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 8 Raymond Mobrez, and
 9 Iliana Llaneras

10 UNITED STATES DISTRICT COURT
 11 CENTRAL DISTRICT OF CALIFORNIA

11 ASIA ECONOMIC
 12 INSTITUTE, LLC, a California
 13 LLC; RAYMOND MOBREZ an
 14 individual; and ILIANA
 15 LLANERAS, an individual,

15 Plaintiffs,

16 vs.

17 XCENTRIC VENTURES, LLC,
 18 an Arizona LLC, doing business
 19 as BADBUSINESS BUREAU,
 20 RIPOFF REPORT, and
 21 RIPOFFREPORT.COM,
 22 BAD BUSINESS BUREAU,
 23 LLC, organized and existing
 24 under the laws of St. Kitts and
 Nevis, West Indies; EDWARD
 25 MAGEDSON an individual, also
 26 known as EDWARD
 27 MAGIDSON also known as the
 "Editor," and DOES 1 through
 28 100, inclusive,

Defendants.

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

SECOND AMENDED COMPLAINT FOR:

- (1) **UNFAIR BUSINESS PRACTICES -- CAL. BUS. & PROF. CODE § 17200 et seq.**
- (2) **DEFAMATION**
- (3) **DEFAMATION PER SE**
- (4) **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS**
- (5) **NEGLIGENT INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS**
- (6) **NEGLIGENT INTERFERENCE WITH ECONOMIC RELATIONS**
- (7) **DECEIT**
- (8) **FRAUD**
- (9) **INJUNCTION**

JURY TRIAL DEMANDED

1 Plaintiffs Asia Economic Institute, LLC (“Asia Economic Institute” or
2 “AEI”), Raymond Mobrez (“Mobrez”) and Iliana Llaneras (“Llaneras”)
3 (collectively, “Plaintiffs”) complain of defendants Xcentric Ventures, LLC doing
4 business as Ripoff Report, Bad Business Bureau, RipoffReport.com and
5 BadbusinessBureau.com (“Xcentric”), Bad Business Bureau LLC (“Bad Business
6 Bureau”) and Edward Magedson, also known as Ed Magedson, also known as
7 Edward Magidson, also known as “the EDitor” (“Magedson”) (collectively,
8 “Defendants”), and alleges as follows:

9 **I.**

10 **JURISDICTION AND VENUE**

11 1. This action arises under California law and the amount in controversy
12 exceeds the jurisdictional minimum of this Court.

13 2. Jurisdiction is proper pursuant to Cal. Civ. Pro. Code § 410.10. Each
14 Defendant has sufficient minimum contacts with California, is a citizen of
15 California, or otherwise purposefully avails itself of benefits from California or
16 doing business in California so as to render the exercise of jurisdiction over it by
17 the California courts consistent with traditional notions of fair play and substantial
18 justice.

19 3. Specifically, this Court has personal jurisdiction over Defendants because
20 of the following:

- 21 a. In an email from Defendant, Magedson to Plaintiff, Mobrez,
22 Magedson claims to reside in California;
- 23 b. Defendants solicit donations from individuals and businesses in
24 California;
- 25 c. Defendants have received donations from individuals and businesses
26 in California;
- 27 d. Users of Defendants’ websites reside in California;
- 28 e. Individuals and businesses in California have purchased merchandise
from Defendants’ websites;
- f. Defendants sell advertising space to businesses located in California;
- g. Individuals and businesses located in California have and continue to
be enrolled in the CAP program; and

1 h. Defendants' legal directory –located on Defendants' websites- posts a
2 listing of California attorneys who will litigate lawsuits (mostly class
3 actions) for individuals and business who have allegedly been ripped
4 off.

4. Venue is proper pursuant to Cal. Civ. Pro. Code § 395. Defendants'
5 obligation and liability arises in this county because Defendant's unlawful
6 conduct substantially occurs in this judicial district and Defendants solicit
7 and engage in business within this judicial district.

8 **II.**

9 **THE PARTIES**

10 1. Plaintiff Asia Economic Institute is a limited liability company and, at
11 all times relevant hereto, organized and existing pursuant to the laws of the State of
12 California, and is authorized to do business in the State of California. Plaintiff Asia
13 Economic Institute has its principal place of business at 11766 Wilshire Boulevard,
14 Suite 260, Los Angeles, California 90025. AEI is currently in business however
15 has been unable to generate any income due to the defamatory reports appearing on
16 Defendants websites.

17 2. Plaintiff Mobrez is an individual and, at all times relevant hereto, a
18 resident of Los Angeles, California, County of Los Angeles. Plaintiff Mobrez is a
19 principal and manager of Asia Economic Institute, LLC. In addition, as a
20 California-licensed broker, Mr. Mobrez derives a significant amount of revenue
21 from brokering commercial real estate transactions.

22 3. Plaintiff Llaneras is an individual and, at all times relevant hereto, a
23 resident of California, County of Los Angeles. Plaintiff Llaneras is a principal and
24 manager of Asia Economic Institute, LLC. In addition, as a California-licensed
25 broker, Ms. Llaneras derives a significant amount of revenue from brokering
26 commercial real estate transactions.

27 4. Defendant Xcentric is a limited liability company organized and
28 existing pursuant to the laws of the State of Arizona with its purported domestic
address as P.O. Box 470, Phoenix, Arizona 85280. Plaintiffs are informed and

1 believe and thereon allege that Xcentric is owned by a single member, Creative
2 Business Investment Concepts, Inc., a Nevada corporation located at 2533 North
3 Carson Street, Carson City, Nevada 89706. Defendant Xcentric transacts business
4 in interstate commerce as, inter alia, “Ripoff Report,” an enterprise, located in this
5 judicial district and elsewhere in California and Arizona, and employs, contracts
6 with and engages individuals, partnerships and business entities, who share the
7 common goals of perpetuating the goals and purpose of the Ripoff Report
8 enterprise, pursuant to long-term relationships, drawing from the same pool of
9 associates and spanning several years, from at least 2005 to the present, and
10 sharing in the substantial financial and other benefits derived therefrom.

11 5. Plaintiffs are informed and believe and thereon allege that Xcentric
12 operates or manages the Ripoff Report enterprise and substantially directs many of
13 its activities and operations, including selling goods and services; acquiring
14 exclusive, perpetual, world-wide copyrights in original text and graphical content
15 about businesses, consumer goods and services, as well as the intimate personal
16 lives of private individuals, in the form of “reports” (“Rip-off Reports” or
17 “Reports”),¹ “rebuttals” and “comments”; writing and producing original, paid,
18 sponsored endorsements and testimonials of consumer businesses, goods and
19 services – often substantially co-written by the subjects themselves – as
20 “investigations” and “notices”; thereafter distributing, displaying, publishing,
21 continuously republishing, indexing, and optimizing for the Web such acquired
22 and paid, self-produced content to make the content interactive and easily
23 searchable by commercial Internet search engines; advertising against such
24 acquired and self-produced, paid content, deriving revenues based in part on
25 demonstrated analytics including numbers of unique visitors, page views and ad
26 clicks; attracting visitors to its website for the purpose of selling them goods and
27

28 ¹ For avoidance of confusion, Defendants’ business is referred to herein as “Ripoff Report”
while the reports themselves are referred to as “Rip-off Reports” or “Reports.”

1 services, increasing its analytics, enhancing the website’s “authority” or
2 “reputation” with Internet search engines, and soliciting additional content to add
3 to its massive compilation of business, consumer and personal data; and creating,
4 modifying, customizing or licensing software code, database architecture, network
5 and computer programming. In operating or managing the Ripoff Report
6 enterprise, Xcentric uses instrumentalities of interstate commerce, specifically
7 wire, including through websites hosted at the domain names “ripoffreport.com,”
8 “badbusinessbureau.com,” “ripoffreport.net” and “ripoffreport.org,” among others,
9 all of which redirect to the Uniform Resource Locator (“URL”) for Defendants’
10 primary website, <http://www.ripoffreport.com> (the “ROR Website”, sometimes
11 “ROR”) and self-hosted electronic mail services operated through the
12 “ripoffreport.com” domain name. Plaintiffs are informed and believe and thereon
13 allege that the domain names for the ROR Website and electronic mail services are
14 registered by directNIC, located at West Bay, Grand Cayman, hosted by
15 Intercosmos Media Group, Inc. with servers located in Ankara, Turkey, and
16 directed, operated and controlled from Maricopa County, Arizona.

17 6. Plaintiffs are informed and believe and thereon allege that Defendant
18 Bad Business Bureau is, or was at times relevant hereto, a limited liability
19 company organized and existing pursuant to the laws of Saint Kitts or Nevis, West
20 Indies. Defendant Bad Business Bureau is or was the predecessor to Xcentric in
21 operating and managing the Ripoff Report enterprise and is or was otherwise
22 associated with the Ripoff Report enterprise.

23 7. Defendant Edward Magedson, also known as Ed Magedson, also
24 known as Edward Magidson, also known as “the EDitor (“Magedson”) is an
25 individual and, at all times relevant hereto, a resident of the State of Arizona and/or
26 the State of California and, by his own admission, represented himself at certain
27 times relevant hereto as present in the State of California. Magedson is the
28 Manager of Xcentric and Bad Business Bureau, the “Editor” of Ripoff Report and
operates and manages activities of the Ripoff Report enterprise, including by, inter

1 alia, making top-level policy, business, risk management, legal and strategy
2 decisions, sometimes in consultation with outside counsel; operating and managing
3 business conducted through the ROR Website; administering its Corporate
4 Advocacy and Remediation Program; performing investigations of the veracity of
5 the contents of certain reports; writing and publishing findings; collaborating with
6 the subjects of paid testimonials and endorsements in writing original content
7 about them and publishing it through the ROR Website; communicating with
8 individual subjects of reports by electronic mail, particularly to urge them to file
9 rebuttals or comments to existing Reports; supervising or acting in association with
10 a currently unknown individual identified only by the electronic mail address
11 “Karen@ripoffreport.com” at certain times relevant herein, whose duties included
12 responding to complaints that rebuttals were not posting or were being posted to
13 the wrong reports; engaging, supervising and collaborating with counsel to draft
14 significant and influential portions of the ROR Website and otherwise. Magedson
15 uses instrumentalities of interstate commerce to conduct these activities,
16 specifically wire.

17 8. Xcentric and its associates in the Ripoff Report enterprise use
18 extremely aggressive litigation strategies to, inter alia, protect and perpetuate its
19 business model, and silence and retaliate against their critics, including by
20 affirmatively initiating an Arizona state court action against Washington State-
21 based attorney and search engine optimization consultant and blogger Sarah L.
22 Bird, Xcentric Ventures LLC v. Bird, (D. Ariz. 09-cv-1033) which action was
23 dismissed on jurisdictional grounds and is currently on appeal to the Ninth Circuit
24 Court of Appeals (10-1546); initiating an Arizona state court defamation action
25 against Phoenix New Times reporter Sarah Fenske, her husband, a source for an
26 article, the source’s spouse and the publishers, Xcentric v. Village Voice Media,
27 CV2008-2416 (Arizona Sup. Ct. for Maricopa County); and is currently opposing
28 an appeal to the Seventh Circuit (10-1167) in Blockowicz v. Williams, 675 F.

1 Supp. 2d 912 (N.D. Ill. 2009) (09-cv-3955) regarding its purported right to defy
2 compliance with a permanent injunction ordering it to remove defamatory content.

3 9. The Ripoff Report enterprise until approximately May or June 2010
4 had a regular business practice of secretly recording or causing to be recorded all
5 telephone conversations to its business telephone number, in association with an
6 unidentified vendor, without disclosure to or consent of all parties to the telephone
7 conversations, in violation of, inter alia, the wiretapping laws of the State of
8 California. The Ripoff Report has used or attempted to use the contents of such
9 secret recordings as a surprise litigation tactic in actions in, inter alia, California
10 and Arizona. Defendants used instrumentalities of interstate commerce,
11 specifically wire, to record such telephone calls.

12 10. The true names and capacities, whether individual, corporate, or
13 otherwise, of Defendants DOES 1 to 100 are unknown to Plaintiffs at the present
14 time, which therefore sue such Defendants by fictitious names, and will amend this
15 Complaint to show their true names and capacities when ascertained. Plaintiffs are
16 informed and believe and thereon allege that each of the defendants assigned as a
17 DOE is responsible in some manner for the events and happenings herein referred
18 to, and thereby proximately caused injuries and damages to the Plaintiffs. Plaintiffs
19 will amend this complaint to add as defendants in this action those individuals and
20 entities who have assisted Defendants in perpetrating the acts and omissions
21 complained of herein, including additional individuals and entities complicit in
22 managing and operating the affairs of the Ripoff Report enterprise.

23 24 **III.**

25 **SUMMARY OF THE ALLEGATIONS**

26
27 11. The Ripoff Report enterprise takes advantage of the average person's
28 lack of sophistication in technology, reliance on Internet search engines, and
general lack of time. It misrepresents its true nature to the public and places its

1 victims in desperate positions through elaborate technological and legal traps and
2 artifices. It then intimidates and defrauds its victims into believing that the only
3 practical way of saving their good names is to defend them on its home turf, the
4 ROR Website, where it makes the rules, it decides who gets heard, and most of all,
5 it makes money. Many do, not realizing until it is too late, that they are only
6 aggravating their injuries and enriching Defendants by doing so.

7 12. The Ripoff Report enterprise is the ultimate Internet “troll.”² It
8 survives and earns revenues through a fraudulent scheme (the “Content Trolling
9 Scheme”) by building a huge database of controversial content about other people
10 and businesses (“victims” or “subjects”), which it then enhances for search engines
11 and advertisers, often with additions from the victims themselves. The Ripoff
12 Report enterprise runs the Content Trolling Scheme by tricking its victims through
13 various misrepresentations of material fact conveyed through the ROR Website
14 and in electronic mail, and otherwise furthered by use of the wires, into believing
15 there is no legal redress for them in the courts, that the Reports will forever remain
16 as a “Scarlet Letter” on their permanent records, and that their best available option
17 is to file a rebuttal.

18 13. The Ripoff Report enterprise solicits purely negative, often hateful
19 and extremely personal – and in many instances, judicially recognized as
20 defamatory – content in the form of Rip-off Reports. The Ripoff Report enterprise
21 acquires ownership of all content contributed through the ROR Website under an
22 exclusive grant of copyright before it is ever published to the web. Before
23 publishing Reports, the Ripoff Report enterprise conducts its own-pre-publication
24 review, whereby it filters out the positive and publishes only the negative,
25 sometimes redacting or disclaiming portions of the content, at times in a manner

27 ² Wikipedia defines an Internet troll as “someone who posts inflammatory, extraneous, or off-
28 topic messages in an online community, such as an online discussion forum, chat room, or blog
with the primary intent of provoking other users into a desired emotional response.”

