. No ferry line serves the Island from any port other than Mackinaw City and St. Ignace, including Cheboygan (the next closest port town) and other nearby harbors. Those ports lie farther from the Island and have no commercial ferry docks or long-term parking for ferry passengers. A new line from another port would need to build a dock there and also secure access to a commercial dock on the Island, every one of which is under Hoffmann's control. Even if such service existed, travelers would not drive past Mackinaw City and St. Ignace to reach a more distant port in response to a SSNIP.

90. Finally, other vacation destinations are not substitutes for Mackinac Island. The Island is a unique destination, including because it is one of the few communities in the United States where cars are banned, and visitors travel on foot, by bicycle, on horseback, or by horse-drawn carriage. Moreover, a ferry ticket is also only a small part of the total cost of a visit, which

includes travel to the Straits, lodging, and meals. As such, those who have chosen to visit the Island will not switch to another destination over a SSNIP for ferry services.

91. The geographic scope of this market is properly defined as ferry service between Mackinac Island and Mackinaw City and St. Ignace, Michigan. Service from the two ports belongs in a single market because travelers treat it as interchangeable. Mackinaw City and St. Ignace face each other across the Straits of Mackinac and are a short drive apart, connected by the Mackinac Bridge and Interstate 75. Each lies only a few miles from the Island, and crossings from either port take comparable time. For decades, every ferry line serving the Island has operated from both ports, and riders choose between them based on convenience. If ferry fares from one port rose, many travelers would simply depart from the other. A hypothetical monopolist of ferry service from only one port therefore could not profitably impose a SSNIP; only a monopolist of service from both ports could.

92. Hoffmann's own conduct since becoming a monopolist confirms that the market is properly defined. Since consolidating all ferry lines from those two ports to the Island under its sole ownership in 2024, Hoffmann has profitably raised adult round-trip fares by $3 on each line, from $36 to $39 on Shepler's and from $34 to $37 on Arnold, while imposing additional fees, a significant and sustained increase in prices.

93. The practical indicia identified in *Brown Shoe Co. v. United States*, 370 U.S. 294, 325 (1962), further confirm that the Ferry Market is a distinct product market. The public widely recognizes ferry service to the Island as a distinct market. The City has determined that Hoffmann's common ownership of Shepler's and MIFC "has eliminated competition in ferry boat service" and created a ferry monopoly. The press likewise reports that Hoffmann "has a monopoly on ferry services to the island." Travelers can still fly or sail to the Island, so these descriptions make sense

only if ferry service is a distinct market. The Michigan Legislature passed, and the Governor signed, Senate Bill 304, now Public Act No. 17 of 2026, specifically to regulate ferry service to the Island, and not other means of reaching it. That legislation confirms that State lawmakers, too, treat ferry service to the Island as its own market.

94. Ferry service to the Island has peculiar characteristics and uses. It is the only mass transportation to an island where motor vehicles are banned. It also requires unique facilities, namely passenger vessels and commercial docks on both the mainland and the Island.

95. Ferry service is also sold at distinct prices. A round-trip ferry ticket today costs about $39, while a one-way charter flight costs $4,780 or more and a private boat requires roughly $185 per day in docking fees alone. Prices that far apart show that ferry service and these alternatives are not competing for the same customers.

96. Ferry service also serves distinct customers. Its riders are the residents, seasonal workers, and ordinary visitors who need affordable, everyday transportation to the Island. The few travelers who fly or sail there are a different group, mostly those who can afford a charter flight or own a boat.

97. Ferry service is also provided by specialized vendors. Only ferry operators that hold a franchise from the City and have access to commercial docks both on the Island and in Mackinaw City or St. Ignace can offer ferry service to the Island.

98. Finally, demand for ferry service is highly inelastic, meaning that riders keep buying tickets even when fares rise. Because residents, workers, and visitors have no practical alternative, a monopolist can raise prices and degrade service without losing meaningful volume. Hoffmann's $3 increase in adult round-trip fares on each line since 2024, alleged above, shows exactly that.

B. The Parking Market

99. The second relevant product market is long-term parking (defined as parking for over 3 hours) for passengers of ferries to the Island (the "Parking Market").

