

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF CALIFORNIA

MANUEL LOPES, et al.,	)	No. CV-F-06-1243 OWW/SMS
)	
	)	MEMORANDUM DECISION AND
Plaintiffs,	)	ORDER GRANTING DEFENDANT
	)	DOWNEY BRAND'S MOTION FOR
vs.	)	RECONSIDERATION (Doc. 222),
	)	DIRECTING CLERK OF COURT TO
	)	FILE AND DOCKET DOWNEY
GEORGE VIEIRA, et al.,	)	BRAND'S SECOND CORRECTED
	)	PRIVILEGE LOG, AND DIRECTING
	)	DOWNEY BRAND TO RETAIN
Defendants.	)	PRIVILEGED DOCUMENTS FOR IN
	)	CAMERA REVIEW
)	

Before the Court is Defendant Downey Brand LLP's motion for reconsideration of the "Memorandum Decision and Order Granting in Part and Denying in Part Plaintiffs' Motion to Compel Production of Discovery and For Sanctions (Doc. 104), Denying Defendant Downey Brand's Motion for Protective Order (Doc. 106), and Denying Defendant Downey Brand's Motion for Summary Judgment Against Plaintiff Valley Gold LLC on the Issue of Attorney-Client Privilege (Doc. 96)" filed on February 1, 2010 ("February 1 Memorandum Decision"). Specifically, Downey Brand seeks

1 reconsideration of the denial of its invocation of the work-
2 product doctrine in response to Plaintiffs' Requests for
3 Documents Nos. 18-21. The February 1 Memorandum Decision ruled:

4 Here, the contested materials were prepared
5 for a securities offering and capital raising
6 effort. There was then no prospect of or
7 pending litigation. The documents and
8 materials all related to corporate fund
9 raising to advance the interests of
10 management and investors. Because the
11 contested materials were not prepared in
12 anticipation of trial or for use in
litigation, this aspect of work-product
privilege does not apply. Downey Brand does
not describe legal strategy, mental sense
impressions, legal research, or evaluation
that is denied the opponent in the context of
litigation. The policy objectives of the
work-product doctrine are not served by
withholding.

13 Downey Brand requests reconsideration of this ruling on
14 the following grounds:

15 1. The Order did not address Downey Brand's
16 argument that the documents were prepared in
17 response to an investigation by the
18 California Department of Food and
19 Agriculture, the documents were generated
20 more than a year after the limited offering
21 to investors and nearly a year after
22 Plaintiffs signed agreements to waive milk
payments in return for larger equity
interests in Valley Gold LLC, and,
accordingly, the responsive materials were
not 'prepared for a securities offering and
capital raising efforts' as the Court assumed
in its ruling ...; and

23 2. The requested material is not relevant to
24 any claim asserted against Downey Brand,
25 Plaintiffs concede they have the core
26 documents requested aside from Downey Brand's
work product, and Plaintiffs have made no
showing of a compelling need for Downey
Brand's work product.

1 Although the contested materials are not protected by the
2 attorney-client privilege, whether Downey Brand can withhold
3 under the work-product privilege must be decided because the
4 work-product doctrine applies to the attorney, rather than the
5 client. See *Rhone-Poulenc Rorer, Inc. v. Home Indemn. Co.*, 32
6 F.3d 851, 866 (3rd Cir.1994).

7 The work-product doctrine, originally promulgated in *Hickman*
8 *v. Taylor*, 329 U.S. 495 (1947), recognized that public policy is
9 served by protecting from disclosure to adverse parties, written
10 memoranda and private and personal recollections prepared by
11 attorneys in the course of their legal duties. *Upjohn, supra*,
12 449 U.S. at 397-98. The work-product privilege belongs to both
13 the attorney and the client. *In re Special September 1978 Grand*
14 *Jury (II)*, 640 F.2d 49, 62 (7th Cir.1980). The work-product
15 protection continues even after the litigation is completed. *FTC*
16 *v. Grolier, Inc.*, 462 U.S. 19, 26 (1983). The work-product
17 privilege was substantially incorporated into F.R.Civ.P
18 26(b) (3) (A). *Id.* The pertinent portion of that rule provides:

19 Ordinarily, a party may not discover
20 documents and tangible things that are
21 *prepared in anticipation of litigation or for*
22 *trial* by or for another party or its
23 representative (including the other party's
24 attorney, consultant, surety, indemnitor,
25 insurer, or agent).