1 that significantly changes its meaning, and in certain cases (often under a financial
2 arrangement) adds additional content that completely transforms or negates its
3 meaning, or, for a fee, suppresses the Reports from publication altogether.

4 14. Cloaked in the false disguise of a consumer advocate, the Ripoff
5 Report enterprise purports to advise the victims of the Content Trolling Scheme
6 that the “best” thing they can do is to file a “free” rebuttal. Unbeknownst to the
7 victims, the “free” rebuttals come at a cost. A rebuttal is likely to make the
8 negative content in a Report go up in page rank in search engine queries, while
9 doing nothing to alter the snippets of negative content that appear as search results.
10 The Ripoff Report enterprise does not disclose its own financial self-interest in
11 having victims file rebuttals –fresh content and page visits that make the ROR
12 Website more attractive to search engines and online advertisers. The Ripoff
13 Report enterprise does not disclose that some Reports do come down, and are
14 materially altered or suppressed, for a price. Without knowing all this, the victims
15 file rebuttals. The Ripoff Report enterprise then leads its victims down a path
16 toward applying for the Corporate Advocacy Program, which promises to turn a
17 negative into a positive, and seeking either exorbitant fees or tax returns and
18 personal information, and conditioning acceptance in to the program on repeated
19 “admissions of responsibility” more akin to the Salem Witch Trials or Spanish
20 Inquisition than an outsourced customer satisfaction program.

21 15. By the time the victims realize that the best way of dealing with a
22 Report may be to let it sink to the bottom over time, the damage has often been
23 done. The victims have sat on their rights, business has evaporated, houses have
24 gone into foreclosure, and the Reports have been pushed so far up in page rankings
25 that it takes significant additional money and time to post alternative, positive
26 content about themselves to the Web to undo the damage to their online
27 reputations.

28 16. The Ripoff Report enterprise profusely claims that “Reports” never
come down. But, for a price, the Ripoff Report enterprise will sell something even

1 more valuable – the opportunity to change a negative Google search engine result
2 into a positive. The Ripoff Report enterprise markets the Corporate Advocacy
3 Program (“CAP”) to the subjects of Reports, typically after strongly urging them to
4 file rebuttals. By joining CAP or otherwise making financial arrangements with
5 the Ripoff Report enterprise, a subject can buy the privilege of essentially writing
6 (or approving) her own Google search result. The CAP member writes or approves
7 between 250 and 350 additional words of positive content that will be inserted into
8 the body of a Report and also in a known strategic location in the HTML for the
9 Report. 250 words is just the right amount of text to push the surrounding negative
10 content so far down in the HTML as to be irrelevant to search engines. Thus,
11 negative content virtually disappears from the Google search results for CAP
12 members, replaced by the words approved by the CAP member. Because Google’s
13 search algorithms are generally influenced to select text that “matches,” between
14 both a web page and the corresponding HTML (that is, identical text that is present
15 in both), putting the positive content in the strategic location in the HTML, along
16 with a matching block of text in the Report effectively negates the harmful effect of
17 the Report with the Google search engine, while allowing Defendants to continue
18 claiming (falsely) that they “never remove Reports.”

19 17. There are at least two ways to get into CAP. One is to follow the
20 application process, admit fault, sign away important legal rights, and pay
21 exorbitant prices starting at thousands of dollars over a three-year period. The other
22 way is to sue Defendants. In order to preserve the fiction that they “never lose a
23 case” and that plaintiffs pay all their attorneys’ fees, the Ripoff Report enterprise
24 sometimes settles difficult cases by channeling the plaintiffs into CAP or similar
25 arrangements.
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IV.

FACTUAL ALLEGATIONS COMMON TO ALL CLAIMS

A. Defendants' Business and the ROR Website

18. Defendants Xcentric, Bad Business Bureau and Magedson, doing business as “Bad Business Bureau” and “Ripoff Report,” together and in association with other individuals, partnerships and business entities, including employees, contractors, consultants, counsel, service providers and other participants, acting with a common purpose, pursuant to relationships among those associated with the Ripoff Report enterprise, with longevity sufficient to pursue the purposes of the Ripoff Report enterprise, operate and manage the affairs of the Ripoff Report enterprise, often through the ROR Website.

19. Defendants control other domain names that redirect visitors to the ROR Website, including, *inter alia*, ripoffreport.net, ripoffreport.org, and badbusinessbureau.com. The Ripoff Report enterprise transacts a substantial amount of its affairs through the domain name “ripoffreport.com,” both through the ROR Website and through electronic mail emanating from email addresses including info@ripoffreport.com, Editor@ripoffreport.com and karen@ripoffreport.com.

20. The Ripoff Report enterprise must be viewed for what it is – a self-interested business model, not a disinterested consumer advocacy or consumer-protection, public service. The Ripoff Report enterprise is a for-profit business. The Ripoff Report enterprise earns revenues from the sale of goods and services and Web-based advertisements, which generate revenues based in part upon analytics including, Internet visitor traffic, page visits, page views, length of visit, number of clicks on advertisements and links, and link referrals to paid advertisements, whether under a revenue-sharing agreement or fee for advertising model.

1 21. The Ripoff Report enterprise uses instrumentalities of interstate
2 commerce, specifically wire, to further its purposes, including conducting the
3 “Content Trolling Scheme” and other schemes that protect its revenues and power.

4 22. The Ripoff Report enterprise conducts its “trolling” on two levels.
5 One is on the visible, superficial level of what it publishes on web pages at the
6 ROR website, in the contents of the Reports, rebuttals, comments, advertisements
7 and editorials. The Ripoff Report enterprise painstakingly frames any legal
8 challenge to its practices solely as a challenge to its conduct on this first, visible,
9 two-dimensional plane.

10 23. However, the true, three-dimensional space in which the Ripoff
11 Report enterprise conducts its “trolling” for content, page views and visitors occurs
12 on the level of the dynamic, semantic computer code that makes the first level of
13 content searchable and interactive. For each web page comprising the ROR
14 Website, there is an accompanying page of Hypertext Markup Language code
15 (“HTML”). The HTML for a web page is responsible for generating what people
16 see on their Internet browsers, influences how the page ranks with search engines,
17 and influences what appears in the snippets of content displayed as search engine
18 results, which is often the public’s first impression of any web page on the Internet.

19 24. The Ripoff Report enterprise determines not only what goes into web
20 pages, but also what goes into the HTML, by design and continual improvement of
21 its database, user interface and system architecture.

22 25. The Ripoff Report enterprise has designed its systems to generate web
23 pages from content it acquires, and also the HTML for such web pages. Simply
24 put, the web pages are written in plain, generally understandable English language,
25 readily visible and comprehensible to a web visitor of ordinary sophistication.

26 26. The HTML for such web pages is written in dynamic, semantic
27 computer code, using generally accepted elements that express intentions, ideas
28 and conduct readily understandable to a person of moderate to advanced

1 sophistication in HTML, but likely not visible, noticeable to a casual Google
2 searcher making snap impressions based on a few search results.

3 27. The Ripoff Report enterprise knowingly, deliberately and with intent
4 to deceive, exploits the gap between web pages and their respective HTML. The
5 Ripoff Report enterprise has designed its servers and databases so that for ordinary
6 Reports, the “matching” text in the body of the web page and the header of the
7 HTML is generally negative, combined with the subject’s name as keywords.

8 28. However, for money, the Ripoff Report Enterprise will allow a subject
9 to rewrite the “matching” portion of text that will be identical in the Report and in
10 the HTML, and thus influencing Google to display a positive search result for the
11 subject.

12 29. An advertising-supported Internet business model such as the Ripoff
13 Report enterprise supports itself and earns revenues by attracting visitors to the
14 content it publishes on the Web. As an advertising-supported business, the Ripoff
15 Report enterprise must constantly acquire or generate content that will attract
16 visitors. Therefore, like many Internet-based content publishers, the Ripoff Report
17 enterprise aggressively solicits original content in the form of contributions or
18 submissions and generates original content of its own, for publication and
19 continual republication, for the purpose of advertising against it.

20 30. The ROR Website comprises over 500,000 unique web pages
21 organized and hosted through the domain name ripoffreport.com and stored on
22 servers owned or controlled by the Ripoff Report enterprise. The Ripoff Report
23 enterprise copiously represents through the ROR Website, in electronic mail and in
24 filings in the public records that it does not remove, depublish or delete content
25 from its database. Therefore, the amassed stored content owned by the Ripoff
26 Report enterprise is constantly increasing, thereby increasing the total number of
27 web pages comprising the ROR website and associated database, and thereby
28 increasing opportunities for attracting visitors to the ROR website to which it can

1 serve advertisements, and in turn enhancing the various analytics that determine
2 the advertising revenues that the Ripoff Report enterprise can earn.

3 31. The ROR Website gains so-called “authority,” or favorable page
4 ranking, with Internet search engines based on a numbers of factors. These include
5 the overall number of web pages, the quality of the content and links, the more
6 fresh content it posts, the more often it is linked to, and the more frequently its
7 content is updated, including by comments and “rebuttals.”

8 32. In addition to selling two-dimensional advertisements on its static web
9 pages, Ripoff Report also sells links to paid advertisements in the body of the
10 “rebuttals” that users post to its web pages.

11 33. Ripoff Reports offers programs such as the “Verified Safe” program,
12 under the tagline “businesses you can trust!” and the “Corporate Advocacy
13 Program,” described as a “Business Remediation and Consumer Satisfaction
14 Program. . . . a long name for a program that does a lot for both the consumer and
15 businesses alike.”

16 34. While the goals of consumer self-help, providing a place to report
17 scams and rip-offs and generally exercising First Amendment-protected “pure
18 expressive speech” rights are noble, Ripoff Report does much more, behind the
19 scenes, that destroys livelihoods, reputations and businesses.

21 **B. Rip-Off Reports and the ROR Website’s Terms of Service**

22
23 35. As part of the Content Trolling Scheme, the Ripoff Report enterprise
24 holds the ROR Website out to the public and in judicial tribunals as a consumer
25 review website or public discussion forum.

26 36. Ripoff Report purports to serve the public as “by consumers, for
27 consumers,” urging the public to contribute reports of “scams, consumer
28 complaints, and frauds” under mottos such as “Let the truth be known!” These
reports are referred to hereinafter as “Rip-off Reports” or “Reports.”

1 37. The ROR Website will not publish positive reviews. The only positive
2 material that can be posted are rebuttals and comments.

3 38. Not all Rip-off Reports are about companies with shady business
4 practices or individuals engaging in fraud or deceit. The ROR Website hosts, and
5 has hosted “Rip-off Reports” concerning the deeply private details of the lives,
6 habits and health conditions of individuals, including purported reports of
7 individuals’ alleged “mental health” problems, attributing to individuals “sexually
8 transmitted diseases,” “substance abuse” habits and other deeply personal, private
9 details, along with names and home addresses.

10 39. The ROR Website differs from other community websites or public
11 discussion forums in several unusual ways. Ripoff Report does not merely host the
12 Rip-off Reports. Ripoff Report takes **ownership** of the copyright of every Report,
13 rebuttal and user comment before it is even published to the Web, under the
14 Copyright Act, 17 U.S.C. § 101. Thus, at the time of publication, Ripoff Report is
15 the exclusive owner of all content that is posted to the ROR Website.

16 40. This is because, unlike community websites such as Facebook,
17 Craigslist, and Roommates.com, Ripoff Report makes it mandatory for a user
18 wishing to contribute content to the ROR Website to register and accept the ROR
19 Website’s Terms of Service, which requires an automatic, exclusive grant of
20 copyright in all user submissions to Ripoff Report before the user can contribute.

21 41. A true and correct copy of the ROR Website’s Terms of Service, as
22 they existed on April 3, 2009 (and identical today with respect to Paragraph 6) are
23 attached as **Exhibit “1”** and is incorporated herein by this reference. Paragraph 6
24 of the ROR Website’s Terms of Service provides that a user wishing to use the site
25 grants Ripoff Report an irrevocable, perpetual, exclusive, world-wide license for
26 certain rights exclusive to copyright holders, before they can post anything to a
27 public area:

28 “6. Proprietary Rights/Grant of Exclusive Rights

1 By posting information or content to any public area of
2 www.RipoffReport.com, you automatically grant, and you represent and
3 warrant that you have the right to grant, to Xcentric an irrevocable,
4 perpetual, fully-paid, worldwide exclusive license to use, copy, perform,
5 display and distribute such information and content and to prepare derivative
6 works of, or incorporate into other works, such information and content, and
7 to grant and authorize sublicenses of the foregoing.”

8 Exhibit 1, Paragraph 6.

9 42. Because the rights to copy, display, perform, and prepare derivative
10 works are among the exclusive rights comprised in a copyright, and Paragraph 6 of
11 the ROR Website’s Terms of Service is an exclusive license of these rights,
12 Paragraph 6 of the ROR Website’s Terms of Service constitutes a “transfer of
13 copyright ownership”³ with respect to all user contributions, under the Copyright
14 Act, 17 U.S.C. § 101.

15 43. Because all user-generated submissions are screened (and sometimes
16 altered) by Ripoff Report’s content monitors before they are posted to the ROR
17 Website, and because copyrighted works are “created” when they are first fixed in
18 any method that is sufficiently stable that they can be perceived, reproduced or
19 communicated, under the definitions of the Copyright Act, 17 U.S.C. § 101, Ripoff
20 Report has already acquired exclusive copyright ownership of all user-submitted
21 content before it is published to the Web.

24 ³ In “Definitions” of the Copyright Act, a “transfer of copyright ownership”
25 is defined as “an assignment, mortgage, exclusive license, or any other
26 conveyance, alienation, or hypothecation of a copyright or of any of the
27 exclusive rights comprised in a copyright, whether or not it is limited in
28 time or place of effect, but not including a nonexclusive license.” 17
U.S.C. § 101.

1 44. Websites Facebook,⁴ Craigslist,⁵ Roommates.com⁶ and most
2 standard community websites only require users to agree to grant a non-exclusive
3 license for user content. By contrast, Ripoff Report owns the perpetual, exclusive,
4 worldwide copyright in and to every single item of content any user has
5 contributed to the ROR Website, even before it is posted to the Web.

