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9 Attorneys for Defendants
 10 Xcentric Ventures, LLC and
 Edward Magedson

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 13 **UNITED STATES DISTRICT COURT**
 14 **CENTRAL DISTRICT OF CALIFORNIA**

15 **ASIA ECONOMIC INSTITUTE, LLC,**
 16 ***et al.*,**

17 **Plaintiffs,**

18 v.

19 **XCENTRIC VENTURES, LLC, *et al.*,**

20 **Defendants.**
 21

Case No: 2:10-cv-01360-RSWL-PJW

**DEFENDANTS' REPLY IN SUPPORT
 OF MOTION TO STRIKE MATERIAL
 FROM DOCUMENTS 118 AND 121**

Hearing Date: **September 20, 2010**
 Time: **1:30 p.m.**
 Courtroom: **6**

22 Never once in their twelve-page Opposition do Plaintiffs address the actual request
 23 made by Defendants in the Motion to Strike. Plaintiffs "Introduction" and "Relevant
 24 Procedural Background" are nothing more than an attack on Defendants business, devoid
 25 of any reference to the issue before the Court. When Plaintiffs finally address Rule 408
 26 in their Opposition, their response addresses an exception to Rule 408 related to threats.
 27 However, the two pleadings which Defendants identified in the Motion to Strike as being
 28 in violation of Rule 408 contain no threats. Defendants seek to have stricken and sealed:

MOTION FOR SANCTIONS

2:10-cv-01360-SVW-PJW

1 Document 118, Motion for Reconsideration. Page 4, lines 1-3;
2 Document 120, Declaration of Raymond Mobrez, Paragraphs 8-12, 15-16.

3 Defendants have not quoted these provisions in the pleadings because to do so
4 would defeat the very purpose of the Motion to Strike. However, even a cursory review
5 of the pages and lines of the documents makes abundantly clear that there are no “threats”
6 contained in the identified materials.

7 Plaintiffs repeatedly argue that the Court did not order a “confidential” settlement
8 conference on July 20, 2010. Defendants did not represent in the Motion to Strike that
9 Magistrate Wilson ordered that the settlement conference be kept confidential.
10 Defendants pointed out that it was a Court-ordered settlement conference and that the
11 parties expressly agreed that the discussions at the settlement conference would be kept
12 confidential.

13 Plaintiffs argue that such an agreement (to keep settlement negotiations
14 confidential) is void as against public policy and is unenforceable. As is made abundantly
15 clear in the case law interpreting Rule 408, public policy favors settlement and favors
16 fostering frank discussions between parties to a dispute. It is ludicrous to argue that
17 confidentiality in settlement negotiations is against public policy.

18 Finally, Plaintiffs once again repeat in their pleadings the confidential settlement
19 discussions. During the good faith discussions pursuant to Local Rule 7-3, undersigned
20 specifically cautioned Plaintiffs against doing to. My motion will not disclose the
21 substance of the discussions. In an email dated August 19, 2010, undersigned stated, “Be
22 advised that if you disclose the substance of the negotiations in your response to my
23 motion, you must file it under seal or I will move to strike your response to my motion.
24 If, in your response, you simply cross-reference the content from documents 118, 120 or
25 121¹, without repeating the allegations, that will be one less pleading that will have to be
26 stricken.” (Exhibit “A”)

27 _____
28 ¹ Following the meet and confer, Defendants narrowed the scope of the motion from three documents (118, 120 and 121) to two documents (118 and 120).

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that on the 7th day of September, 2010, I electronically transmitted the
3 attached document to the Clerk's Office using the CM/ECF System for filing, and for
4 transmittal of a Notice of Electronic Filing to the following CM/ECF registrants:

5 Ms. Lisa Borodkin, Esq.
6 Mr. Daniel F. Blackert, Esq.
7 Asia Economic Institute
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9 Los Angeles, CA 90025
10 Attorneys for Plaintiffs
11 lisa_borodkin@post.harvard.edu
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13 And a courtesy copy of the foregoing delivered to:

14 The Hon. Stephen V. Wilson
15 U. S. District Court

16 /s/ Janet A. Sauer
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