26 (Emphasis added). Such documents may only be ordered produced
upon an adverse party's demonstration of "substantial need [for]
the materials" and "undue hardship [in obtaining] the substantial
equivalent of the materials by other means." *Id.*

1 In *In re Grand Jury Subpoena (Mark Torf/Torf Environmental*
2 *Management)*, 357 F.3d 900 (9th Cir.2004), the Ninth Circuit
3 addressed application of the work-product doctrine to dual
4 purpose documents, joining those Circuits in employing the
5 "because of" standard articulated in the Wright & Miller Federal
6 Practice treatise. *Id.* at 907. The EPA informed Ponderosa Paint
7 Manufacturing, Inc. that it was under investigation for violating
8 federal waste management laws. Ponderosa hired attorney McCreedy
9 to advise and defend it in anticipated civil and criminal
10 litigation with the Government. McCreedy, on behalf of
11 Ponderosa, hired Torf, an environmental consultant, to assist him
12 in preparing a legal defense for Ponderosa and as an
13 environmental consultant on Ponderosa's cleanup efforts at the
14 sites that aroused the EPA's suspicions. Seeking to avoid
15 litigation, Ponderosa submitted numerous documents to the EPA
16 pursuant to an Information Request from the EPA and an
17 Administrative Consent Order between Ponderosa and the EPA. Many
18 of these documents were prepared by Torf. The EPA was satisfied
19 that Ponderosa complied with both the Information Request and the
20 Consent Order. However, a grand jury investigating Ponderosa
21 issued a subpoena to Torf for "any and all records relating in
22 any way to any work" regarding "the disposal of waste material
23 ... from Ponderosa Paint[.]" *Id.* at 907. In adopting the
24 "because of" standard, the Ninth Circuit stated:

25 This formulation states that a document
26 should be deemed prepared 'in anticipation of
 litigation' and thus eligible for work

1 product protection under Rule 26(b)(3) if 'in
2 light of the nature of the document and the
3 factual situation in a particular case, the
4 document can be fairly said to have been
5 prepared or obtained because of the prospect
6 of litigation." Charles Alan Wright, Arthur
7 B. Miller, and Richard L. Marcus, 8 *Federal
8 Practice & Procedure*, § 2024 (2nd ed. 1994)
9

10 *Id.* The Ninth Circuit cited *United States v. Adlman*, 134 F.3d
11 1194 (2nd Cir.1998) as presenting a comprehensive discussion of
12 the "because of" standard:

13 The 'because of' standard does not consider
14 whether litigation was a primary or secondary
15 motive behind the creation of a document.
16 Rather, it considers the totality of the
17 circumstances and affords protection when it
18 can fairly be said that the 'document was
19 created because of anticipated litigation,
20 and would not have been created in
21 substantially similar form but for the
22 prospect of that litigation[.]' *Adlman*, 134
23 F.3d at 1195. Here, there is no question
24 that all of the documents were produced in
25 anticipation of litigation. McCreedy hired
26 Torf because of Ponderosa's impending
litigation and Torf conducted his
investigations because of that threat. The
threat animated every document Torf prepared,
including the documents prepared to comply
with the Information Request and Consent
Order, and to consult regarding the cleanup.

Id. at 908. The Ninth Circuit rejected the Government's argument
that the withheld documents would have been created in
substantially similar form in any event to comply with the
Information Request and the Consent Order, and, therefore, were
not protected by the work product doctrine:

The question of entitlement to work product
protection cannot be decided simply by
looking at one motive that contributed to a
document's preparation. The circumstances

1 surrounding the document's preparation must
2 also be considered. In the 'because of'
3 Wright & Miller formulation, 'the nature of
4 the document and the factual situation of the
5 particular case' are key to a determination
6 of whether work product protection applies.
7 Wright & Miller § 2024 (emphasis added).
8 When there is a true independent purpose for
9 creating a document, work product protection
10 is less likely, but when two purposes are
11 profoundly interconnected, the analysis is
12 more complicated.