6 45. Moreover, unlike community forums such as Facebook or Craigslist,
7 Ripoff Report embeds links into the contents of user-submitted material for paid
8 advertisements for sometimes unrelated advertisers like “Cash4Gold.”

9
10 **C. ROR Website’s Rebuttal and Commenting System**

11
12 46. Ripoff Report does not allow users to post positive Reports about a
13 business or individual on the ROR Website. Ripoff Report’s content monitors
14 review Reports before they are posted to filter out those that say positive things
15 about a business.

16
17
18
19 ⁴ “you grant us a non-exclusive, transferable, sublicensable, royalty-free,
20 worldwide license to use any IP content that you post . . . This IP License
21 ends when you delete your IP content or your account . . .” (Facebook
22 Statement of Rights and Responsibilities Last Revision April 22, 2010)

23 ⁵ “you automatically grant . . . to craigslist an irrevocable, perpetual, non-
24 exclusive, fully paid, worldwide license to use, copy, perform, display and
25 distribute said Content. . .” (Craigslist Terms of Service, July 24, 2010)

26 ⁶ “with respect to Content you submit . . . you grant us the following world-
27 wide, royalty-free and non-exclusive license(s) . . . the license to use,
28 distribute, reproduce, modify, adapt, publicly perform and publicly display
such Content . . . ” (Roommates.com Terms of Service as of July 24, 2010)

1 47. Instead, Ripoff Reports restricts subjects wishing to defend
2 themselves or others identified in a Report to placing such comments in a
3 “rebuttal” or as a “comment” to a Rip-off Report.

4 48. Rebuttals and comments are placed in a less prominent position than
5 the Reports. They are in smaller type, and lower down the screen, than the headers
6 and main body of Rip-off Reports.

7 49. Ripoff Report also has designed the ROR Website with various
8 technical restrictions that make it much more difficult to reproduce, memorialize or
9 share the rebuttal and comment sections purportedly attached to the Reports.

10 50. Attempts to print a Rip-off Report directly from a standard web
11 browser such as Firefox will only print the negative Rip-off Report and sidebar
12 advertising, and will not print the purportedly associated rebuttals and comments.
13

14 **D. Ripoff Report’s Commercial Goods and Services**

15
16 51. Ripoff Report is a business. In addition to being in the business of
17 attracting visitors to the ROR Website and advertising against the resulting visitor
18 traffic analytics, selling paid advertising links and banner and sidebar
19 advertisements, Ripoff Report directly vends goods and services in interstate
20 commerce through the wires by means of, inter alia, the ROR Website and emails.

21 52. Among the goods Ripoff Report sells is a book, pamphlet or guide
22 called the “Rip-Off Report.com Do-It-Yourself Guide: How to Get Rip-off
23 Revenge.” This book is offered for sale in the United States for \$21.95.

24 53. Purchasing this book is actually “Step Two” in following the ROR
25 Website’s “How to Get Rip-Off Revenge” instructions. Step One is to file a
26 detailed Rip-Off Report at the ROR Website.

27 54. At all times relevant herein, and since at least 2005, Ripoff Report has
28 offered and offers for sale, through the ROR Website and through emails in

1 interstate commerce a program called the “Corporate Advocacy Program”
2 (sometimes herein, “CAP”).

3 55. Defendants describe CAP as “where a business may publicize its
4 proactive approach to addressing . . . complaints.” Defendants insist that “all
5 businesses will get complaints, but how those businesses handle those complaints
6 separates good business from bad business.” Defendants advertise to the public
7 that that CAP “demonstrate[es] yours is an honest business, with integrity, and
8 willing to make a commitment to righting consumer wrongs.”

9 56. In or around April 2010, Defendants also introduced the “Ripoff
10 Report Verified Safe” program. Defendants advertise, with reference to CAP,
11 “This program now includes – Ripoff Report Verified.”

12 57. The ROR Website depicts a logo for the Ripoff Report Verified Safe
13 program comprising a stylized figure of a person wearing a necktie with a halo
14 floating above, and a checkmark in a box, together with the tagline “businesses you
15 can trust!”

16 58. Defendants advertise that this Verified Safe Program “also includes a
17 commitment to Ripoff Report Corporate Advocacy Business Remediation and
18 Customer Satisfaction Program,” which is CAP. Defendants advertise CAP as “a
19 program that benefits the consumer, assures them of complete satisfaction and
20 confidence when doing business with a member business.”

21 59. The web page on the ROR Website dedicated to the “Ripoff Report
22 Verified Safe” program represents, in hyperlinked text, that “Advertisers have met
23 our strict standards for business conduct. Clicking on that hyperlinked text directs
24 the viewer to another web page located at the URL
25 <http://www.ripoffreport.com/ConsumersSayThankYou/AdvertisingStandards.aspx>
26 and titled “About Us: Advertising Standards.”

27 60. On the “About Us: Advertising Standards” web page of the ROR
28 Website, Defendants state that they ensure an advertiser is “Scam-free and has no

1 outstanding reports filed against them.” This implies that having “outstanding
2 Reports” on the ROR Website means a business cannot be trusted.

3
4 **E. Ripoff Report’s Relationship with Search Engines and HTML**

5
6 61. In order to truly understand the nature of the harm and destruction
7 wrought by Defendants, it is critical to recognize the importance of search
8 technology in the modern use of the Internet.

9 62. Search is currently the most powerful, vibrant determinant in the way
10 people use the Internet today. The global search advertising market was a reported
11 \$6.2 Billion in the second quarter of 2010.⁷ Google, which reported a total market
12 capitalization of \$36 Billion in 2009, rose to prominence by making the Internet
13 searchable.

14 63. Courts have long recognized the importance of search as a means for
15 users to locate information or consume content of interest on the Web. In 2000, the
16 Court in Bihari v. Gross, 119 F. Supp. 2d 309, 312 (S.D.N.Y. 2000) wrote of
17 search:

18 “Because entering the company's name as the domain name often fails to
19 take the user to the desired webpage, many users prefer the . . . search
20 technique. Here, a websurfer enters a particular company name or search
21 request in a search engine. The search engine then displays a list of websites
22 that match the user's request. The search engine ranks the relevant sites
23 according to the relative frequency with which the word or phrase appears in
24

25
26
27 ⁷ Source: Investor Business Times, “Google search share slips, Baidu gains: report” (July 23,
28 2010).

1 the metatags and in the text of the websites. The websurfer then chooses,
2 based on any number of considerations, which website to visit.”

3 Bihari v. Gross, 119 F. Supp. 2d 309, 312 (S.D.N.Y. 2000).

4 64. Many members of the public influenced by a Rip-off Report do not
5 locate it by navigating to the ROR Website by domain name -- ripoffreport.com --
6 and then searching the ROR Website for a company or a person.

7 65. Instead, many -- if not most -- discover Rip-off Reports by searching
8 for that company or person on the Web generally, by entering the name of that
9 company or a person as a query in a search engine such as Google and then
10 viewing the web pages returned in response to the search query.

11 66. The public often does not type in unique web addresses or "URLs"
12 into address bars in their browsers. Instead, it is much more convenient and often
13 faster to type in a query to the search pane of a browser or enter a search query into
14 one of the major search engines: Google.com, Yahoo.com, or Bing.com. See
15 Declaration of Joe Reed, attached as **Exhibit "2"** and Declaration of Anthony
16 Howard attached as **Exhibit "3."**

17 67. Defendants' conduct herein encompasses their affirmative activity
18 directed at search engines through the HTML which they cause to be designed,
19 written, generated and published for each unique web page comprising the ROR
20 Website. Thus, the Ripoff Report enterprise communicates with the public by
21 shaping the HTML and Report texts in ways that it knows will influence search
22 results to appear in certain, predictable ways.

23 68. HTML is the language of expression for individual web pages that are
24 published to the web. The ROR Website comprises an estimated over 500,000
25 unique web pages, by Defendants' admission.

26 69. HTML determines not only how a web page is formatted to a viewer,
27 but also influences how a page is located and displayed in response to a search
28 engine query. Among other things, a web page's HTML influences (1) the order in
which a search engine query returns and displays results for a particular web page

1 (“page rank”) and (2) how the description of the web page returned by the search
2 query appears (“search result”).

3 70. It is well-recognized that a party can be held liable for damages
4 proximately caused by writing or causing computer software, computer code, or
5 HTML to the extent it influences the public through a search engine.

6 71. Courts have long held parties accountable for their deliberate conduct
7 expressed in HTML and aimed at the intermediate space between the front, or
8 user-facing, side of a Website, and the “back end” of a website.

9 72. Courts regularly enjoin parties to refrain from infringing trademarks
10 through inserting infringing terms in the description and keyword metatags of
11 HTML, and find such inclusion of infringing terms in metatags to be actionable
12 infringement, even where the HTML is not immediately visible to the viewer. See,
13 e.g., Brookfield Communs. v. W. Coast Entm't Corp., 174 F.3d 1036, 1065 (9th
14 Cir. Cal. 1999).

15 73. Courts have also recognized that computer code can qualify as
16 “speech,” inasmuch as it is readable by humans and computer programmers
17 “communicating ideas to one another almost inevitably communicate in code,
18 much as musicians use notes.” Universal City Studios v. Corley, 273 F.3d 429, 448
19 (2d Cir. 2001).

20 74. Thus, Courts have long recognized the power and impression of
21 search results on a user surfing the Web, and held parties accountable for what they
22 write in HTML.

23 75. The business model of commercial search engine companies such as
24 Google, Yahoo and Microsoft’s Bing is an advertiser-supported one.

25 76. The underlying business model of such search engine companies is
26 the delivery of online advertising to as many users as possible. Websites that have
27 more visitors create greater opportunities for a search engine company to deliver
28 online advertisements.

1 77. A typical search engine user begins by entering a query, or
2 “keywords” into a field in the search engine’s website or perhaps in Web browser
3 bar. After a user enters keywords or terms as a search query in a search engine,
4 blocks of text are yielded, known as “search results,” comprising the link to the
5 web page and snippets of content associated with the web page. The order of
6 prominence in which the search results appear are known as “page rank” or “page
7 rankings.”

8 78. Google operates an Internet search engine, which allows Internet users
9 to locate Web sites that match the “keywords” or search terms they enter. A search
10 engine uses algorithms to process the keywords and produce a “search results”
11 page that displays links to the Web sites in the search engine’s database that match
12 the keywords. Links to the Web sites usually are displayed in order of decreasing
13 relevance, with the most relevant Web sites listed first. Google’s free search engine
14 processes hundred of millions of searches daily and covers billions of Web pages.
15 See, e.g., Google Inc. v. Am. Blind & Wallpaper Factory, Inc., 74 U.S.P.Q. 2d
16 1385 (N.D. Cal. 2005) at *6.

17 79. A person searches for a business or person by typing the business or
18 person as a query into a search engine such as Google, Yahoo, or Bing. She views
19 the pages of results returned by her search query, in decreasing order of
20 “relevance” as determined by the search engine’s proprietary algorithms.

21 80. What she sees is a powerful first impression of the subject of her
22 search query. Both the “search results” and “page rankings” are important
23 determinants for a user filtering the total amount of information available to the
24 public through Internet research.

25 81. An entire business of “search engine optimization” or “SEO” has
26 developed around the critical importance of these factors. Search engine
27 optimization concentrates on “organic” or “algorithmic” search results -- that is,
28 natural, unpaid, search results and page rankings (as opposed to “Sponsored

1 Results” that appear on the side of the main search results page and which are
2 influenced by the purchase of keywords). See Howard Declaration,.

3 82. Search engine optimization has been described as the business of
4 “help[ing] companies rank high on Internet search engines, such as Google, for
5 certain keywords, so that their prospective customers can find them on the web.”
6 See, e.g., Rhino Sports, Inc. v. Sport Court, Inc., 2007 U.S. Dist. LEXIS 32970 (D.
7 Ariz. May 3, 2007) at *7.

8 83. The size of the market for SEO services provided to companies
9 seeking to attract customers to their websites through optimizing content on the
10 Web about them for search engines such as Google, Bing or Yahoo was, in 2009, a
11 reported \$14.6 billion.⁸

12 84. Courts have long recognized the importance of this first impression in
13 the context of “initial interest confusion” in trademark cases, whereby “the
14 defendant, by diverting or capturing the consumer’s initial attention, improperly
15 benefits from the goodwill that the plaintiff developed in its mark.”

16 85. In this case, the Defendants improperly assassinate the goodwill of the
17 subject in search results. They do not do this solely for altruistic reasons. They do
18 this for their own direct pecuniary gain, either (1) in the form of sales of goods and
19 services, or (2) in the form of increased Web traffic to its ROR Website, which
20 drives up the statistics in web analytics that partially determines the amount of
21 advertising revenue they receive from online advertisements. It is a win-win
22 situation for Defendants.

23 86. Thus, Defendants’ conduct herein must be viewed not only in terms of
24 what is displayed on the ROR Website itself, but also in terms of what Defendants
25 cause to be published in the “HTML” for each web page on the ROR Website in
26 view of the economics of advertiser-supported search engine business models.

27
28 ⁸ Source: Crain’s Cleveland Business, “Search Engine Adviser’s Growth Easy to
Fathom.” (July 23, 2010).

1 87. By the time any content is published to the Web through the ROR
2 Website, Defendants have already acquired an exclusive, perpetual license to the
3 content.

4 88. Defendants are the owners of all Reports, rebuttals and comments by
5 the time anyone ever reads them. Defendant fills the content with paid
6 advertisements, links and sometimes paid endorsements or testimonials. Speech
7 on the ROR Website is thus commercial speech, and accorded a lower level of
8 protection under the First Amendment than purely expressive speech.

9 89. The HTML influences such things as the URL for the web page, how
10 prominently ROR Website web pages rank in search query results and which
11 information about Rip-off Report subjects appears in actual search results.

12 90. Defendants have taken many affirmative, deliberate actions in
13 designing and controlling the process by which HTML is generated for the over
14 500,000 unique web pages comprising the ROR Website that are deliberately
15 intended to improve the organic search results for web pages containing Rip-off
16 Reports when the subject's name is search queried.

17 91. In particular, Defendants have been successful in maintaining
18 favorable page ranking, or "authority" from Google for the over 500,000 web
19 pages comprising the ROR Website.

20
21 **F. Ripoff Report's Authority with Google and Preference for Google**

22
23 92. The ROR Website has been on the Internet since 1998.

24 93. Google is by far the most popular search engine for Web searches. In
25 July 2010, an estimated 69.7% of users use Google as a search engine, an
26 estimated 5.4% use Yahoo, and an estimated 4.8% use Microsoft's Bing.