100. Long-term parking is not reasonably interchangeable with municipal street parking near the docks in St. Ignace and Mackinaw City. Street parking there is limited to two or three hours, less time than most visitors spend on the Island. It does not work for a day trip, much less an overnight stay. A hypothetical monopolist of long-term parking could profitably impose a SSNIP because few, if any, travelers would switch to short-term parking in response. Moreover, the cost of parking is only a small part of the cost of a visit to the Island, so a SSNIP would not lead visitors to stay home.

101. The relevant geographic market is limited to lots within walking or short shuttle distance of the Mackinaw City and St. Ignace docks. Parking farther from the docks is not a reasonable economic substitute for parking near them. Travelers will not park farther away and then find their own way to the ferry, because there is no practical or affordable way to get from a distant lot to the ferry. No public transportation serves the docks, and the shuttles that do run there serve the ferry lines' own lots only. A hypothetical monopolist of the lots near the docks could therefore profitably impose a SSNIP without losing enough customers to more distant lots to make the increase unprofitable.

102. Hoffmann's own conduct confirms that long-term parking near the ferry docks in St. Ignace and Mackinaw City is a relevant antitrust market. Since gaining control of roughly 80 percent of all long-term parking near the St. Ignace and Mackinaw City docks in 2024, Hoffmann has begun charging for day parking that was previously free, now $15 per day at Shepler's and $10 per day at Arnold. Hoffmann has also raised the price of standard overnight parking at Shepler's by 25 percent, from $20 to $25 per night. It has raised the price of Shepler's premium

dockside parking by up to 88 percent, from $40-45 per night in 2024 to as much as $75. Hoffmann has raised the price of dockside overnight parking at Arnold by 167 percent, from $30 to $80 per night, and the price of valet dockside overnight parking at Arnold by 160 percent, from $50 to $130 per night. Arnold also now charges $20 per night for standard overnight parking. These significant and sustained price increases confirm that the Parking Market is a relevant antitrust market.

103. The practical indicia identified in *Brown Shoe* also confirm that the Parking Market is a distinct market. Long-term ferry parking serves distinct customers. Its customers are Island ferry passengers who must leave their cars on the mainland for many hours or days. It requires distinct facilities, such as large lots next to the docks or lots linked to the docks by shuttle. It is sold at distinct prices, charged by the day or night rather than by the hour. And the ferry lines themselves are its principal vendors, running shuttles between their own lots and their docks.

MONOPOLY POWER

104. Monopoly power is the power to control prices or exclude competition in the relevant markets. Hoffmann possesses, and since at least 2022 has possessed, monopoly power in both Relevant Markets. Both direct and indirect evidence establish that power.

A. The Ferry Market

105. Indirect evidence of monopoly power consists of a dominant share of a relevant market that is protected by barriers to entry. Both exist here.

106. When Hoffmann acquired Shepler's in 2022, it gained a 54 percent share of the Ferry Market, becoming the dominant ferry operator with substantial market power. Today, following the MIFC acquisition, Hoffmann owns every commercial passenger ferry line serving the Island, meaning it possesses a 100 percent share of the Ferry Market. Hoffmann's own agents

have repeatedly described Hoffmann's ferry lines (Shepler's and MIFC) as "the sole carrier" for travelers to the Island.

107. Hoffmann's dominant share of the Ferry Market is protected by several high barriers to entry. First, a new entrant in the Ferry Market would need access to a passenger ferry dock on each end of its route, one on the mainland and another on the Island. Only a handful of docks on the Island, in St. Ignace, and in Mackinaw City can serve passenger ferries. Hoffmann now owns and controls all of them. Second, a new entrant could not build its own docks, because no suitable waterfront land remains available for a new passenger ferry dock on the Island, in St. Ignace, or in Mackinaw City. Even if land were available, a new dock would require state permits to build on Great Lakes bottomlands and would cost millions of dollars. Third, a new entrant would need a fleet of passenger vessels before it could carry a single rider. Fourth, a new entrant would need a franchise from the City of Mackinac Island to operate at all.

108. Because of these barriers, no ferry operator has entered the Ferry Market since Hoffmann acquired MIFC, and none has announced plans to do so. Entry is not timely, likely, or sufficient in magnitude to deter Hoffmann's monopolistic conduct.