13 Here, Ponderosa's response to the Information
14 Request and its accession to the Consent
15 Order were done under the direction of an
16 attorney in anticipation of litigation. By
17 cooperating with the EPA, Ponderosa sought to
18 avoid litigation ... Having chosen to pursue
19 a criminal investigation, the government now
20 seeks to capitalize on Ponderosa's earlier
21 cooperation and obtain all of Torf's
22 documents pertaining to the disposal of
23 Ponderosa's waste material. The withheld
24 documents, however, just like the others,
25 were prepared by Torf, at least in part, to
26 help McCreedy advise and defend Ponderosa in
anticipated litigation with the government.
Thus, the withheld documents fall within the
broad category of documents that were
prepared for the overall purpose of
anticipated litigation.

To the extent that *Adlman* suggests there is
no work product protection when, *viewed in*
isolation of the facts of the case, a
document can be said to have been created for
a nonlitigation purpose, we believe the
better view is set forth in two Seventh
Circuit cases. In the first, *In re Special*
September 1978 Grand Jury, 640 F.2d 49 (7th
Cir.1980) ('*Special September*'), the court
extended work product protection to materials
that were produced both in anticipation of
litigation and for the filing of Board of
Education reports required under state law.
Work product protection was proper because,
by the time the law firm's client received
the Board's request for the required reports,
the client had already received a subpoena
from a federal grand jury. The so-called

1 'independent' purpose of complying with the
2 Board's request was grounded in the same set
3 of facts that created the anticipation of
4 litigation, and it was the anticipation of
5 litigation that prompted the law firm's work
6 in the first place.

7 In the later case, *United States v.*
8 *Frederick*, 182 F.3d 496, 501-02 (7th
9 Cir.1999), the Seventh Circuit held that 'a
10 dual-purpose document - a document prepared
11 for use in preparing tax returns and for use
12 in litigation - is not privileged; otherwise,
13 people in or contemplating would be able to
14 invoke, in effect, an accountant's privilege,
15 provided that they used their lawyer to fill
16 out their tax returns.'

17 *Frederick* does not discuss or distinguish
18 *Special September*, but the two cases can be
19 reconciled by the extent to which the so-
20 called independent purpose is truly separable
21 from the anticipation of litigation. In
22 *Frederick*, at issue were accountants'
23 worksheets, albeit prepared by a lawyer, in
24 preparation of his clients' tax returns.
25 Although his clients were under investigation
26 (which the court acknowledged was a
'complicating factor'), work product
protection was ultimately inappropriate
because tax return preparation is a readily
separable purpose from litigation preparation
and 'using a lawyer in lieu of another form
of tax preparer' does nothing to blur that
distinction. *Frederick*, 182 F.3d at 501. In
Special September, on the other hand, the
materials used to prepare the Board of
Elections reports were compiled by lawyers
and were necessarily created in the first
place because of impending litigation.

Similarly here, by hiring McCreedy who in
turn hired Torf, Ponderosa was not assigning
an attorney a task that could just as well
have been performed by a non-lawyer. The
company hired McCreedy only after learning
that the federal government was investigating
if for criminal wrongdoing; a circumstance
virtually necessitating legal representation.
Torf assisted McCreedy in preparing
Ponderosa's defense. He also acted as an

1 environmental consultant on the cleanup.
2 Although in that capacity he could have been
3 retained by Ponderosa directly, this
4 circumstance does not preclude the
5 application of the work-product privilege to
6 documents produced in that capacity, if the
documents were also produced 'because of'
litigation. The challenged documents were
prepared under the direction of McCreedy, who
was providing legal advice to Ponderosa in
anticipation of the impending litigation.

7 We conclude that the withheld documents,
8 notwithstanding their dual purpose character,
9 fall within the ambit of the work product
10 doctrine. The documents are entitled to work
product protection because, taking into
11 account the facts surrounding their creation,
their litigation purpose so permeates any
non-litigation purpose that the two purposes
cannot be discretely separated from the
factual nexus as a whole.

12 *Id.* at 908-910.