27 94. Some professional SEO consultants have openly speculated that
28 search engines Yahoo and Bing have changed their search algorithms to "punish"
or downgrade Ripoff Report within their organic search results, based on the

1 observation that search queries conducted through Yahoo or Bing for a company or
2 individual will ordinarily return search results that rank web pages from the ROR
3 Website containing or referring to that company or individual relatively low.

4 95. However, Google's search algorithms continue to give high
5 "authority" to web pages from the ROR Website. Having high "authority" means
6 a website's individual web pages rank consistently highly in search query page
7 rankings.

8 96. Search queries conducted through Google for a company or individual
9 will ordinarily consistently return search results that rank web pages from the ROR
10 Website containing Rip-off Reports about that company or individual (the
11 "subject") relatively highly, if any such Rip-off Reports exist.

12 97. For a small business or individual that has not deliberately engaged in
13 any SEO activities, if there is a Rip-off Report about that subject, a Google search
14 for that business or individual will frequently return search results that rank the
15 web page containing the Rip-off Report about that subject on the top page of
16 Google search results, if not as the first page rank.

17 **G. Defendants' Use of Domain Names To Influence Google Page Rankings**

18
19
20 98. One of the factors that influence a particular web page's ranking in
21 responses to Google search engine queries is the domain name and URL assigned
22 to it.

23 99. Defendants are responsible for the operating system, website design,
24 and user interface of the ROR Website. As designed, maintained and operated by
25 Defendants, the user interface of the ROR Website generates a unique URL for
26 each web page associated with each of the over 500,000 Rip-off Reports hosted
27 through the ROR Website.

28 100. A ROR Website user cannot actually choose a URL to assign to the
web page associated with a Rip-off Report. Defendants own and control all

1 domains and sub-directories that direct through the ROR Website located at
2 ripoffreport.com. Only Defendants can create a web page with a URL that begins
3 with the domain name “http://www.ripoffreport.com/ . . . “

4 101. Ripoff Report designs and operates its user interface and website
5 operating system in a manner that it creates a unique URL for every ROR Website
6 web page that includes in the URL itself, the name of the subject of the Report,
7 sometimes repetitively.

8 102. This inclusion of the subject’s personal or business name in the
9 unique URL for a Report, always combined with the “ripoffreport.com” domain
10 names for Rip-off Report web pages influences Google’s search engine to give
11 higher page rankings to Reports than web pages located at URLs that do not
12 include such business or personal names in the URL.

13 103. For example, in Rip-off Report number 621543, a Report about a
14 company called “JobsforMoms.com” with the headline “JobsforMoms.com take
15 our money and run Internet” generates the domain name
16 [http://www.ripoffreport.com/work-at-home/jobsformoms-com/jobsformoms-com-](http://www.ripoffreport.com/work-at-home/jobsformoms-com/jobsformoms-com-take-our-mone-8e566.htm)
17 [take-our-mone-8e566.htm](http://www.ripoffreport.com/work-at-home/jobsformoms-com/jobsformoms-com-take-our-mone-8e566.htm). This URL visibly incorporates the words “ripoff,”
18 “ripoffreport,” “work,” “work at home,” “home,” “jobsformoms”, and
19 “[jobsformoms.com](http://www.ripoffreport.com/work-at-home/jobsformoms-com/jobsformoms-com-take-our-mone-8e566.htm)” and would result in a higher page ranking for the web page
20 hosting Report 621543 in search queries for those words than a web page located
21 at a URL that did not include those words in the URL itself.

22 104. The Ripoff Report enterprise designs and operate their website
23 operating system, directories and subdirectories to generate unique URLs for
24 individual ROR Website web pages that include the names of companies or
25 individuals written about in the Reports. These URLs are created, controlled by
26 and owned by Defendants thus influence search engines to return higher page
27 rankings for ROR Website web pages displaying Rip-Off Reports about the subject
28 companies or individuals than other web pages that may mention the same

1 company or individual but do not include the company or individual's name in the
2 domain name.

3 105. Another place the Ripoff Report enterprise optimizes the Reports for
4 search engines are in the headlines. The "headlines" for many Rip-off Reports are
5 not written in standard English with ordinary grammar and syntax. In many
6 instances, they read like nonsense or gibberish. Such "headlines" frequently
7 include redundant, repetitive instances of a company or individual's name.

8 106. For example, Defendants published to the Web on or about January
9 28, 2009 Rip-off Report number 417493 concerning Plaintiffs. A true and correct
10 reproduction of relevant portions of Report number 417493 and screen shot
11 showing the URL in the browser bar is reproduced below.

12 107. At all times relevant herein, Report number 417493 included text near
13 the top that repeats the name of Plaintiff Asia Economic Institute twice and also
14



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26
27 includes the acronym "AEI."
28

1 “Asia Economic Institute, AEI, WorldEcon: Raymond Mobrez And Iliana
2 Llaneras Complete exploitation as an employee. Do not work for the Asia
3 Economic Institute its a SCAM! West Los Angeles California.”

4 108. The URL for the web page on the ROR Website that displays Report
5 number 417493 is currently [http://www.ripoffreport.com/employers/asia-](http://www.ripoffreport.com/employers/asia-economic-instit/asia-economic-institute-aei-ef3f4.htm)
6 [economic-instit/asia-economic-institute-aei-ef3f4.htm](http://www.ripoffreport.com/employers/asia-economic-instit/asia-economic-institute-aei-ef3f4.htm). This mirrors the double
7 inclusion of Plaintiff Asia Economic Institute’s name and the inclusion of the
8 acronym “AEI” that is also in the header.

9 109. The Ripoff Report enterprise changed the URL for Report 417493 at
10 some time between the date it was originally published and the present. In or
11 about January 2009, the URL for Report 417493 did not include so many repetitive
12 instances of Plaintiffs’ names. The Ripoff Report enterprise has since “optimized”
13 it for search engines.

14 110. Defendants updated Report number 417493 on or about May 21, 2010
15 at 3:30 p.m. Pacific Standard Time. Defendants continuously publish Report
16 number 417493 to the Web.

17 111. At some time between January 28, 2009 and the present, Defendants
18 caused the terms “Asia Economic Institute” to be repeated in the header of Report
19 number 417493 and in URL for the web page displaying Report number 417493 to
20 attract search engines to the web page of the Report for search queries for “Asia
21 Economic Institute” and to influence the search engines to rank the web page more
22 highly, rather than to express an idea to a reader that has already navigated to the
23 page displaying Report number 417493.

24 112. Many businesses and individuals of ordinary sophistication have not
25 purchased domain names consisting of their business or personal names. Many, if
26 not most, businesses and individuals of ordinary sophistication do not host content
27 at URLs or domain names that include their business or personal names.
28

1 **G. Defendants' Preferential Treatment of Google and Founders in Reports**

2
3 113. Ripoff Report actively and deliberately encourages users to prefer
4 Google as a search engine above others, invoking Google frequently by name.
5 Various portions of the ROR Website and form emails sent by Defendants on May
6 12, 2009 to Plaintiff Raymond Mobrez state, "Why do we win? – just do a Google
7 search for Communications Decency Act" or suggests recipients of emails to
8 "Google" for advertisers to demonstrate the validity of various propositions.

9 114. Ripoff Report also strongly protests on the ROR Website that it does
10 nothing to earn special, favorable treatment from Google.

11 115. As early as June 26, 2009, Defendants stated on their website: "Why
12 would a multi-billion dollar company like Google give preferential treatment to a
13 relatively small, controversial site like Ripoff Report? IT WOULDN'T, PEOPLE!
14 . . . Ripoff Report has never, ever (not now, and not in the past) done anything to
15 cause Google to rank our website higher in search results than other sites."
16 Plaintiffs viewed such statements on June 26, 2009 and October 27, 2009.

17 116. Despite this protest, Defendants changed significantly the content of
18 Report numbers 607436, 517026 and 144627 in a manner that makes the Reports
19 more favorable to Google and its founders, Sergey Brin and Larry Evans.

20 117. Report number 607436 is a complaint about the Google Adwords
21 program. The purportedly user-submitted Report by "Chris" of Atascadero,
22 California, bears the headline beginning "Google Adwords Waste of Time
23 Internet" and states that the user's ad performed much better on Yahoo.

24 118. On or about May 31, 2010 at 9:31 a.m. Pacific Standard Time
25 Defendants inserted in type of equal prominence on Report 607436, and
26 transmitted through the wires in interstate commerce through the ROR Website
27 the following false statement:

28 "NOTICE..!! this ripoff has nothing to do with Google search engine – many
rip-off businesses use the Google name to fool consumers."

1 119. The “Notice” on Report number 607436 transmitted by Defendants is
2 false on its face. The true facts are that AdWords is a program operated and owned
3 by Google, the same company as Google search engine. Google Adwords is sold at
4 <http://google.com/ads/adwords2> and the Google search engine is located at
5 <http://google.com>. Both reside under the same top-level domain name, google.com

6 120. A true and correct copy of relevant sections of Rip-off Report Number
7 607436 is reproduced herein.
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Report: Google Adwords

Reported By: Chris (Atascadero California)
United States of America



Google Adwords Waste of Time Internet*NOTICE..!! this ripoff has nothing to do with Google search engine - many rip-off businesses use the Google name to fool consumers.

...

Google Adwords

Internet
United States of America
Phone:
Web Address: adwords.google.com

Category: Internet Marketing Companies

Submitted: Wednesday, May 26, 2010
Posted: Monday, May 31, 2010

Report & Rebuttal:

1
 0
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 Author Consumer Employee

Respond to this report!

Victim of this person/company?

I spent a whole bunch of time setting up my account for my small business, putting in keywords that were relevant to my county and my vocation. However due to AdWords infinite wisdom they "rarely show my ads due to low quality score", this makes their service ultimately a big waste of my time. I am not going to spend anymore time on refining my account to fit their system, I have the words in there that I want my ad to be triggered by. They want to get paid by the number of times people click on my ad, yet they never show my ad... genius. My ad only shows in my county and does much better on the Yahoo service, about 25 times, at least someone gets it. I wrote customer service (if you can call it that) about this problem and they sent me back a canned response that had advice about changing the content of my web page..thats extremely helpful, another way I have to conform to their service. I hope someone from Google reads this, IF YOU WANT TO SERVICE YOUR CUSTOMERS MAKE YOUR SYSTEM FIT THEM! I know a novel concept, maybe they should teach that in school...oh wait they do. I just wanted to share my extremely negative experience with someone who might care.

121. Defendants also placed a false “*Notice” in between the title and header of Rip-off Report Number 517026. A true and correct copy of relevant portions of Rip-off Report Number 517026 is reproduced below:

Report: Google Adwords

Reported By: Robert (Painesville Ohio)
U.S.A.



Google Adwords google Adwords advertising google
Adwords advertising ripped me off on sponsored search
advertising Internet

... Read this Part

Google Adwords

Internet Internet
United States of America
Phone:
Web Address: www.google.com

Category: Computer Marketing
Companies

Submitted: Thursday, October 29,
2009
Last posting: Friday, October 30, 2009

Report & Rebuttal:
Author 2 Consumer 0 Employee 0
Respond to this report!

Victim of this person/company?

***NOTICE...!! this ripoff has nothing to do with Google
search engine - many rip-off businesses use the Google
name to fool consumers.**

=====
Anyone thinking of trying Google adwords sponsored search advertising don't Do
It.

122. Report number 51706 is a complaint about the Google Adwords program. The Report is dated Thursday, October 29, 2009 and indicates the last posting was October 30, 2009. The purportedly user-submitted Report number 517026 by “Robert” of Painesville, bears a headline including “google Adwords advertising ripped me off on sponsored search advertising Internet” and states that “anyone thinking of trying Google adwords sponsored search advertising don’t Do It.”

123. On or about October 30, 2009, at 4:26 p.m. Pacific Standard Time, Defendants inserted in Report number 517026 and transmitted through the wires in interstate commerce through the ROR Website, the following false statement, in bold type of much larger point size than the body of the Report consisting of the following “Notice”:

1 **“NOTICE..!! this ripoff has nothing to do with Google search engine –**
2 **many rip-off businesses use the Google name to fool consumers.”**

3 124. The “Notice” added by Defendants on Report number 517206 is false
4 on its face.

5 125. The true facts are that Google does offer a keyword-triggered
6 advertising program called “AdWords.” See Google Inc. v. Am. Blind &
7 Wallpaper Factory, Inc., 2005 U.S. Dist. LEXIS 6228 (D. Cal. 2005) at *6.

8 126. Plaintiffs are informed and believe and thereon allege that Defendants
9 changed the names in Report number 144627 from “Sergey Brin” to “Soney
10 Bono.”

11 127. Defendant Magedson admitted that he suppressed or changed the
12 names in Rip-off Reports about Google Co-founder Sergey Brin because Google is
13 a company that Ripoff Report does business with and Magedson “was personally
14 told that [a user was] going to file phony reports about Google, anybody that [the
15 user] could find out that I was doing business with.”

16 128. Defendant Magedson admits that Sergey Brin is not a member of the
17 Corporate Advocacy Program. Therefore, Defendants added the additional material
18 in Report number 607436 and changed the names in Reports.

19 129. The true facts are that Ripoff Report does many things in creating,
20 formatting and publishing the web pages and associated HTML of content it
21 publishes to the Web that optimize its ranking with search engines, particularly
22 Google, and that influence the way search results appear.

23 ///

24 ///

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1 **H. Defendants Alter Google Search Results for CAP Members**

2
3 130. Defendants misrepresent their SEO efforts in part to appear authentic
4 to the public and add credibility to the Reports. The Ripoff Report enterprise then
5 offers certain ways that a subject can change or contribute to his or her own
6 Report. One is by joining CAP.

7 131. There are at least two ways to become a member of Defendants’
8 Corporate Advocacy Program. The first, “official” way is to engage in Defendants’
9 elaborate CAP application process.

10 132. Following the “official” method of enrolling for CAP, the potential
11 applicant jumps through various procedural hoops, makes various written factual
12 admissions, agrees to jurisdiction in Maricopa County, Arizona and eventually
13 compromises and waives substantive legal rights, including all claims against
14 Defendants.

15 133. The first step is to complete an intake questionnaire included on the
16 ROR Website, a sample of which is attached hereto as **Exhibit “4”** as it appeared
17 on July 26, 2010, and which is in substantially the same or same form as presented
18 by the Ripoff Report Enterprise to Plaintiffs at all relevant times herein (“First
19 Questionnaire”).

20 134. The First Questionnaire informs applicants that the program “requires
21 accepting responsibility for past problems and a commitment to making things
22 better.” It asks applicants, “Will you be willing to accept responsibility for
23 mistakes made?”