109. Direct evidence of monopoly power includes the ability to raise prices above competitive levels without losing customers. Hoffmann has done exactly that in the Ferry Market. In 2024, before Hoffmann acquired MIFC, an adult round-trip ticket cost $36 on Shepler's and $34 on MIFC. Since Hoffmann acquired MIFC and eliminated that competition, it has raised those fares by $3 each, to $39 on Shepler's and $37 on Arnold. Hoffmann has also added new fees, cut longstanding discount programs, and reduced the ferry passes it provides to Island hotels. On MIFC's ferries, Hoffmann now also sells a "priority boarding" tier that charges $52 for an adult round trip. Hoffmann has imposed these increases without losing riders.

110. Hoffmann prices its ferry fares well above its marginal cost. Once a ferry is scheduled to sail, the added cost of carrying one more passenger is close to zero. On information and belief, Hoffmann's fares and fees far exceed its costs of providing ferry service, and the revenue from its recent increases far exceeds any increase in those costs. Hoffmann has claimed that its increases fund repairs to the MIFC fleet and docks, but it has never substantiated that claim. Any such repairs would be largely one-time capital expenses, not a basis for permanently raising every fare it charges.

111. Hoffmann's fares far exceed those of comparable Great Lakes ferries, which make similarly short crossings to island communities and carry a similar mix of residents, workers, and seasonal visitors. At $39, a round trip on Shepler's direct 16-minute crossing from Mackinaw City or St. Ignace to the Island costs about $1.22 per minute. By contrast, Miller Ferry runs from Catawba Island, Ohio, to Put-in-Bay on South Bass Island in Lake Erie; it charges $18 for an adult round trip on a roughly 18-minute crossing, or about $0.50 per minute. Hoffmann charges more than twice as much, per trip and per minute.

112. The Kelleys Island Ferry runs from Marblehead, Ohio, to Kelleys Island in Lake Erie; it charges $26 for an adult round trip on a crossing of 20 to 30 minutes, or about $0.65 per minute or less. Hoffmann charges 50 percent more per trip and nearly twice as much per minute.

113. The Washington Island Ferry runs from Northport Pier at the tip of Wisconsin's Door Peninsula to Washington Island in Lake Michigan; it charges $16 for an adult round trip on a crossing of about 30 minutes, or about $0.27 per minute. Hoffmann charges nearly two and a half times as much per trip and more than four times as much per minute.

114. While raising fares, Hoffmann has also cut output and reduced the quality of the service it sells, which is further direct evidence of its monopoly power. Within weeks of acquiring

MIFC in June 2024, Hoffmann halted MIFC's service from St. Ignace. In August 2024, it went further and suspended all MIFC service for the rest of the season. MIFC's docks closed to ferry service, and Shepler's became the only ferry line serving the Island from either port. Riders lost the choice of carriers, departure times, and docks that competition had given them. On information and belief, Hoffmann has not lost meaningful ridership as a result of these cuts. A firm facing real competition could not cut service this way without losing riders to a rival. Hoffmann could, because its riders have nowhere else to go.

B. The Parking Market

115. Indirect evidence also establishes Hoffmann's monopoly power in the Parking Market. Hoffmann's acquisition of Shepler's in 2022 gave it roughly half of the long-term parking near the docks, and its acquisition of MIFC in 2024 gave it nearly all of the rest. On information and belief, one competitor has since opened a lot near the Mackinaw City docks. Even so, Hoffmann still controls roughly 80 percent of long-term parking near the docks. The new lot is too small to constrain Hoffmann's pricing. Hoffmann has continued to raise its parking prices since that lot opened. A firm that faced real competition from the new lot could not do so without losing customers.

116. Barriers to entry protect Hoffmann's market share. A new parking lot must sit within walking or short shuttle distance of the ferry terminals in St. Ignace and Mackinaw City. Very little land in those areas is available for that use. The land near the docks is already occupied by businesses, hotels, homes, and existing lots, and much of what remains is not zoned for commercial parking. Hoffmann itself owns more than 100 parcels in the area, including many of the lots closest to the docks. A new competitor therefore would have great difficulty finding a site for a lot that could reasonably serve ferry passengers.