13 In contending that the requested documents were prepared
14 "because of the prospect of litigation," Downey Brand asserts
15 that it was first contacted about the milk for equity agreements
16 in June, 2004 when it received a fax from counsel for Valley
17 Gold, Anthony Cary, regarding a California Department of Food and
18 Agriculture audit of Valley Gold. Downey Brand contends that
19 documents responsive to Requests 18-21 in Downey Brand's files
20 were generated in response to an investigation of Valley Gold by
21 the Department of Food and Agriculture and constitute documents
22 that were prepared in anticipation of litigation in the form of
23 administrative proceedings within the ambit of *Torf*, *supra*:

24 As in *Torf*, counsel for Valley Gold asked
25 Downey Brand for assistance in responding to
26 the Department's investigation/audit of
Valley Gold in conjunction with the milk for

1 equity agreements.

2 Plaintiffs respond that Downey Brand's work was
3 "transactional," rather than prepared in anticipation of a
4 regulatory investigation:

5 The Milk for Equity Contracts clearly were a
6 transactional proposal that was [sic]
7 prepared for business reasons. It is true
8 that the Department of Food and Agriculture
9 requested copies of the transactional
10 documents; and it is true that Mr. Colaw
11 wanted the assistance of Downey Brand's
12 attorneys in cleaning up and making the
13 transactional documents as legally binding as
14 possible. But Downey Brand's assignment was
15 not to deal with the Department of Food and
16 Agriculture or to prepare filings, arguments
17 or petitions for the administrative review
18 process. Rather, the task was to complete
19 the underlying transaction.

20 Downey Brand replies that the Court must consider that
21 Plaintiffs are requesting an attorney's files. Downey Brand
22 cites *Hickman v. Taylor*, 329 U.S. 495, 510 (1947):

23 Here is simply an attempt, without purported
24 necessity or justification, to secure written
25 statements, private memoranda and personal
26 recollections prepared or formed by an
adverse party's counsel in the course of his
legal duties. As such, it falls outside the
arena of discovery and contravenes the public
policy underlying the orderly prosecution and
defense of legal claims. Not even the most
liberal of discovery theories can justify
unwarranted inquiries into the files and the
mental impressions of an attorney.

Downey Brand asserts that the decision to retain some materials
and discard others is itself a manifestation of an attorney's
thought processes protected by the work product doctrine, citing
In re Allen, 106 F.3d 582, 608 (4th Cir.1997), cert. denied sub

1 *nom. McGraw v. Better Government Bureau*, 522 U.S. 1047 (1998):

2 Finally, we turn to Document no. 20. It
3 contains pages of selected employment records
4 concerning Donna Willis, which Allen
5 requested that Carolyn Stafford and Charlene
6 Vaughn provide to her. We have held that
7 attorney-client privilege does not protect
8 these records. Yet, just as Allen prepared
9 the interview notes and summaries in
10 anticipation of litigation, she also chose
11 and arranged these records in anticipation of
12 litigation. This choice and arrangement
13 constitutes opinion work product because
14 Allen's selection and compilation of these
15 particular documents reveals her thought
16 processes and theories regarding this
17 litigation.

18 Downey Brand contends that drafts are "core work product," citing
19 *Jack Winter, Inc. v. Koratron Co.*, 54 F.R.D. 44, 47
20 (N.D.Cal.1971) ("Matters that could be classified as attorney work
21 product, such as preliminary drafts of legal documents ... have
22 been classified as privileged"), as are strategic decisions in
23 responding to litigation, citing *Neese v. Pittman*, 202 F.R.D.
24 344, 350 (D.D.C.2001).

25 Downey Brand further replies that Plaintiffs' contention
26 that Downey Brand was asked to complete the transaction, not deal
27 with the Department of Food and Agriculture audit, is misplaced.
28 Downey Brand contends that "but for the investigation Downey
29 Brand would not have compiled the material - that alone is enough
30 to make it work product even if it might be considered
31 'transactional' in another context," citing *Torf*. Downey Brand
32 asserts:

33 Assuming the 'transaction/litigation'
34 distinction Plaintiffs attempt to draw was

1 recognized, documents prepared to resolve an
2 investigation are not 'transactional.'
3 Downey Brand was asked to assist in meeting
4 the Department's concerns regarding Valley
Gold's failure to pay for milk; the material
generated in attempting to resolve those
concerns is 'litigation' material.