24 135. On information and belief, Plaintiffs allege that a CAP applicant must
25 answer this question in the affirmative, as well as describe information such as the
26 average dollar amount of its sale, to continue in the application process. Attached
27 hereto as **Exhibit “5”** are true and correct copies of electronic mails between one
28 such prospective CAP applicant, Tina Norris (“Norris”) and Magedson, including
those sent on March 9, 2010 at 8:23 p.m., May 20, 2010 at 7:55 a.m., and May 20,

1 2010 at 10:31 a.m. On March 2, 2010, Norris filled in and submitted the
2 information requested by the Ripoff Report enterprise as responses to the First
3 Questionnaire through the ROR Website.

4 136. After receiving responses to the First Questionnaire, Defendants send
5 interested CAP applicants an email that advises applicants, inter alia, that they
6 have the option of filing a free rebuttal to any Rip-off Reports about them on the
7 ROR Website. Prospective CAP members receive an email from Defendants that
8 instructs them to copy and paste into a return email to Defendants the following
9 text:

10 “Dear Rip-off Report, I understand I could file rebuttals to the one or small
11 hand full of reports I have. I would still like to understand the program that
12 Rip-off Report has created to try and help businesses gain consumer trust,
13 whether or not the reports are true or false. I realize, with or without Rip-off
14 Report we would get complaints somewhere.

15 I have already filled out the form which is below for your review. Please
16 send me the RATES and whatever information you think I need to know
17 about the benefits of joining Rip-off Report Corporate Advocacy Program.”

18 On March 9, 2010 at 8:23 p.m., Magedson sent Norris an email with the above-
19 described instructions and requesting the above-described acknowledgement
20 (Exhibit “3”).

21 137. On May 20, 2010 at 7:55 a.m., Norris cut and pasted the requested
22 text into an email and emailed that reply back to Magedson, as requested in
23 Magdson’s March 9, 2010 email to Norris (Exhibit 3).

24 138. Thereafter, Defendants send prospective CAP applicants an email
25 with the subject “Corporate Advocacy Intake Form” with several attachments. The
26 attachments include (1) a document entitled “Corporate Advocacy Program
27 Description and Rates,” which contains more details about CAP, some additional
28 terms and conditions of CAP, some of the benefits of CAP, and a rate sheet setting

1 forth the fees for CAP (“CAP Rate Sheet”), (2) a document entitled “Sample letter
2 we send to anyone that filed “a Ripoff Report.”

3 139. A true and correct copy of an actual “Corporate Advocacy Program
4 Description and Rates” and covering email that was sent from Defendant
5 Magedson to Tina Norris (“Norris”) on May 20, 2010 at 10:31 a.m. Central
6 Standard Time with the subject line “Corporate Advocacy Intake = TNT MGMT,
7 Tina Norris – 11 Reports? Our philosophy – the RATES” is attached hereto as
8 **Exhibit “6”** at pages 6 to 10 and incorporated herein by this reference.

9 140. A true and correct copy of the attachment to the May 20, 2010 10:31
10 a.m. email from Magedson to Norris consisting of solely the “Corporate Advocacy
11 Program Description and Rates” document is attached hereto as **Exhibit “7.”** The
12 first page of that document written and sent by the Ripoff Report enterprise states:

13 “NOTICE: Jurisdiction for this program is in Arizona, under the laws and
14 the state of Arizona. Doing this program, both parties agree they will have
15 no claims against each other, and jurisdiction for any disputes is in Arizona,
16 Maricopa County.”

17 **Exhibit “7”**

18 141. The cost of joining CAP is revealed in the Rate Sheet, entitled “Costs
19 for the Cap Program - \$\$\$\$.” A true and correct copy of the Rate Sheet portion of
20 the Corporate Advocacy Program Description and Rates emailed to Tina Norris by
21 Defendant Magedson on May 20, 2010 at 10:31 a.m. Central Standard Time is
22 attached hereto as **Exhibit “8.”**

23 142. The cost of joining the CAP program has two components, (1) an
24 initial charge, consisting of a “Programming” charge plus a flat fee based on the
25 number of reports existing at the time of joining the program, and (2) a mandatory,
26 36-month contract requiring “Monthly Monitoring Fee” payments of between by
27 the third of the month.

28 143. To join CAP, an applicant with 1 to 350 Reports must pay the initial
Programming charge is \$7,500, plus a flat fee of between \$600 to \$140,000, plus a

1 36-month contract to pay between \$35 to \$7,000 per month, depending on the total
2 number of Reports at the time of joining.

3 144. To join CAP, an applicants with 351 to 500 Reports must pay the
4 initial Programming charge is \$8,500, plus a flat fee of between \$122,850 to
5 \$175,000, plus a 36-month contract to pay between \$5,265 to \$7,500 per month,
6 depending on the total number of Reports at the time of joining.

7 145. To join CAP, an applicant with 501 to 1000 Reports must pay the
8 initial Programming charge is \$15,500, plus a flat fee of between \$122,850 to
9 \$175,000, plus a 36-month contract to pay between \$7,515 to \$15,000 per month,
10 depending on the total number of Reports at the time of joining..

11 146. To join CAP, an applicant with 1001 to 1500 Reports must pay the
12 initial Programming charge is \$20,500 plus a flat fee of between \$250,250 to
13 \$375,000, plus a 36-month contract to pay between \$10,010 to \$15,000 per month,
14 depending on the total number of Reports at the time of joining.

15 147. If the applicant is more than 10 days late in paying a monthly
16 monitoring fee, a \$50.00 late fee per day is assessed, which is incorporated into the
17 member's currently, monthly fee.

18 148. Thereafter, another step that an applicant to CAP must take is to
19 provide more detailed information about its business to Defendants in the form of a
20 second questionnaire ("Second Questionnaire"). A true and correct copy of an
21 example of Defendants' Second Questionnaire is attached hereto as **Exhibit "9."**

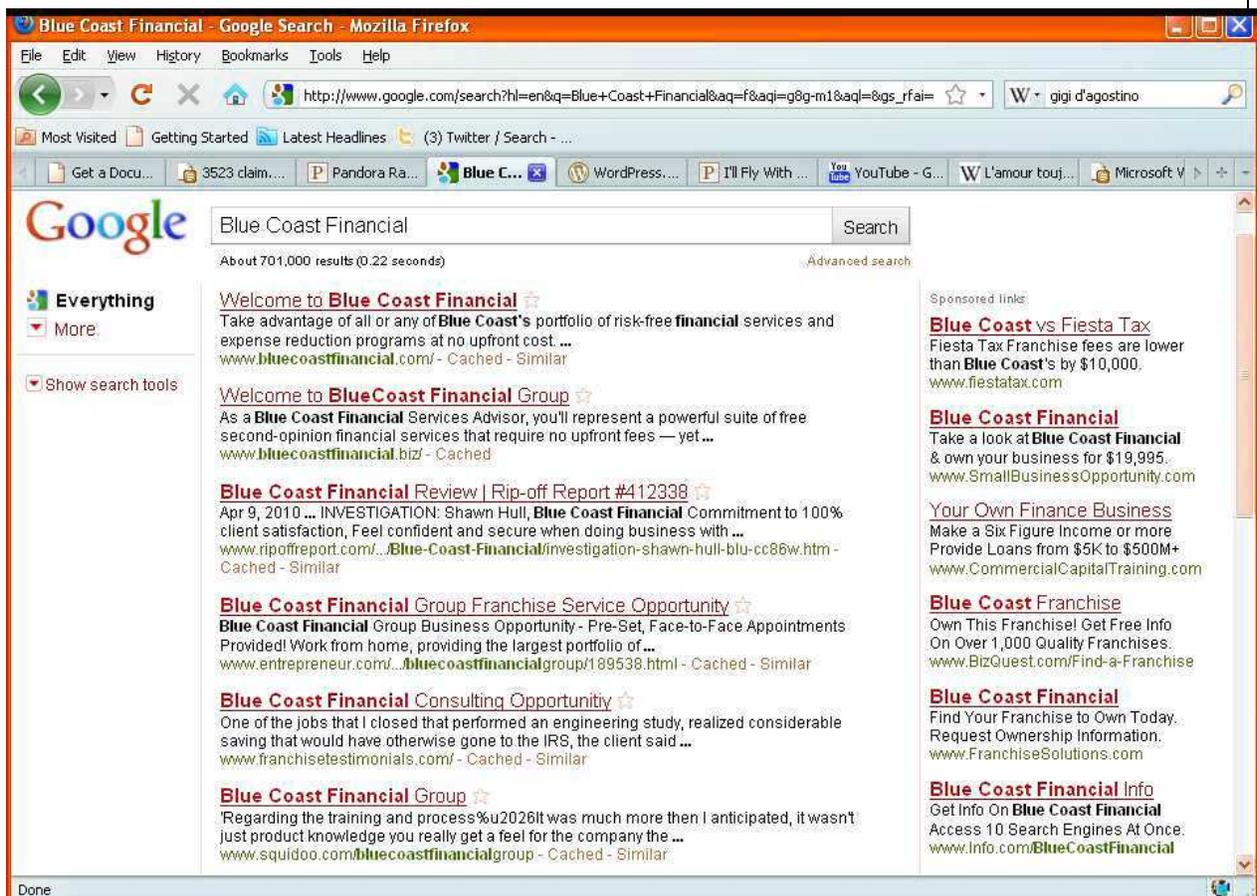
22 149. The Second Questionnaire purports to be "Questions for the
23 Agreement" that Defendants will prepare based on the CAP applicant's answers.

24 150. The email accompanying the Second Questionnaire explains that a
25 few days after successful completion of the Second Questionnaire, Defendants will
26 send an agreement for the CAP member's signature ("CAP Agreement").

27 151. Defendants represent that upon return of a signed CAP Agreement
28 with payment, Defendants will send the CAP member, inter alia, a "TEXT outline
so you can give us your proposed comments you would like us to use to talk about

1 your company, explaining changes your company has made . . . and other positive
2 comments about your company.”

3 152. Defendants also promise that upon joining the CAP program (by
4 returning the signed CAP agreement with payment, Defendants will, inter alia,
5 send the CAP member “the 250 to 350 words you want us to put in front of the
6 Reports found on search engines.” Finally, The Ripoff Report enterprise gives as
7 an example, a Google search query “like this
8



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24 one...http://www.google.com/search?hl=en&q=Blue+Coast+Financial&aq=f&aqi=g8g-m1&aql=&gs_rfai=”

25
26 153. This Google search query for “Blue Coast Financial” yielded, as of
27 July 25, 2010, search results as reproduced in the screenshot below:
28

1 154. As promised, joining CAP has turned the “negative” into a positive in
2 Google search results. The web page for Rip-off Report number 412338 still
3 remains in a high-ranking position three in page rank for a Google search query for
4 “Blue Coast Financial.” However, the viewer of the Google search query results
5 sees only the following preview snippets of text for the web page displaying Rip-
6 off Report Number 412338:

7
8 **“Blue Coast Financial Review | Rip-off Report #412338**

9 Apr 9, 2010 ... INVESTIGATION: Shawn Hull, Blue Coast Financial
10 Commitment to 100% client satisfaction, Feel confident and secure when
11 doing business with ...

12 www.ripoffreport.com/.../Blue-Coast-Financial/investigation-shawn-hull-
13 blu-cc86w.htm - Cached - Similar”

14
15 155. The reason this happens is that after a subject joins the CAP program,
16 the negative content in the Rip-off Report about the subject may not be removed,
17 but the negative comments are pushed so far down the “content” attribute of the
18 “head” section of the HTML code for the web page displaying the Report that the
19 negative content becomes virtually irrelevant to the search engines because of the
20 overwhelming “good” content placed in the first 90% of the metatag.

21 156. An example is shown below, for Ripoff Report’s advertiser,
22 Cash4Gold:

23 <meta name="keywords" content="rip-off, ripoff, rip
24 off, Cash4Gold, Corrupt Companies" /><meta
25 name="description" content="INVESTIGATION: Cash4Gold
26 customers can feel safe confident & secure when doing
27 business Cash4Gold & Albar Precious Metal Refining -
28 Commitment to total customer satisfaction, positive
 rating for its customer support. Consumers best bet
 when looking to get Cash for Gold.*UPDATE ...Rip-off
 Report Investigation: Cash4Gold pledges to resolve
 complaints. Commitment to Rip-off Report Corporate

1 Advocacy Program.- Executives stated "We are only as
2 strong as our weakest link running a company of this
3 size & volume you must adapt to your customers needs"
4 Over \$350,000 spent on new state of the art tracking
5 systems " /></head>

5 157. In the above example, the new, custom “content” is shown after the
6 “content=” attribute inside the second set of meta “angle brackets” (between the
7 “<meta” and the “/>”. Although the previous negative part of the actual Report
8 may not be physically removed, it is effectively removed for search results because
9 of the change in meta tags and overwhelming page modification with positive
10 comments.

11 158. The actual Rip-off Report used as an example in the Second
12 Questionnaire Email, Report number 412338, appears to have been replaced by a
13 retraction from the original poster as of July 25, 2010. A true and correct copy of
14 Report Number 412338 as it appeared on July 25, 2010 currently is attached hereto
15 as **Exhibit “10.”**

16 159. Report Number 412338 provides in part:

17 “Dear Editor:

18 Please publish the following post:

19 I would like to retract my original post. I was completely wrong for posting
20 what I did about Blue Coast Financial.

21 After my post rip off report investigated the company and that made me
22 think about what I was actually doing. I would like to apologize to the
23 company and staff that tried to help me make this business successful.”

24 Exhibit 10. The “original post” referred to in Report 412338 is not visible.

25 160. Thus, the Ripoff Report enterprise promises, perhaps tacitly, that
26 membership in CAP will get the CAP member favorable, prominent search results,
27 and points the CAP applicant to an example where the original Report has
28 obviously been replaced. The only thing that appears to remain the same is the
number.

1 161. A second, “unofficial” way to get into CAP is to file a lawsuit against
2 Defendants.

3 162. The Ripoff Report enterprise makes many representations of fact to
4 the public and to victims in furtherance of the Content Trolling Scheme.

5 163. Among Defendants’ most striking false representations, both on the
6 ROR Website on both June 26, 2009 and October 27, 2009, and in emails to
7 individuals seeking information about Rip-off Reports, is that “WE DO NOT
8 Remove any Rip-off Reports” and **never** removes reports for money.