117. Direct evidence confirms Hoffmann's monopoly power in the Parking Market. On information and belief, Hoffmann has raised parking prices above competitive levels without losing meaningful business. Once it gained control over both ferry lines' lots, Hoffmann raised parking prices well above the competitive level. Day parking, which was free on both lines in 2024, now costs $15 per day at Shepler's and $10 per day at Arnold. Shepler's standard overnight parking has risen from $20 to $25 per night, and its premium dockside parking has risen from $40 per night in 2024 to as much as $75. Before the MIFC acquisition, both lines also offered free year-round parking to Island residents and seasonal workers. Hoffmann now requires them to buy annual or seasonal passes that cost hundreds of dollars a year.

118. Hoffmann has openly acknowledged that it raised parking prices to make up for revenue it could not collect through fares. Those increases continued even after a competitor opened a lot near the Mackinaw City docks.

ANTICOMPETITIVE EFFECTS AND ANTITRUST INJURY

119. Hoffmann's conduct has harmed competition in the Relevant Markets. When the Island's ferry lines were independently owned, they competed for riders on fares, parking prices, schedules, and service quality. A line that raised its fares, added fees, or let its service slip risked losing riders to a rival across the dock.

120. Hoffmann's anticompetitive acquisitions and its 2024 agreement in restraint of trade eliminated that competition, resulted in monopolies in the Relevant Markets, and allowed Hoffmann to raise prices above competitive levels, reduce output, degrade service, and eliminate consumer choice. As alleged above, Hoffmann has raised ferry fares, imposed new fees, eliminated discounts and passes that riders relied on, and begun charging for parking that was once free. It has cut output by suspending ferry service and has ended benefits such as free shuttles for Island

workers. Higher prices, lower output, worse quality, and less choice are the classic effects of monopoly.

121. No procompetitive benefit offsets these harms. Hoffmann's acquisitions did not lower prices, expand service, or improve quality for riders. Hoffmann has claimed that its increases fund repairs to MIFC's fleet and docks, but it has never substantiated that claim. Any such repairs would be one-time capital costs, not a justification for permanently raising every fare and fee it charges.

122. The State and its residents have suffered antitrust injury. Michigan residents have paid supracompetitive prices for ferry service and parking. They have received worse service and fewer choices in return. These injuries flow directly from Hoffmann's elimination of competition in the Relevant Markets. They are precisely the injuries the antitrust laws exist to prevent.

123. Hoffmann's conduct has also harmed the State's general economy. Tourism sustains the Island and the surrounding region. Every dollar Hoffmann extracts through monopoly pricing makes the Island less accessible to the families and travelers who support that economy. Higher ferry and parking costs also raise the cost of living and working on the Island, burdening the residents, seasonal workers, and local businesses that depend on daily ferry access.

124. These harms are ongoing. Every season that Hoffmann controls both ferry lines and their parking, Island residents, workers, and visitors pay more to reach the Island. Unless the Court orders relief, including divestiture, Hoffmann will continue to charge supracompetitive prices for ferry service and parking and to impose new fees without competitive restraint.

CAUSES OF ACTION

Count 1: Agreement in Restraint of Trade (M.C.L. § 445.772)

125. The State incorporates by reference and re-alleges each of the foregoing paragraphs as if fully set forth herein.

126. The MIFC Acquisition Agreement is a contract in restraint of trade in the Ferry Market and the Parking Market, in violation of M.C.L. § 445.772. The MIFC Acquisition Agreement is not exempt from MARA under M.C.L. § 445.774. No state or local regulatory body has approved or actively supervised the prices Hoffmann has charged since the acquisition.

127. In June 2024, Hoffmann reached an agreement with MIFC's shareholders to acquire MIFC, bringing both of the Island's remaining ferry lines under its control. With that acquisition, Hoffmann gained control of every passenger ferry line serving the Island, every dock suitable for those passenger ferries (on the Island and in St. Ignace and Mackinaw City), and nearly all of the long-term parking near the mainland docks. Both Hoffmann and MIFC's then-owners knew the acquisition would eliminate all competition in the Ferry Market and the Parking Market, and that Hoffmann could then impose sustained monopoly prices. The agreement also foreclosed future competition. Any new ferry line would need docks and nearby parking to operate. By giving Hoffmann control of both, the agreement ensured that no rival could enter.

128. Since the acquisition, Hoffmann has owned MIFC and operated it with Shepler's as a single business, as alleged above. Each Defendant has participated in carrying out the restraint alleged herein, and MIFC and Shepler's are the instruments through which it continues.