5 The Court has reviewed all of the documents submitted by
6 Downey Brand in its "Privileged Documents for In Camera Review"
7 received by the Court on December 30, 2009 as responsive to
8 Plaintiff's Requests for Production Nos. 18-21. The documents
9 are covered by the work-product doctrine as articulated by Downey
10 Brand. Downey Brand's legal representation of Valley Gold
11 resulted from the Food and Agriculture's audit of the milk for
12 equity transactions, i.e., because of that audit as well as
13 litigation brought in state court. Counsel for Valley Gold
14 sought Downey Brand's assistance to prepare for in respect to an
15 audit of Valley Gold's business dealings with the prospect of a
16 future enforcement proceeding.

17 Plaintiffs cite *United States v. Nobles*, 422 U.S. 225, 239
18 (1975), in contending that an attorney who discloses the work
19 product by sharing it with a client or with another attorney,
20 waives the protection of the work product doctrine. Plaintiffs
21 refer to the second privilege log submitted by Downey Brand
22 which claims work-product protection for a document that was
23 prepared by another attorney who has not claimed work-product
24 protection, or were documents distributed to the management
25 committee and consultants for Valley Gold:

26 Requests 18 & 20:

1 Doc. A: Prepared by Anthony Cary;

2 Requests 19 & 21:

3 Doc. A: Prepared by Anthony Cary;

4 Doc. B: Prepared by Anthony Cary;

5 Doc. D: Prepared by Anthony Cary;

6 Doc. E: Prepared by Anthony Cary;

7 Doc. F: Prepared by Scott Collins;

8 Doc. G: Sent to Anthony Cary;

9 Doc. K: Sent to Anthony Cary;

10 Doc. L: Prepared by Anthony Cary;

11 Doc. M: Sent to Anthony Cary &

12 Management Committee;

13 Doc. N: Prepared by Anthony Cary;

14 Doc. O: Sent to Anthony Cary;

15 Doc. P: Sent to Anthony Cary;

16 Doc. Q: Prepared by Anthony Cary;

17 sent to Management Committee & others;

18 Doc. S: Prepared by Anthony Cary; sent to accounts and
19 managers;

20 Doc. T: Sent to Anthony Cary;

21 Doc. U: Sent to Anthony Cary and accountants;

22 Doc. V: Sent to Anthony Cary.

23 At the hearing, Plaintiffs asserted that Anthony Cary was the
24 attorney for CVD and that CVD and Valley Gold did not share a
25 community of common interest because Valley Gold owed a
26 significant amount of money to CVD. However, the documents

1 submitted with Downey Brand's "Privileged Documents for In Camera
2 Review" as responsive to Plaintiff's Requests for Production Nos.
3 18-21, indicate that Mr. Cary was acting on behalf of Valley
4 Gold, in several instances identifying himself as counsel for
5 Valley Gold. There is no indication that Mr. Cary was acting as
6 counsel for CVD at that time.¹

7 In *Nobles*, the Supreme Court held:

8 The privilege derived from the work-product
9 doctrine is not absolute. Like other
10 qualified privileges, it may be waived. Here
11 respondents sought to adduce the testimony of
12 the investigator and contrast his
13 recollection of contested statements with
14 that of prosecution witnesses. Respondent,
15 by electing to present the investigator as a
16 witness, waived the privilege with respect to
17 matters covered in his testimony. Respondent
18 can no more advance the work-product doctrine
19 to sustain a unilateral testimonial use of
20 work-product materials than he could elect to
21 testify in his own behalf and thereafter
22 assert his Fifth Amendment privilege to
23 resist cross-examination on matters
24 reasonably related to those brought out in
25 direct examination.

26 422 U.S. at 239. Here, Downey Brand asserts, Plaintiffs do not
argue that Downey Brand has injected any issue regarding the
administrative investigation into this action or that Downey
Brand's mental impressions, strategies or settlement postures are
directly at issue. Rather, Plaintiffs argue that the work-

¹Although Anthony Cary was named as a defendant in this
action, on October 4, 2007, Plaintiffs filed a Notice of Voluntary
Dismissal and Anthony Cary was dismissed from this action by Order
filed on October 10, 2007. CVD is not a party to this action.
Plaintiffs' derivative claim on behalf of CVD was dismissed with
prejudice in the Memorandum Decision and Order filed on March 13,
2008 (Doc. 67).

