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13 Asia Economic Institute LLC,  
14 Raymond Mobrez, and  
15 Iliana Llaneras

16 **UNITED STATES DISTRICT COURT**  
17 **CENTRAL DISTRICT OF CALIFORNIA**

18 ASIA ECONOMIC INSTITUTE LLC, a  
19 California LLC, RAYMOND MOBREZ an  
20 individual, and ILIANA LLANERAS, an  
21 individual,

22 Plaintiffs,

23 vs.

24 XCENTRIC VENTURES, LLC, an Arizona  
25 LLC, ~~ASIA ECONOMIC INSTITUTE LLC~~  
26 and/or BADBUSINESSBUREAU.COM  
27 and/or RIP OFF REPORT and/or  
28 RIPOFFREPORT.COM; BAD BUSINESS  
BUREAU, LLC, organized and existing under  
the laws of St. Kitts/Nevis, West Indies;  
EDWARD MAGEDSON an individual, and  
DOES 1 through 100, inclusive,

Defendants.

) Case No.: 2:10-cv-01360-SVW-PJW

) **JOINT RULE 26(f) REPORT OF**  
) **PLAINTIFFS AND OF DEFENDANTS**  
) **XCENTRIC VENTURES, LLC AND**  
) **EDWARD MAGEDSON**

) The Hon. Steven V. Wilson

) Complaint Filed: January 27, 2010  
) Pretrial Conference: 3:00 p.m., August 2, 2010  
) Trial Date: 9:00 a.m., August 3, 2010  
) Place: Courtroom: 6

Asia Economic Institute et al v XCENTRIC VENTURES, LLC et al

Doc. 101 Att. 4

**JOINT RULE 26(f) REPORT**

The conference of parties took place on April 27, 2010. Plaintiffs Asia Economic Institute, LLC, Raymond Mobrez and Iliana Llaneras (“Plaintiffs”) and Defendants Xcentric Ventures, LLC and Edward Magedson (“Defendants”) conferred in good faith through counsel on the topics required by Rule 26(f)(2)-(4) and Local Civil Rule 26-1 and hereby jointly submit their report.

**I. Discovery Plan (Rule 26(f)(3))**

**A. Rule 26(a) Disclosures**

Defendants served their Rule 26(a) disclosures on April 21, 2010. Plaintiffs served their Rule 26(a) disclosures on April 23, 2010. Plaintiffs have notified Defendants that they will supplement their Rule 26(a) disclosures.

Defendants contend that Plaintiffs have not complied with their disclosure obligations under Rule 26(a). The parties are in the process of meeting and conferring regarding this issue and will present the matter to the court if necessary.

**B. Subjects, When Completed, Phases**

This Court has bifurcated the trial. The trial will only address extortion. (DN-26)

Plaintiffs’ position is that written discovery should be conducted in phases, and focus solely on the elements of extortion and RICO, and Defendants’ anticipated defenses. Plaintiffs want to adhere to the timing for responses under the Federal Rules, but would be willing to consider expedited responses in good faith on a case-by-case basis. Plaintiffs volunteered to stipulate to a voluntary stay of discovery on all matters not covered by the August 3, 2010 trial. The parties will meet and confer on bifurcation of discovery on May 11, 2010 at 2:00 p.m.

Defendants’ position is that they object to the bifurcation of the trial in the matter. As to the concept of a stay on discovery relating to non-RICO matters, Defendants cannot agree to a stay of *discovery* unless the court orders a substantive stay as to all non-RICO matters as opposed to simply bifurcating those matters. In other words, if plaintiffs are asserting any claims which have not been stayed, then defendants intend to pursue discovery as to those claims.

1 The parties jointly agreed to set the depositions of Plaintiffs Raymond Mobrez and Iliana  
2 Llaneras for the week of May 3, 2010. The parties later agreed to set the depositions of Mr.  
3 Mobrez and Ms. Llaneras for May 7, 2010 in Los Angeles, California. The deposition of  
4 Raymond Mobrez took place on May 7, 2010. The deposition of Iliana Llaneras was put off for a  
5 later date to be determined. In and after the deposition of Mr. Mobrez, Defendants' counsel  
6 asserted that there were discrepancies between the deposition testimony and earlier declarations  
7 filed in this action. Plaintiffs will file corrected declarations or otherwise correct any  
8 discrepancies in the record as soon as possible.