9 164. ROR falsely claims that it never takes down reports, whether for
10 money or even if you sue, including currently on the Ripoff Report Website
11 “Ripoff Report . . . will not remove complaints even if you sue.” This quotation
12 appeared on the Website on June 26, 2009 and October 27, 2009. Plaintiffs viewed
13 the page containing this statement on those dates, and relied thereon.

14 165. This is absolutely false. Ripoff Report has taken down at least two
15 reports after litigation, and for a sum of over \$100,000, in October 2009 and
16 December 2009.

17 166. The true facts are that Ripoff Report has removed Rip-off Reports,
18 and for substantial amounts of money. For substantial amounts of money, Rip-off
19 Report will disclaim Rip-off Reports, has permitted the subjects of Rip-off Reports
20 to write large portions of the contents, and has taken down Rip-off Reports.

21 167. A settlement agreement dated May 15, 2009 entered into and signed
22 by Defendants Xcentric and Magedson, on the one hand, and QED Media Group,
23 LLC, and Robert Russo, the subject of certain Rip-off Reports, on the other hand
24 (the “QED Agreement”) attached hereto as **Exhibit “11”**, provides in part:

- 25 a. “QED will pay to Xcentric the sum of Eleven Thousand dollars
26 (\$11,000) in the form of a cashier’s check;
- 27 b. . . . QED will execute a promissory note [to Xcentric] for the
28 principal sum of Ninety Thousand Dollars (\$90,000) . . .

- 1 d. Xcentric will insert into the beginning of the body of Report
2 number 311070, Report number 254798, and Report number
3 261756 up to 250 words of content provided by QED.”

4 **Exhibit 11.**

5 168. Defendants induce subjects of negative reports, including Plaintiffs,
6 to take steps that effectively aggravate their injuries rather than helping them, by
7 posting rebuttals, while deterring them from exercising their rights by misleading
8 them as to Defendants’ track record of success in the courts.

9 169. ROR tells the subjects of its reports that they can tell their side of the
10 story if they file a “rebuttal.”

11 170. However, not all rebuttals are posted. Moreover, what ROR does not
12 tell subjects of reports is that filing a rebuttal is likely to increase the prominence
13 of the negative statements, and does so in a way that only the negative appears in
14 search results, not the positive. See Exhibit 2.

15 171. ROR also does not tell subjects that filing a rebuttal is financially
16 helpful to ROR because it increase the visitor traffic, amount of fresh content and
17 strengthens the overall authority of the site.

18 172. ROR also does not tell those to whom it advocates filing a rebuttal
19 that ROR then sells advertising links from the rebuttals. Thus, ROR is the ultimate
20 “troll” – a website that baits innocent people into defending themselves, and then
21 advertising against the fresh content contained in their rebuttals.

22 173. Furthermore, ROR claims that you can always file a free rebuttal. This
23 is false. Many rebuttals do not get posted, thus depriving subjects of the ability to
24 tell their side of the story and aggravating the harm to their reputation on the
25 Internet with devastating consequence to their business and personal lives.
26 Moreover, the claim that anyone can file a free rebuttal leads the public to infer
27 that the subject does not have a response.

28 174. Ripoff Report presents CAP and its Verified Safe program as
endorsements that a consumer can trust. This violates Section 5 of the FTC ACT,
15 U.S.C. § 45, and the Codes of Federal Regulations promulgated there under, 16

1 C.F.R. Part 255.0 *et seq.* because Defendants fail to make material disclosures that
2 would affect consumer's perception of Defendant's endorsement of such programs
3 as paid advertisements and are not neutral and objective.

4 175. Finally, ROR claims that it has not done anything to get more
5 favorable search results with Google. Yet, ROR has altered content concerning
6 Google to maintain its good favor.

7 176. Desperate, the subjects of Reports are overwhelmed in the aftermath
8 of having a report go up about them.

9 177. The distress of a subject is well known among a business sector of
10 consultants who purport to have knowledge as to how to address the existence of a
11 Report.

12 178. Victims are deluged with calls, e-mails and faxes from services
13 soliciting fees to "repair" online reputation caused by the ROR.

14 179. Defendants intentionally used their Web site as a scheme to attempt to
15 obtain money from advertisers, Plaintiff and others by means of (1) the negative
16 Google search results generated from Rip-Off Reports and (2) false and
17 defamatory content acquired and distributed by Defendants.

18 180. Promising media attention and monetary compensation via class
19 action lawsuits, Defendants solicit purely negative content about businesses and
20 individuals and guide the creation of these complaints with their "Ripoff Revenge"
21 guidebook. In fact, the "Rip-off Report Do-It-Yourself Guide to Rip-off Revenge"
22 offers "step by step instructions" to readers looking to redress their grievances.

23 181. Defendants then label these businesses or individuals a "Ripoff" and
24 preclude publication of positive Reports.

25 182. This biased presentation of these targets appears in Google search
26 results and are typically visible on the first page of the results page.

27 183. Using the pseudonym "Corporate Advocacy Program" ("CAP"),
28 Defendants charge as much as \$7,500 to replace the negative search results with
positive affirmations. In addition, CAP members must pay a fee based on the

1 number of reports and a monthly monitoring fee per report times the reports
2 originally filed. The monthly monitoring fee agreement is for a minimum term of
3 36 months.

4
5 **V.**

6 **DEFENDANTS' VIOLATIONS OF 18 U.S.C. § 1343 (Wire Fraud)**

7
8 **A. Defendants Falsely Represent That "Reports Never Come Down"**

9
10 184. Defendants make several, false and fraudulent statements of fact on its
11 Web site and in e-mails sent by Defendant Edward Magedson to Plaintiffs and
12 others similarly situated in a concerted effort to collect revenue from the sale of
13 their "Ripoff Revenge" guidebook, sale of their Corporate Advocacy Program,
14 advertisements, Internet traffic and link referrals.

15 185. These misrepresentations were made with the specific intent of: (1)
16 deceiving the public as to the legitimacy of their purported "consumer advocacy"
17 site; (2) deceiving the public as to the impartiality of their Rip-off Reports; (3)
18 deceiving the public as to safety of those businesses and individuals endorsed via
19 CAP; (4) deceiving the targets of the Ripoff Report enterprise into believing the
20 free rebuttal will be effective and helpful; and (5) deceiving the targets into
21 believing that legal action is futile because it cannot accomplish the goal of
22 removing Reports from Defendants' database or the ROR Website, and that the
23 only way to remedy the harmful effects of Defendants' Web site is through
24 payment to information technology consultants or the Defendants themselves.

25 186. Defendants mislead those victimized on their website when they state
26 both on the site and in emails they "never take reports down." They have
27 expressed this false statement in a number of ways, also stating that "reports never
28 come down" or "reports always stay up."

1 187. At all times relevant hereto, Defendants state on the ROR Website
2 that they “never remove reports.”

3 188. Defendants state on the ROR Website, including on April 3, 2009 and
4 on July 26, 2010 that:

5
6 “Since the Ripoff Report was started in 1998, our policy has always
7 remained the same – we never remove reports.”

8
9 189. Currently, and at all relevant times hereto including specifically on
10 April 3, 2009, June 26, 2009 and July 26, 2010, the Ripoff Report enterprise makes
11 the following statements of fact through the ROR website:

12 i. “We . . . will not consider removal requests from anyone, including a
13 request which claims to be from the original author of a report.”

14 ii. “Ripoff Report . . . will not remove complaints even if you sue.”

15 iii. “We don’t write reports, and we don’t remove reports. PERIOD.”

16 190. A true and correct screen shot of the ROR Website containing these
17 statements of fact as it appeared on July 23, 2010 is attached hereto as **Exhibit**
18 **“12.”**

19 191. On May 12, 2009, Defendant Edward Magedson sent Plaintiff
20 Raymond Mobrez an e-mail containing the following false statements of fact:

21 i. “Rip-off Report is a permanent record.”

22 ii. “a Rip-off Report cannot be taken off.”

23 iii. “we have a uniform policy against removing reports.”

24 iv. “WE DO NOT Remove any Rip-off Reports”

25 v. “we do not remove a submitted Rip-off Report, and we never will.”

26 vi. “Some people claim we remove reports for money, but that is just
27 plain false.”

28 Attached hereto as **Exhibit “13”** is a true and accurate copy of the email sent on
May 5, 2009 from Magedson to Mobrez making these false statements of fact.

1 192. On July 24, 2009, Defendant Edward Magedson sent Plaintiff
2 Raymond Mobrez an e-mail containing the following false statement of fact:

3
4 “We do not remove reports.”
5

6 193. The true facts are that Reports do, in fact, come down, for substantial
7 sums of money, and after a lawsuit, and that Defendants do write portions of
8 Reports in collaboration with CAP members or parties with whom they have
9 settled a lawsuit. Attached previously hereto as **Exhibit “11”** is a true and
10 accurate copy of a non-confidential settlement agreement between Xcentric
11 Ventures, LLC, Ed Magedson and QED Media Group, LLC and Robert Russo
12 whereby the parties agree that Defendants will not post any new reports regarding
13 QED Media Group, LLC and Robert Russo, if the contributor of the report “can
14 not prove to the reasonable satisfaction of Xcentric that he or she was an actual
15 customer of QED,” if not, “ the report will not be posted.” Defendants’ Counsel
16 has admitted that Reports have, on occasion, been removed from the ROR Web
17 site, including pursuant to the QED Agreement, and that Russo owed significant
18 sums of money to the Ripoff Report enterprise under the agreement providing for
19 such removal.
20

21 194. In an e-mail to Texas attorney, Kenton Hutcherson, dated October 29,
22 2009, Defendants’ counsel, Maria Speth, stated “After further reflection, and based
23 on issues beyond compliance with the settlement agreement, Ripoff Report has
24 decided to completely remove report number 510675. It was deactivated
25 yesterday.” See Declaration of Kenton Hutcherson attached hereto as **Exhibit**
26 **“14”** (including Speth’s October 29, 2009 email to Hutcherson).

27 195. On July 20, 2010, during a conference between both parties, counsel
28 for Defendants, Maria Speth, confirmed that two reports concerning Mr.
Hutcherson’s former client, QED Media Group, LLC, were removed on two

1 separate occasions. See Declaration of Daniel F. Blackert, attached hereto as
2 **Exhibit “15.”**

3 196. The false statements lead those victimized to believe they have very
4 limited courses of action. If they wish to mitigate the damage caused by these
5 reports, they must either pay Defendants to be in the CAP or pay an information
6 technology (“IT”) consultant to publish alternative online content to repair their
7 reputation via search engines.

8 197. Plaintiffs did take such steps. On October 24, 2009, Plaintiffs posted a
9 listing on Craigslist seeking an on site web product developer with SEO skills in
10 order to combat the defamatory reports. Plaintiffs paid \$25.00 to post this
11 advertisement.

12 198. On March 6, 2009, Plaintiffs paid a Search Engine Optimization
13 consultant eight hundred and ninety (\$890.00) dollars in connection with work
14 performed to mitigate the defamatory reports on ROR.

15 199. Again on March 27, 2009, Plaintiffs paid a Search Engine
16 Optimization consultant six hundred dollars (\$600.00) in connection with work
17 performed to mitigate the defamatory reports on ROR.

18 200. On May 14, 2009, Plaintiffs paid a Search Engine Optimization
19 consultant eight hundred dollars (\$800.00) in connection with work performed to
20 mitigate the defamatory reports on ROR.

21 201. Thereafter, Plaintiffs paid a Search Engine Optimization consultant
22 one hundred dollars (\$100.00) in connection with work performed to mitigate the
23 defamatory reports on the ROR Website.

24 202. Others have expended monies in order to mitigate and/or take down
25 the defamatory posts on the ROR.

26 203. In or around February 2010, Tina Norris, another victim of the
27 Content Trolling Scheme, paid \$600 to Reputation Defender, and SEO consultant,
28 to repair the damage caused in Google search results by the Reports published by
the Ripoff Report enterprise in furtherance of the Content Trolling Scheme.

1 204. Another victim, Kathy Spano and her teenage daughter, residents of
2 the State of California, engaged an SEO consultant on May 18, 2010 for the
3 amount of \$3,000 to repair the damage to the teenage daughter caused by the
4 posting of negative Reports in furtherance of the Content Trolling Scheme.

5 205. Another victim, attorney Laura Snoke, a resident of the State of
6 California, paid \$3,500 upfront and \$300 a month to maintain her own website and
7 blogs specifically to counteract the presence of the negative Reports in Google
8 searches. Nonetheless, clients and prospective clients mention to her the Reports.
9 A true and correct copy of the Declaration of Laura Snoke is attached hereto as
10 **Exhibit “16.”**

11 206. The Ripoff Report Enterprise also makes these false representations
12 that reports are never removed even if you sue, to intimidate the victims, deflect
13 litigation to the contributors, and reinforce the myth that Defendants are immune,
14 thus causing victims to sit on their rights while the statute of limitations runs, and
15 in some cases, as in Blockowicz, in fact claiming that the statute of limitations for
16 the underlying claim has run. The false statements are intended to, and in many
17 cases do, cause victims to believe they can only exercise legal process directed at
18 the contributors of the Reports to get ultimate relief. Defendants do not disclose
19 that they will disobey any injunction thus obtained.

20 207. On April 22, 2010, Ms. Spano’s teenage daughter currently has a
21 lawsuit pending in Superior Court for the State of California, Riverside County,
22 against Defendant Xcentric doing business as RipoffReport.com, Lombardo v.
23 RipoffReport.com, (RIC 10005777) for damages due to defamation and to prevent
24 new Reports from being published. A true and correct copy of the Riverside
25 lawsuit is attached hereto as Exhibit “17”.

26 208. Likewise, Tina Norris incurred one hundred and thirty-four thousand
27 dollars \$134,000 in attorneys fees’ in obtaining the identity of authors of Reports
28 and in obtaining injunctive relief against the contributor. Nonetheless, The Ripoff

1 Report enterprise continues to acquire and publish new content from the
2 contributor.

3 209. Another victim of false reports, attorney Peter Mallon, a resident of
4 the State of California, described that he was quoted a price of \$2,995 from Quick
5 Rep Repair to commence work on repairing his online reputation. A true and
6 correct copy of the Declaration of Peter Mallon is attached hereto as **Exhibit “18.”**

7 210. Mallon was advised by the representative of Quick Rep Repair that
8 Defendant Magedson is generally in hiding to avoid service of lawsuits against
9 him.” See Exhibit 18 at ¶8. In addition to selling services, such consultants prey
10 upon the confusion, distress and panic induced in subjects of the Reports to
11 compound rumors and speculation about the degree to which the Ripoff Report
12 enterprise will respond to formal legal process or informal requests for help. Myths
13 and rumors regarding the efficacy and availability of court remedies are aggravated
14 and compounded by the legal advocacy published on the ROR Website to its
15 unsophisticated victims. Plaintiffs are informed and believe and thereon allege that
16 counsel for Defendants Xcentric and Magedson, Mari Crimi Speth, of Jaburg &
17 Wilk, will accept service of process for Defendants Xcentric and Magedson.