1 product privilege was waived when material was disclosed to third
2 parties.

3 Downey Brand cites *U.S. E.E.O.C. v. ABM Industries Inc.*, 261
4 F.R.D. 503, 512 (E.D.Cal.2009):

5 Disclosure to a third party does not
6 automatically waive the protection of the
7 work product doctrine ... Because one of the
8 primary functions of the work-product
9 doctrine is to prevent a current or potential
10 adversary in litigation from gaining access
11 to the fruits of counsel's investigation,
12 analysis, and strategies for developing and
13 presenting the client's case, any analysis of
14 work product waiver issues must focus on
15 whether the subject disclosures increased the
16 likelihood that a current or potential
17 opponent in litigation would gain access to
18 the disputed documents.

19 Asserting that the "litigation opponent" when the disputed
20 material was compiled was the Department of Food and Agriculture,
21 Downey Brand contends that Plaintiffs do not suggest that Downey
22 Brand did anything that increased the likelihood the Department
23 of Food and Agriculture would gain access to the material:

24 Plaintiffs do not contend in the Opposition
25 or elsewhere that the documents generated
26 during the investigation were signed, became
27 effective or were made public. See also SAC
28 at 34:21-25, 36:27-37:7 & 40:24-26, Doc. 71
29 (no claim against Downey Brand for damages
30 related to the 2003 agreements or the
31 Investigation). They present no evidence of
32 waiver through conduct that, for example,
33 they requested Cary's files compiled in
34 response to the Investigation and he produced
35 them without objection. In the absence of an
36 explicit waiver, a disclosure by Cary or
37 Downey Brand to an attorney representing a
38 common client does not waive the work product
39 doctrine.

40 Downey Brand cites *United States v. American Tel. and Tel. Co.*,

1 642 F.2d 1285, 1299-1300 (D.C.Cir.1980):

2 We do not endorse a reading of the *GAF Corp.*
3 standard so broad as to allow confidential
4 disclosure to any person without waiver of
5 the work product privilege. The existence of
6 common interests between transferor and
7 transferee is relevant to deciding whether
8 the disclosure is consistent with the nature
9 of the work product privilege. But 'common
10 interests' should not be construed as
11 narrowly limited to co-parties. So long as
12 the transferor and transferee anticipate
13 litigation against a common adversary on the
same issue or issues, they have strong common
interests in sharing the fruit of trial
preparation efforts. Moreover, with common
interests on a particular issue against a
common adversary, the transferee is not at
all likely to disclose the work product
material to the adversary. When the transfer
is to a party with such common interests is
conducted under a guarantee of
confidentiality, the case against waiver is
even stronger.

14 Disclosure of work product to a client or the client's counsel
15 does not waive the work product doctrine. See, e.g., *BP Alaska*
16 *Exploration, Inc. v. Superior Court*, 199 Cal.App.3d 1240, 1261
17 (1988):

18 We conclude from the cited cases that the
19 attorney's absolute work product protection
20 continues as to the contents of a writing
21 delivered to a client in confidence. The
22 protection precludes third parties not
23 representing the client from discovery of the
24 writing. The fact that the client does not
25 object to disclosure of the contents of the
26 writing does not lessen the attorney's need
for privacy. The recognition of an
attorney's right to assert a work product
protection in the contents of a writing after
it is delivered to the client strengthens the
attorney-client relationship by enabling the
attorney to evaluate his client's case and to
communicate his opinions to the client
without fear that his opinions and theories

1 will thereafter be exposed to the opposing
2 party or to the public in general for
3 criticism or ridicule.

4 Here, the documents submitted by Downey Brand in its
5 "Privileged Documents for In Camera Review" as responsive to
6 Plaintiff's Requests for Production Nos. 18-21 establish that the
7 exchanges of letters, emails and documents between Downey Brand,
8 Anthony Cary, various accountants, and members of Valley Gold's
9 management committee were for a common purpose in responding to
10 the Department of Food and Agriculture's audit and investigation
11 and a possible enforcement proceeding. Consequently, that some
12 of the described documents were not authored by Downey Brand does
13 not constitute a waiver of the work-product doctrine.