9 Defendants reserve the right to seek additional deposition testimony from plaintiffs in the  
10 event they file declarations containing testimony which conflicts with any previous testimony  
11 given in this matter.

12 The parties jointly agreed to set the deposition of Defendant Edward Magedson for the  
13 week of May 10, 2010.

14 **C. Electronically Stored Information, Forms in Which Produced**

15 Plaintiffs are seeking electronically stored information (ESI). Plaintiffs referred  
16 Defendants to the Sedona Conference Cooperation Proclamation concerning ESI and requested  
17 the parties follow it where possible in this action.

18 In particular, Plaintiffs will seek emails between Defendants and the approximately 70 or  
19 80 known participants in the Corporate Assistance Program ("CAP") concerning the CAP  
20 program alleged, inter alia, in paragraphs 2, 20, 25, 26, 30, 31, 33, 36, 62, 75 and 77 of the  
21 Complaint. Plaintiffs offered to consider a sample set of such emails to avoid unnecessary,  
22 burdensome potential production of millions of irrelevant electronic documents.

23 In addition, Plaintiffs will seek discovery on the HTML source code and meta tags  
24 associated with the portions of the ripoffreport.com website relating to postings about Plaintiff  
25 and about CAP program participants before and after joining the CAP program, as alleged, inter  
26 alia at paragraph 25 of the Complaint, and the relationship between such HTML source code and  
27 meta tags and Defendants' offer to "change[] the negative listings on search engines into a  
28

1 positive along with all the Reports on Rip-off Report,” as alleged, inter alia, in paragraphs 31,  
2 32 and 62 of the Complaint.

3 Plaintiffs requested that Defendants’ counsel instruct their clients to preserve all such ESI  
4 and associated metadata, particularly metadata history, and to instruct their clients to take steps  
5 to retain all backups and safeguards and prevent such ESI and metadata from being overwritten,  
6 erased, lost or destroyed during the course of this action.

7 Plaintiffs requested that Defendants produce ESI in electronic, searchable format, and  
8 that Defendants’ counsel instruct its client to preserve all such ESI and associated metadata in  
9 native format.

10 Defendants’ Position: Plaintiffs have not served any written discovery requests  
11 identifying specific areas of information being sought. Until such time as such requests have  
12 been served, defendants are not in a position to know whether plaintiffs are requesting  
13 information that may be relevant or information which is not relevant.

14 Defendants have agreed to preserve any and all information in their possession which  
15 may be relevant to the claims in this case. However, because defendants operate a live/dynamic  
16 website which contains millions of unique postings that are constantly being updated,  
17 supplemented, and/or changed via the addition of new information, it is not possible for  
18 defendants to preserve any snapshots of unknown information which plaintiffs have neither  
19 identified nor requested.

20 **D. Privilege or Protection**

21 While Plaintiffs believe that discovery as to the defamation claims should be stayed,  
22 Plaintiffs will seek the identity of the alleged authors of the posts at issue in this action if  
23 necessary. Plaintiffs will address the possible First Amendment privilege asserted by Defendants  
24 regarding identification of the alleged authors of those posts at that time.

25 Plaintiffs do not believe a protective order is necessary in this action. Defendants have  
26 furnished a proposed protective order concerning confidentiality to Plaintiffs for consideration.  
27 Plaintiffs contend that a protective order is not essential in this matter as no confidential  
28 information has been identified by Defendants.

1 Defendants contend that a protective order is essential in this matter insofar as plaintiffs  
2 may request the production of confidential, proprietary, and/or sensitive financial information.  
3 In addition, insofar as plaintiffs may seek to discover the identity of any author(s) of posting  
4 made to the Ripoff Report website, this information is protected under the First Amendment and  
5 cannot be released without first providing notice to the non-party author, among other things.  
6 See *Mobilisa v. Doe*, 217 Ariz. 103, 170 P.3d 712 (App. 2007); *Best Western Int'l v. Doe*, 2006  
7 WL 2091695 (D.Ariz. 2006); *UMG Recordings, Inc. v. Does 1-4*, 2006 WL 1343597 (N.D.Cal.  
8 2006).