129. On information and belief, the price Hoffmann paid for MIFC assumed that Hoffmann would be able to charge monopoly prices once it controlled both ferry lines. The sale price therefore reflected the monopoly profits Hoffmann expected to earn, allowing MIFC's then-owners to share in those supracompetitive profits.

130. The agreement is unlawful per se as a horizontal market allocation, because the owners of one of only two competitors agreed, in exchange for payment, to end that competitor's independent competition. When they entered that agreement, Hoffmann and MIFC's then-owners

were separate and independent economic actors, and Hoffmann and MIFC were horizontal competitors in the Relevant Markets.

131. In the alternative, the MIFC Acquisition Agreement is unlawful under an abbreviated or quick-look analysis because its anticompetitive character is obvious, and under the full rule of reason. The agreement gave Hoffmann market power in each Relevant Market, and high barriers to entry protect that power. The MIFC Acquisition Agreement has produced the anticompetitive effects alleged above, including higher fares, new fees, higher parking prices, reduced output, and worse service. No procompetitive benefit of the agreement outweighs these harms, and any claimed benefit could have been achieved through less restrictive means.

132. As a direct and proximate result of the MIFC Acquisition Agreement, businesses and residents of Michigan have paid supracompetitive prices for ferry service and parking and have been injured in their business or property. The State seeks recovery for the injury to Michigan businesses and residents in its parens patriae capacity.

133. Defendants' violations were flagrant. Hoffmann bought out the last independent ferry line serving the Island and then raised fares over the City's express rejection of the increase. When the City tried to regulate its rates, Hoffmann sued the City and threatened to halt all passenger ferry service to the Island, on which its residents, workers, and visitors depend. Hoffmann has also acknowledged that it planned to raise parking prices to make up for fare revenue it could not otherwise collect.

134. The State is entitled to recover damages, together with interest, costs, and reasonable attorneys' fees; injunctive relief, including divestiture of MIFC; disgorgement of the Defendants' ill-gotten gains; and civil penalties.

Count 2: Monopolization (M.C.L. § 445.773)

135. The State incorporates by reference and re-alleges each of the foregoing paragraphs as if fully set forth herein.

136. Hoffmann has established, maintained, and used a monopoly in each of the Relevant Markets, in violation of M.C.L. § 445.773.

137. Hoffmann has monopoly power in each Relevant Market. It controls 100 percent of the Ferry Market and roughly 80% of the Parking Market, and high barriers to entry protect those shares. Hoffmann has raised prices above competitive levels in both markets, which is direct evidence of its monopoly power.

138. Hoffmann acquired and maintains its monopoly power through exclusionary conduct, not through a better product or superior business acumen. Hoffmann entered the Ferry Market in 2022 by acquiring Shepler's, which gave it 54 percent of the Ferry Market and a comparable share of the Parking Market. Then, in 2024, Hoffmann bought MIFC, the last ferry line serving the Island that it did not own. That acquisition gave Hoffmann monopoly power or, in the alternative, entrenched and expanded the monopoly power it already held in those markets, giving Hoffmann 100 percent of the Ferry Market and roughly 80 percent of the Parking Market. The acquisitions also gave Hoffmann control of every dock that can serve passenger ferries and nearly all long-term parking near the docks, the very assets a new entrant would need to compete, thereby removing the threat of future competition.

139. The 2024 acquisition of MIFC was a merger to monopoly in both Relevant Markets. In the Ferry Market, it reduced the number of ferry lines serving the Island from two to one and placed every commercial ferry dock under a single owner. In the Parking Market, it took Hoffmann from roughly half of the long-term parking near the docks to nearly all of it. Hoffmann then raised fares and parking prices and reduced service.

140. Measured by the Herfindahl-Hirschman Index ("HHI")—a standard measure of market concentration, calculated by summing the squares of each firm's market share—the MIFC acquisition raised concentration in the Ferry Market from approximately 5,032 to 10,000, an increase of almost 5,000. Federal antitrust agencies treat a market with an HHI above 1,800 as highly concentrated, and they presume that a merger raising the HHI by more than 100 in such a market substantially lessens competition or tends to create a monopoly. U.S. Dep't of Justice & Fed. Trade Comm'n, *Merger Guidelines* § 2.1 (2023). The MIFC acquisition increased the HHI by nearly fifty times that threshold.