14 The documents responsive to Requests 18-21 are not relevant
15 to any claims Plaintiffs make against Downey Brand because
16 Plaintiffs do not assert a claim against Downey Brand based on
17 these documents, Plaintiff have testified that Downey Brand
18 attorneys were not present when the agreements were discussed,
19 and it is undisputed that the agreements were drafted by attorney
20 Curtis Colaw. At the hearing, Plaintiffs asserted that Anthony
21 Cary prepared the initial milk for equity contracts in 2003
22 without any input from Downey Brand and that Plaintiffs have at
23 least one version of the milk for equity contract the accuracy of
24 which Plaintiffs question because it looks like there was space
25 left to put in the effective date at later time. Plaintiffs
26 refer to Downey Brand's Second Corrected Privilege Log, Request
27 No. 19, Doc. B, which describes a "Fax from Cary to Koewler re

1 Valley Gold owner agreements (Jun. 30, 2003) with attached
2 draft." Noting that the date of the fax, June 30, 2003, predated
3 the Department of Food and Agriculture investigation, Plaintiffs
4 asserted at the hearing that this document is relevant because it
5 might substantiate their contention that the milk for equity
6 contract in Plaintiffs' possession is not an accurate copy.
7 However, the reference to June 30, 2003 in the Second Corrected
8 Privilege log is a typographical error. The document submitted
9 by Downey Brand in its Privileged Documents for In Camera Review
10 is actually dated June 30, 2004. As Downey Brand contends:

11 The requested material is not relevant to any
12 claim asserted against Downey Brand nor the
13 alleged inducement of Plaintiffs to enter
14 into the milk for equity agreements asserted
15 against other defendants. A party may not
16 obtain material protected by the work product
17 doctrine absent a substantial need or undue
18 hardship.

19 Plaintiffs respond:

20 To prepare their case for trial, plaintiffs
21 sought discovery information about the Milk
22 for Equity Contracts. Our understanding is
23 that the initial Milk for Equity Contracts
24 were prepared by an attorney named Curtis
25 Colaw. On December 9, 2004, Mr. Colaw
26 reported to the Department of Food and
Agriculture that Downey Brand had been hired
and was working to 'produce the proper
documentation, consistent with securities law
requirements' to formalize the Milk for
Equity Contracts. That collaboration led to
a final Milk for Equity Contract that was
presented to the Valley Gold investors in
[sic] April 1, 2005. An insufficient number
of investors signed the agreement and it was
thus never presented to the Department of
Food and Agriculture.

Valley Gold's milk handler's license was

1 suspended a short while later, and by July of
2 2005, the company had ceased operations and
 entered into a wind-down mode.

3 However, as Downey Brand replies:

4 Assuming these facts, if established, would
5 show materials compiled in 2003 related to
6 Plaintiffs' decision to forego payment for
7 mile were relevant, they have no relevance to
8 the requested material compiled in response
9 to the investigation in 2004. Any potential
 connection between these events is
 meaningless, however, for, in contrast to
 this argument, the facts demonstrate
 Plaintiffs have admitted there is no
 connection between Downey Brand and their
 agreements in 2003.

10 Downey Brand's position is well-taken. The requested
11 documents are not relevant to any claim against Downey Brand.

12 CONCLUSION

13 For the reasons stated:

14 1. Downey Brand's motion for reconsideration of the
15 February 1, 2010 Memorandum Decision is GRANTED;

16 2. Downey Brand's motion for protective order precluding
17 its response to Plaintiffs' Requests for Documents Nos. 18-21
18 pursuant to the work-product doctrine is GRANTED;

19 3. The Clerk of the Court is directed to file and docket
20 Downey Brand's Second Corrected Privilege Log.

21 4. Downey Brand shall retain the two binders and their
22 entire contents, captioned Privileged Documents for In Camera
23 Review provided to the Court on December 29, 2009, until the
24 final resolution of this case, including any appellate review.

25 ///
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1 IT IS SO ORDERED.

2 **Dated: June 22, 2010**

/s/ Oliver W. Wanger
UNITED STATES DISTRICT JUDGE

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