9 **E. Limitations**

10 Plaintiffs do not propose any limitations on discovery beside Plaintiffs' proposal for  
11 conducting discovery in phases and Defendants' proposal to shorten response times.

12 Assuming that plaintiffs serve discovery which seeks correspondence between defendants  
13 and third parties, defendants contend that this information is not relevant to any of plaintiffs'  
14 claims in this case and is therefore not discoverable pursuant to Fed. R. Civ. P. 26(b)

15 **II. Additional Topics (Local Civil Rule 26-1)**

16 **A. Complex Cases**

17 The parties do not deem this action complex.

18 **B. Motion Schedule**

19 Plaintiffs are considering making a motion for an order to bifurcate discovery in  
20 accordance with the bifurcated trial. Plaintiffs advised Defendants that they reserve the right to  
21 oppose the pro hac vice application of Maria Crimi Speth to enter an appearance as an attorney  
22 for Defendants in this action.

23 Defendants contemplate making a motion for summary judgment and a motion for  
24 sanctions pursuant to Fed. R. Civ. P. 11 within approximately 30 days.

25 **C. Settlement**

26 Plaintiffs sent a written settlement proposal to Defendants on April 21, 2010. Defendants  
27 acknowledged receipt. Defendants have responded to that settlement proposal.

1 The parties agreed to use Local Civil Rule 16-15.4 Settlement Procedure No. 1, appearing  
2 before the magistrate judge assigned to this case to satisfy Local Civil Rule 16-15.4 mandatory  
3 settlement requirement. Parties have obtained potential settlement conference dates before the  
4 magistrate judge assigned to this case of July 14, July 15, and July 16, 2010 at 11:00 a.m. and  
5 will mutually decide on one of those dates.

6 The parties have discussed the Mandatory ADR Pilot program and prefer to use the  
7 conference before the magistrate judge as a settlement mechanism. The parties will supplement  
8 this report with the Mandatory ADR Pilot program questionnaire if necessary.

9 **D. Trial Estimate**

10 Plaintiffs expect the trial of this matter to take 5 days or less. Plaintiffs request a bench  
11 trial, not a jury trial.

12 Defendants' position: pursuant to the Court's April 19, 2010 minutes (Doc. #26) this  
13 matter is set for a jury trial beginning on August 3, 2010. Defendants believe a trial by jury is  
14 appropriate for this cause and estimate trial should take approximately 3-5 days.

15 **E. Additional Parties**

16 Plaintiffs do not anticipate adding additional parties to the bifurcated trial on extortion.  
17 Discovery is ongoing, and Plaintiffs reserve the right to amend the pleadings and add additional  
18 parties.

19 **F. Expert Witnesses**

20 Plaintiffs anticipate using an expert witness on the subjects of search engine optimization  
21 (SEO), meta tagging and source code. Expert witness reports would be exchanged as soon as  
22 practicable.

1 Defendants' anticipate that experts may be needed for one or more issues, but believe it is  
2 premature to determine the exact number and topics at this time.

3  
4 DATED: May 10, 2010

Respectfully submitted,

5 **ASIA ECONOMIC INSTITUTE**

6 /s/ Lisa J. Borodkin

7 Daniel F. Blackert  
8 Lisa J. Borodkin  
9 Attorneys for Plaintiffs  
10 Asia Economic Institute LLC,  
11 Raymond Mobrez and Iliana  
12 Llaneras

11 **GINGRAS LAW OFFICE, PLLC**

12 /s/ David S. Gingras

13 David S. Gingras  
14 Attorney for Defendants  
15 Xcentric Ventures, LLC and Edward  
16 Magedson

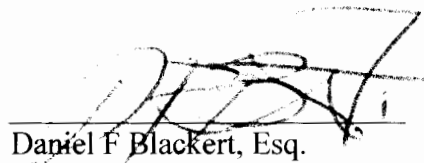
**CERTIFICATE OF SERVICE**

I certify that on May 10, 2010 I electronically transmitted the attached document to the **Clerk's Office using the CM/ECF** system for filing, and for transmittal of a **Notice of Electronic Filing, to the following CM/ECF registrants:**

And with copies by US Mail to the following:

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Honorable Stephen V. Wilson  
U.S. District Judge

  
Daniel F Blackert, Esq.