141. Hoffmann acted for the purpose of excluding and limiting competition and controlling, fixing, and maintaining prices in the Relevant Markets. Hoffmann bought the last rival ferry line and took control of the docks and parking a new entrant would need. It then raised prices and refused to submit to the City's regulatory authority.

142. Each Defendant has participated in the monopolistic conduct alleged herein, and MIFC and Shepler's are the instruments through which it continues.

143. Defendants' prices have not been specifically approved by, and are not subject to active supervision by, any state or local regulatory body. To the contrary, Defendants have refused to submit to any regulatory oversight and have litigated to prevent its exercise. Hoffmann has likewise taken the position that Public Act No. 17 of 2026 cannot affect its rates through the 2027 season.

144. Even if Defendants were subject to regulatory oversight, Hoffmann's monopoly power would make that oversight ineffective. Hoffmann operates every commercial passenger ferry line serving the Island, and residents, workers, and visitors depend on that service to reach the Island. Hoffmann can therefore threaten to curtail or suspend service to resist any regulatory

action it opposes. As alleged above, Hoffmann pulled MIFC's entire fleet out of service for the rest of the 2024 season. When the City tried to regulate its rates, Hoffmann threatened to halt all passenger ferry service to the Island. No regulator can meaningfully constrain the prices of a firm that controls the Island's only passenger ferry link to the mainland.

145. As a direct and proximate result of Hoffmann's monopolization of the Relevant Markets, natural persons residing in Michigan have paid supracompetitive prices for ferry fares, fees, and parking, have received reduced output and lower-quality service, and have been injured in their business or property.

146. The State seeks monetary relief for injuries to business and residents of Michigan in its parens patriae capacity. The State also seeks injunctive relief, disgorgement of the Defendants' ill-gotten gains, and civil penalties.

147. Defendants' violations of M.C.L. § 445.773 were flagrant, for the reasons alleged in Count 1. The State is entitled to recover damages, together with interest, costs, and reasonable attorneys' fees; injunctive relief, including divestiture; disgorgement of the Defendants' ill-gotten gains; and civil penalties.

Count 3: Unjust Enrichment

148. The State incorporates by reference and re-alleges each of the foregoing paragraphs as if fully set forth herein.

149. Defendants have received a benefit in the form of supracompetitive prices for ferry fares, fees, and parking. Businesses and residents of Michigan paid those prices directly to Defendants, as did every other purchaser. Defendants obtained that benefit through the unlawful conduct alleged herein, including the elimination of competition in the Ferry Market and the Parking Market, Hoffmann's exercise of monopoly power to raise prices, and its defiance of the City's regulatory authority.

150. Defendants have retained that benefit. It would be inequitable for Defendants to retain this benefit because they obtained it by eliminating competition, exercising monopoly power, and evading the City's regulatory authority over ferry rates.

151. The State, in its sovereign and parens patriae capacities, is entitled to restitution and to disgorgement of all ill-gotten gains Defendants obtained through the unlawful conduct alleged herein, including all supracompetitive revenue collected from any purchaser, in an amount to be determined at trial. Disgorgement is necessary to deprive Defendants of the profits of their unlawful conduct and to deter future violations.

PETITION FOR RELIEF

WHEREFORE, the State respectfully requests that the Court enter judgment in its favor and against Defendants as follows:

(a) An order declaring that Defendants' conduct, as set out above, violates the Michigan Antitrust Reform Act, M.C.L. §§ 445.772–.773;

(b) An order requiring structural or equitable relief as is necessary to restore competition in the Relevant Markets;

(c) An injunction prohibiting Defendants from continuing the unlawful conduct alleged herein;

(d) An award of treble damages on behalf of businesses and residents of Michigan pursuant to M.C.L. § 445.778, disgorgement and civil penalties pursuant to M.C.L. §§ 445.777 and 445.905, and restitution and disgorgement of Defendants' unjust enrichment;

(e) An award of costs and reasonable attorneys' fees;

(f) An award of pre- and post-judgment interest, to the extent allowable; and

(g) Such other and further relief that the Court deems reasonable and just.

JURY DEMAND

Pursuant to MCR 2.508(B)(1), the State requests a trial by jury of all claims that can be so tried.

Respectfully submitted,

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