18
19 **B. Defendants Falsely State That Victims Can File A Free Rebuttal and**
20 **That Rebuttals Are Effective and Helpful.**

21
22 211. Defendants also grossly overstate the ability of those targeted to file a
23 free rebuttal in response to negative Reports and grossly misrepresent the effect of
24 rebuttals as being helpful, rather than harmful.

25 218. A number of people have unsuccessfully attempted to post rebuttals in
26 response to negative Reports about them, including, but not limited to Tina Norris
27 and Jan Smith.

28 219. Between July and November 2008, Tina Norris and a team of
employees attempted to file positive rebuttals to reports about her and her business,

1 TNT Management. Each rebuttal they submitted was in response to a different
2 Report. Of their approximately 40 submissions, the Ripoff Report enterprise
3 declined to post approximately half.

4 220. On January 19, 2010 and January 19, 2010 Jan Smith sent emails to
5 info@ripoffreport.com complaining that rebuttals she has submitted to Reports
6 were not being posted. See **Exhibit 19**.

7 221. This misrepresentation that subjects can always file rebuttals creates
8 the illusion that Reports are balanced. It gives the public a sense that both positive
9 reports and negative content can be easily posted. This is not the case.

10 222. The illusion created by Defendants' misrepresentations legitimizes the
11 complaints against Plaintiffs, thereby aggravating the harm done to the targeted
12 business or individual by the Content Trolling Scheme.

13 223. On May 5, 2009 at 11:48 a.m., Defendant Edward Magedson sent
14 Plaintiff Raymond Mobrez an e-mail containing the following statements of fact:

15 i. Best to respond to the report... Just file a rebuttal.. the truth
16 shall set you free.”

17 ii. “You can simply file a rebuttal and explain your side of the
18 story”

19 iii. “file a rebuttal to the nasty Report about you, state that you had
20 made a mistake in the past and explain how you’ve contacted (or are contacting if
21 the rebuttal is your sole method of contact) the author of the report to make things
22 right with them. . . We know it works.”

23 iv. “We encourage you to post a rebuttal explaining your side of
24 the story, but we have a uniform policy against removing reports posted by
25 consumers.”

26 v. “we supply a REBUTTAL feature so that the company reported
27 has a chance to respond by agreeing, disagreeing, or apologizing and explaining
28 what will be done to fix the issue.”

1 vi. “file a rebuttal that is pleasant and, if you wish, mention that
2 you support this forum.”

3 A true and correct copy of Mr. Magedson’s May 5, 2009 at 11:48 a.m. email to Mr.
4 Mobrez is attached hereto.

5 224. In the May 5, 2009 email, Magedson adverts to his knowledge that the
6 public is finding Reports on search engines with the statement, “Consumers are
7 probably finding your business on search engines that would never even know
8 about you!”

9 225. Defendants do not disclose their ulterior motivation for advocating
10 their free, rebuttal service.

11 226. Filing a rebuttal actually hurts those victimized on the ROR website
12 and in search results more than it helps them. Filing a Rebuttal refreshes Google’s
13 search indexing, thereby potentially increasing content and visits for the ROR
14 Website site and Reports. This also raises the page ranking of the negative Report.

15 227. Rebuttals act as fresh content, refreshing the Reports with search
16 engines, particularly when Defendants add paid links to advertising the content in
17 the rebuttals. See Exhibit 2, ¶¶14-16.

18 228. Filing a rebuttal also requires registration and acceptance of ROR’s
19 terms of service, which contain an Arizona venue and choice of law that clause
20 Defendants may invoke should victims realize the effect of the Content Trolling
21 Scheme and wish to exercise their First Amendment right of petition against
22 Defendants in the courts.

23 229. The aggravating effect of submitting a rebuttal is well observed. In or
24 about February 2010, Tina Norris paid \$600 to an SEO consultant, Reputation
25 Defender, to successfully lower the ranking of the Reports targeting her from
26 number one to number four in Google page rankings. Thereafter, Norris also filed
27 a rebuttal to a Report. After she filed a rebuttal, the Report went back to the
28 number one position, rendering any work done by the consultant useless.

1 230. Plaintiffs did rely on the false statements on the ROR Website on
2 March 4, 2009 and April 3, 2009 that “the best thing you can do is to post a
3 rebuttal.”

4 231. On April 3, 2009, through counsel, Plaintiffs registered with the ROR
5 Website and thereafter posted a rebuttal.

6 232. Whereas on March 4, 2009, the Google search result for “Raymond
7 Mobrez” returned a Report as third in page rank, the Google search rank for
8 “Raymond Mobrez” currently returns a Report as the first in page rank.

9
10 **C. Defendants Falsely State that they have never done anything to cause**
11 **Google to rank their website higher in the search results.**

12 233. Defendants falsely misrepresent to the public that “Ripoff Report has
13 never, ever (not now, and not in the past) done anything to cause Google to rank
14 our website higher in search results than other sites.” This quotation appeared on
15 the ROR website on June 26, 2009 and October 27, 2009.

16 234. ROR makes the following allegations on their webpage: In response
17 to the question “I head that the Ripoff Report pays Google to get higher rankings in
18 search results, is that true?” the Web site responds, “No. This is 100% false.”
19 These statements appeared on the ROR website on June 26, 2009 and October 27,
20 2009.

21
22 i. “For the record – Ripoff Report has never, ever (not now, and
23 not in the past) done anything to cause Google to rank our website higher in search
24 results than other sites.” Attached hereto as **Exhibit 20** is a true and accurate
25 printout from ROR’s website dated July 26, 2010 evidencing the above.

26 235. Ripoff Report has, in fact, done many things to support itself as a
27 business model and cause Google to rank postings higher by circumventing
28 punitive changes in algorithms. The website gives Google special treatment in

1 reports to maintain their high organic Google search authority and favorable
2 ranking.

3 236. However, Ripoff Report has actively written and published titles,
4 disclaimers, and comments to maintain favor with Google. They have changed the
5 meaning of reports concerning Google in substantial ways to achieve that
6 objective. For example, Defendants wrote a disclaimer that “this is not google.com
7 the search company” on a report posted about Google AdSense. Defendants have
8 changed the name of Sergey Brin, a Google founder, and editorialized about
9 reports on Brin and Larry Evans.

10 237. Plaintiffs were injured both by the public’s perception and in the form
11 of fees paid to IT consultants, loss of business over time and lost contract, both for
12 AEI’s business and lost real estate commissions on transactions for Mobrez and
13 Llaneras.

14 238. If Plaintiffs had known the true facts they would have sued ROR
15 earlier and not delayed in trying to resolve this issue by any means other than a
16 lawsuit, thereby taking early action to remedy the erosion in their business and
17 property interests and loss of valuable contracts.

18 ///

19 **E. Defendants falsely state that they do no filter or suppress reports, unlike**
20 **the Better Business Bureau.**

21 239. Plaintiffs viewed the following statements on the Ripoff Report
22 website on August 12, 2009. The website also currently as of July 26, 2010
23 contains the following claims:

24 i. “Unlike the Better Business Bureau, Ripoff Report does not
25 hide reports of "satisfied" complaints. ALL complaints remain public and unedited
26 in order to create a working history on the company or individual in question.”

27 240. Plaintiffs viewed the following statements on the Ripoff Report
28 website on both June 26, 2009 and October 27, 2009. The website also currently
contains the following claims:

1 i. “First, this site is most effective when all complaints are
2 maintained and preserved so that over time patterns of truly bad business practices
3 are exposed. If we removed reports after a certain period of time, this would
4 provide consumers with less information to use when evaluating a company.
5 Unlike the Better Business Bureau (which deletes complaints after just 36 months),
6 we maintain a permanent record of all complaints. This ensures that our viewers
7 have more information rather than less.”

8 241. As mentioned above, Ripoff report does not post negative reports
9 about certain businesses, including negative reports about CAP members and
10 reports about CAP, itself and its agents. The public relies on these false
11 statements, giving more credence to the negative reports.

12 242. Moreover, Defendants will not post positive reports.

13 243. As set forth above, plaintiffs were injured by fees paid to IT
14 contractors and loss of business and contracts. If Plaintiffs had known the true facts
15 they would have sued ROR earlier and not delayed in trying to resolve this issue by
16 any means other than a lawsuit, thereby taking early action to remedy the erosion
17 in their business and property interests and loss of valuable contracts.

18
19 **F. Defendants Mislead The Public When They Present CAP Members As**
20 **Safe, Reliable, And Trustworthy.**

21 244. Defendants state that they investigate the truth to posts about CAP
22 members. They portray this process as reliable and accurate. Furthermore, they
23 portray CAP members as those businesses that are dedicated to improving their
24 customer service.

25 245. For example, ROR states:

26 i. “Rip-off Report Investigation: John Beck – Free And Clear –
27 Mentoring of America pledges to resolve complaints & address inquiries from the
28 past, and in the future. Commitment to Rip-off Report Corporate Advocacy

1 Business Remediation & Customer Satisfaction Program. Consumers can feel
2 confident & secure when doing business with John Beck – commitment to 100%
3 customer satisfaction – fulfilling commitment to provide excellent customer
4 service – safeguards for their clients.”

5 ii. “UPDATE Rip-off Report Investigation: John Beck Pledges To
6 Resolve Complaints. – commitment to 100% customer satisfaction – Consumers
7 can feel confident & secure when doing business with John Beck.” (A true and
8 correct copy of this page of ROR dated July 26, 2010 is attached hereto as **Exhibit**
9 **“21.”**

10 246. John Beck is currently being investigated by the Federal Trade
11 Commission. In addition, the FTC, on its website, advises individuals and
12 businesses that John Beck is running a scam and to not to business with him. (A
13 true and correct copy of the aforementioned page is attached hereto as **Exhibit**
14 **“22.”**

15 247. In fact, Defendants conduct CAP investigations strictly through the
16 email and Defendant Ed Magedson is the only one involved in the process. A true
17 and correct copy of portions of the 30(b)(6) deposition of Ed Magedson evidencing
18 the above is attached to the Declaration of Daniel Blackert as **Exhibit 15.**

19 248. As set forth above, Plaintiffs were injured by fees paid to IT
20 contractors and loss of business and contracts.

21 249. If Plaintiffs had known the true facts they would have sued ROR
22 earlier and not delayed in trying to resolve this issue by any means other than a
23 lawsuit, thereby taking early action to remedy the erosion in their business and
24 property interests and loss of valuable contracts.

25
26
27 **FIRST CLAIM FOR RELIEF**
28 **UNFAIR BUSINESS PRACTICES - CALIFORNIA BUSINESS**
& PROFESSIONS CODE § 17200, et seq.)

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(Against All Defendants)

250. Asia Economic Institute re-alleges and incorporates by reference all preceding paragraphs as fully set forth herein.

251. Plaintiffs have standing pursuant to California Business and Professional Code Section 17204.

252. Plaintiffs allege violations of California Business & Professions Code § 17200 on behalf of themselves and the public (Private Attorney General).

253. Defendants' acts and practices as alleged herein constitute unlawful, unfair, and/or fraudulent business practices in violation of California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, *et seq.*

254. Defendants are engaged in unlawful business acts or practices by, among other things:

255. Defendants have repeatedly and intentionally used their Websites as a scheme to obtain money from AEI and other companies by means of false and fraudulent representations made by the Defendant concerning the legitimacy of Defendants' Web site. This conduct amounts to wire fraud under 18 U.S.C. § 1343.

256. Defendants are engaged in unfair business acts or practices by, among other things:

257. Defendants have engaged in conduct the utility of which is outweighed by the gravity of the consequences to the Plaintiffs and the public.

258. Defendants have engaged in conduct that is immoral, unethical, unscrupulous, and substantially injurious to Plaintiff and the public.

259. Defendants have engaged in conduct that undermines and violates the policies set out in 18 U.S.C. § 1962(c) and 18 U.S.C. § 1343.

260. Defendants are engaged in fraudulent business acts or practices by, among other things:

- 1 a. Defendants represent themselves as consumer advocates. However,
2 this description is false and misleading for reasons stated above
3 including:
4
5 b. Defendants allow users to post personal complaints and air grievances
6 that fall well outside the definition of consumerism. Such complaints
7 include allegations of adultery, sexual assault, and pedophilia.
8
9 c. Defendants mislead the public into believing they have presented an
10 unbiased description of the targeted business or individual, However,
11 Defendants refuse to publish positive reports concerning these targets
12 and, on occasion, fail to publish rebuttals disputing the allegations
13 contained in the negative report.
14
15 d. Defendants label businesses or individuals enrolled in the Corporate
16 Advocacy Program as “verified safe” with insufficient investigation of
17 the veracity of this statements.
18
19 e. Defendants solicit false and defamatory complaints against Plaintiffs
20 and others so that they may profit from sales of their “Ripoff
21 Revenge” guidebook and membership in their Corporate Advocacy
22 Program.
23
24

25 261. Defendants’ statements about products and services offered for sale
26 by participants in the CAP and Verified Safe Program are “endorsements” within
27 the meaning of Section 5 of the FTC Act, 15 U.S.C. § 45, because consumers are
28 likely to believe such statements reflects the opinions, beliefs, findings, or
experiences of a party other than the sponsoring advertiser.

262. Defendants fail to disclose material information that would be likely
to influence a consumer regarding the terms of Defendants’ endorsements and
testimonials under the Corporate Advocacy Program and Verified Safe Program.

263. Defendants have failed, and continue to fail, to disclose to consumers
in advertising the fact or the amount of material considerations paid to Defendants

1 for endorsing or “Verifying Safe” a business, in violation of Section 5 of the FTC
2 Act, 15 U.S.C. § 5, and Federal Trade Commission 16 C.F.R. Part 255.0 *et seq.* as
3 updated effective December 1, 2009 expressly to issue new Guides that confirm
4 Section 5 of the FTC Act applies to statements on blogs, and Internet communities.

5 264. Defendants are subject to liability for false or unsubstantiated
6 statements made through these endorsements.

7 265. Without injunctive relief, the Plaintiffs and others similarly situated
8 will continued to be harmed by the Defendants’ unlawful, unfair and fraudulent
9 business practices. In addition, Plaintiff is entitled to recover its costs of suit and
10 attorney.

11
12 **SECOND CLAIM FOR RELIEF**
13 **COMMON LAW DEFAMATION**
14 **(Against All Defendants)**

15 266. Asia Economic Institute re-alleges and incorporates by reference all
16 preceding paragraphs as fully set forth herein.

17 267. Defendants published defamatory materials on Defendants’ websites
18 regarding Plaintiffs.

19 268. The publications contain false and misleading information and
20 have brought Plaintiffs into disrepute among members of the marketplace. In
21 addition, said defamatory comments have harmed Plaintiffs’ integrity, good-will,
22 reputation, and good name in the community.

23 269. Defendants knew or should have known that the defamatory posts
24 would cause serious harm to Plaintiffs. Defendants intended that the defamatory
25 posts impact the way the public views Plaintiffs, as well as their business.

26 270. Defendants knew that the publications included false information or
27 otherwise acted with reckless disregard of the truth or falsity contained in their
28 publications. Further, Defendants refuse to investigate the truth or falsity of such

1 statements to the detriment of Plaintiffs, as well as other businesses and
2 individuals.

3 271. Defendants' publications damaged Plaintiffs' business reputation and
4 have prejudiced it in the conduct of its business, and have deterred customers and
5 potential customers from dealing with it.

6 272. Plaintiffs have been injured in its reputation, business, and property by
7 reason of Defendants' publications in an amount to be determined at trial.

8 9 **THIRD CLAIM FOR RELIEF**

10 **DEFAMATION PER SE**

11 **(Against All Defendants)**

12
13 273. Asia Economic Institute re-alleges and incorporates by reference all
14 preceding paragraphs as fully set forth herein.

15 274. Defendants published the statements attached hereto at **“Exhibit 13.”**

16 275. The Reports published by Defendants regarding Plaintiff are false and
17 were published with malice and reckless disregard for the truth or falsity of such
18 stories with intent to injure Plaintiff, its business reputation, and to illegally divert
19 prospective employees from the Plaintiff's employ.

20 276. Defendants do not verify the truth or accuracy of the stories contained
21 on their websites. Defendants publish the stories and hold Plaintiffs out to the
22 public as a “rip-off.”

23 277. The stories published and written by the Defendants contain false
24 information about the Plaintiffs' business relationships and falsely allege the
25 Plaintiffs are engaged in criminal conduct. Such statements include that AEI is
26 “laundering money,” that AEI “lie cheat tax fraud,” “reduce pay illegally,” and is a
27 “SCAM.” These false statements constitute defamation per se under all applicable
28 laws.

1 384. As a direct and proximate result of Defendants’ wrongful statements,
2 Plaintiffs have sustained harm to their business in an amount to be proven at trial.

3
4 **FIFTH CAUSE OF ACTION**
5 **INTENTIONAL INTERFERENCE WITH PROSPECTIVE**
6 **ECONOMIC RELATIONS**
7 **(Against All Defendants)**
8

9 285. Plaintiff re-alleges and incorporates by reference all preceding
10 paragraphs as fully set forth herein.

11 286. AEI had valid contractual relationships with current and prospective
12 employees and had expected relationships with persons who, but for Defendant’s
13 libelous publications, would have entered into valid contractual relationships.

14 287. Defendants knew, when falsely and publicly making these defamatory
15 statements about the Plaintiffs, that Plaintiffs had these valuable contracts and
16 business expectancies.

17 288. Defendants intentionally and wrongfully interfered with these
18 relationships by knowingly publishing, creating, and soliciting negative, false, and
19 defamatory content in exchange for their own business profit.

20 289. As a result of the Defendants’ wrongful conduct, the relationship
21 between the Plaintiffs and its employees has been disrupted. In fact, one
22 complainant claims that he was “considering starting a position at this company...”
23 until he “came home and googled his name, and found all these bad reports.” The
24 complaint further asserts that “as a result of these reports, [he is] going to blow him
25 off.”

26 290. As a direct and proximate results of the foregoing wrongful acts,
27 Plaintiffs have been damaged in their good name and reputation, have suffered
28 great loss of its goodwill, has suffered diminution in its value as a business entity,
has lost current as well as prospective employees, and it continues to suffer

1 damages. Plaintiffs have also lost valuable contracts. Defendants' tortuous
2 interference with AEI's business relations entitles AEI to compensatory and
3 punitive damages in an amount to be determined at trial.

4 **SIXTH CAUSE OF ACTION**
5 **NEGLIGENT INTERFERENCE WITH**
6 **PROSPECTIVE ECONOMIC RELATIONS**
7 **(Against All Defendants)**
8

9 291. Plaintiff re-alleges and incorporates by reference all preceding
10 paragraphs as fully set forth herein.

11 292. AEI had valid contractual relationships with current and prospective
12 employees and had expected relationships with persons who, but for Defendant's
13 libelous publications, would have entered into valid contractual relationships.

14 293. Defendants knew, when falsely and publicly making these defamatory
15 statements about the Plaintiffs, that Plaintiffs had these valuable contracts and
16 business expectancies.

17 294. Defendants negligently interfered with these relationships by
18 knowingly publishing and creating negative, false, and defamatory content in
19 exchange for their own business profit.

20 295. The relationships between the Plaintiffs and its employees were
21 thereafter disrupted by the Defendants' conduct.

22 296. As a direct and proximate results of the foregoing wrongful acts,
23 Plaintiffs have been damaged in their good name and reputation, have suffered
24 great loss of its goodwill, has suffered diminution in its value as a business entity,
25 has lost current as well as prospective employees, and it continues to suffer
26 damages. Plaintiffs have also lost valuable contracts. Defendants' tortuous
27 interference with AEI's business relations entitles AEI to compensatory and
28 punitive damages in an amount to be determined at trial.

1 interference with AEI's contractual relations entitles AEI to compensatory and
2 punitive damages in an amount to be determined at trial.

3 **EIGHTH CAUSE OF ACTION**

4 **INJUNCTION**

5 **(Against All Defendants)**

6 305. Plaintiffs re-allege and incorporate by reference all preceding
7 paragraphs as fully set forth herein.

8 306. Defendants have wrongfully and unlawfully solicited, developed, and
9 published on the Websites numerous false and misleading statements of fact
10 concerning AEI and its owners.

11 308. On or about May 5, 2009, Plaintiff Mobrez requested that defendants
12 remove these false and defamatory statements from the Ripoffreport.com website.
13 Defendants have refused, and still refuse, to remove false and misleading
14 statements after repeated requests by the Plaintiffs.

15 309. Plaintiffs have been and will continue to suffer immediate and
16 irreparable damage if Defendants are not enjoined during the pendency of this
17 lawsuit from disseminating or publishing false, misleading, and defamatory
18 comments regarding AEI, Mobrez, and Llaneras. The dissemination or publication
19 of these false, misleading, and defamatory posts continues to impact AEI's
20 business opportunities and dissuades prospective clients from doing business with
21 AEI.

22 310. Plaintiff has no adequate remedy at law for the injuries being suffered
23 as the Plaintiff will be forced to institute a multiplicity of suits to obtain adequate
24 compensation for their injuries.

25 311. There is a substantial likelihood that Plaintiffs will prevail on the
26 merits. Defendants have been repeatedly notified to cease and desist disseminating
27 or publishing these defamatory statements concerning AEI and its business, but
28 they have continued to host such statements on their Websites with the
understanding that such disparaging acts would be detrimental to the Plaintiffs.

1 IV. A promise, made without any intention of performing it.”
2

3 319. Defendants have and continue to violate Cal. Civ. Code § 1709 by
4 willfully deceiving Plaintiffs and others with the intent to induce a detrimental
5 change in their positive.

6 320. As described above, Defendants have violated and continue to violate
7 Cal. Civ. Code § 1710(1) by suggesting that: (1) they have not and will not remove
8 reports published on their Web site; (2) that filing a rebuttal has only a positive
9 effect; (3) that Defendants have done nothing to curry favor with Google; and (4)
10 that Defendants do not filter or suppress reports.

11 322. As described above, Defendants have violated and continue to violate
12 Cal. Civ. Code § 1710(2) by asserting that: (1) they have not and will not remove
13 reports published on their Web site; (2) that filing a rebuttal has only a positive
14 effect; (3) that Defendants have done nothing to curry favor with Google; and (4)
15 that Defendants do not filter or suppress reports.

16 323. As described above, Defendants have violated and continue to violate
17 Cal. Civ. Code § 1710(3) by suppressing the fact that: (1) Defendants have
18 removed reports; (2) filing a rebuttal gives more prominence to the report on
19 Internet search results; (3) that Defendants have edited reports concerning Google
20 to maintain its good favor; (4) that Defendants will not post positive reports nor
21 will they publish reports concerning members of their CAP; and (5) CAP members
22 are not sufficiently investigated.

23 324. Plaintiffs were harmed by these allegations. Had they known the true
24 facts, Plaintiffs would not have hired IT consultants to repair their online
25 reputation and would not have filed a rebuttal with the Defendants.

26 325. Pursuant to Cal. Civ. Code § 1709, Defendants are liable for any
27 damage which was proximately caused to Plaintiffs as a result of Defendants’
28 deceit.

1 **TENTH CAUSE OF ACTION**

2 **FRAUD**

3 **(CAL. CIVIL CODE § 1572)**

4
5 326. Plaintiffs re-allege and incorporate by reference all preceding
6 paragraphs as fully set forth herein.

7 327. Cal. Civ. Code § 1572 provides that “[a]ctual fraud...consists of any
8 of the following acts, committed by a party to the contract, or with his connivance,
9 with intent to deceive another party thereto, or to induce him to enter into the
10 contract:

11
12 I. The suggestion, as a fact, of that which is not true, by one who does
13 not believe it to be true;

14 II. The positive assertion, in a manner not warranted by the information
15 the person making it, of that which is not true, though he believes it to be true;

16 III. The suppression of that which is true, by one having knowledge or
17 belief of the fact;

18 IV. A promise made without any intention of performing it; or

19 V. Any other act fitted to deceive.

20 328. As described above, Defendants have violated and continue to violate
21 Cal. Civ. Code § 1572 by suggesting that: (1) that victims have the option of filing
22 a free rebuttal to the negative complaints; (2) that filing a rebuttal has only a
23 positive effect; (3) that Defendants have done nothing to curry favor with Google;
24 and (4) that Defendants do not filter or suppress reports. At the time these
25 suggestions were made, Defendants did not believe this to be true.

26 329. As described above, Defendants have violated and continue to violate
27 Cal. Civ. Code § 1572 by asserting that: (1) by asserting that: they have not and
28 will not remove Reports published on the ROR Website; (2) that filing a rebuttal
has only a positive effect; (3) that Defendants have done nothing to curry favor

1 with Google; (4) that Defendants do not filter, change or suppress Reports. At the
2 time these assertions were made, Defendants did not believe this to be true.

3 330. As described above, Defendants have violated and continue to violate
4 Cal. Civ. Code § 1572 by asserting that: (1) by suppressing the fact that: (2) filing
5 a rebuttal gives more prominence to the Report on Internet search results; and (3)
6 that Defendants have edited reports concerning Google to maintain its good favor.

7 331. As described above, Defendants have violated and continue to violate
8 Cal. Civ. Code § 1572(5) by making false misrepresentations which were intended
9 to lure targeted businesses and individuals into paying to enroll in CAP and
10 otherwise put victims in a helpless, desperate position.

11 332. As a direct and proximate result of Defendants' actions, Plaintiffs will
12 continue to suffer damages.

13
14 **WHEREFORE**, Plaintiffs pray for judgment against defendants:

15
16 1. For general damages according to proof, including but not limited to the
17 following:

- 18 a. Legal fees incurred as a result of litigating the present case in the
19 amount of \$21,700 to date;
- 20 b. Costs expended litigating the present case in the amount of \$7,400
21 to date;
- 22 c. Amounts invested in assets, business, goodwill and operations of
23 Asia Economic Institute, LLC to date of at least:
- 24 d. Rented office space to date: \$347,983
- 25 e. Phone and Internet Communications to date: \$34,809
- 26 f. Move-in Costs to date: \$31,950
- 27 g. Accrued start-up costs to date: \$12,500
- 28 h. Miscellaneous expenses to date: \$8,900

- 1 i. Amounts expended in traveling to Washington, DC and advocating
2 to representatives and lawmakers for a change in the statute in the
3 amount \$2,500 to date
- 4 j. Salaries or fees paid to SEO Experts, IT consultants, LAMP
5 developers, software licenses, computer programmers and other
6 consultants, contractors and vendors or services to the business of
7 AEI;
- 8 k. Cost of registering and maintaining domain names and hosting
9 services and servers to host and operate the websites of AEI and
10 AEI's educational, publishing and business missions;
- 11 l. Real estate transaction broker or license fees and commissions, and
12 other existing and prospective property interests in commercial
13 transactions, on which Mobrez and Llaneras would earn fees, and
14 to which Plaintiffs Mobrez and Llaneras were entitled and were
15 lost by reason of Defendants' acts complained of herein;
- 16 2. For special damages according to proof;
- 17 3. For punitive damages according to proof;
- 18 4. For a preliminary injunction requiring Defendants to remove from the
19 Website any false and defamatory statements concerning AEI or its
20 employees and prohibiting Defendants from later publishing such statements
21 on the Websites;
- 22 5. For a permanent injunction requiring Defendants to remove from the ROR
23 Website, both in Reports and in associated HTML, false, defamatory or
24 negative statements or keywords;
- 25 6. For prejudgment interest at the legal rate;
- 26 7. For costs of suit incurred herein;
- 27 8. For attorneys' fees; and
- 28 9. For such other and further relief as the Court may deem just and proper.

1 DATED: August 15, 2010

2 /s/ Daniel F. Blackert
3 By: _____
4 DANIEL F. BLACKERT
5 LISA J. BORODKIN
6 Attorneys for Plaintiffs,
7 Asia Economic Institute LLC,
8 Raymond Mobrez, and Iliana
9 Llaneras
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15 **DEMAND FOR JURY TRIAL**

16 Plaintiffs Asia Economic Institute LLC, Raymond Mobrez, and Iliana

17 Llaneras hereby demand a trial by jury.
18

19 DATED: August 15, 2010

20 /s/ Daniel F. Blackert
21 By: _____
22 DANIEL F. BLACKERT
23 LISA J. BORODKIN
24 Attorneys for Plaintiffs
25 Asia Economic Institute LLC,
26 Raymond Mobrez, and Iliana
27 Llaneras
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