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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

ASIA ECONOMIC INSTITUTE, LLC, a )  
California LLC; RAYMOND MOBREZ, )  
an individual; and ILIANA )  
LLANERAS, an individual, )  
Plaintiffs, )

vs. )

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

XCENTRIC VENTURES, LLC, an )  
Arizona LLC, d/b/a as BADBUSINESS) )  
BUREAU and/or )  
BADBUSINESSBUREAU.COM and/or )  
RIP OFF REPORT and/or )  
RIPOFFREPORT.COM; BAD BUSINESS )  
BUREAU, LLC, organized and )  
existing under the laws of )  
St. Kitts/Nevis, West Indies; )  
EDWARD MAGEDSON, an individual, )  
and DOES 1 through 100, )  
Inclusive, )  
Defendants. )

THE 30(B)(6) VIDEOTAPED DEPOSITION OF  
EDWARD MAGEDSON was taken on June 2, 2010 at the  
offices of Jaburg & Wilk, P.C., 3200 North Central  
Avenue, Suite 2000, Phoenix, Arizona, commencing at the  
hour of 10:54 a.m. before Marcella Daughtry, a  
Registered Professional Reporter and Arizona Certified  
Reporter, in and for the State of Arizona.

Pages 1 - 201

1                   People do it every day, millions of  
2                   people every day. It's happening while we are talking  
3                   right now. I try to get them to go ahead and do that.  
4                   That's with the e-mail before I even send them any  
5                   rates, to get that.

11:37:45

6                   Q     So you always quote the prices in the e-mails?

7                   A     Always.

8                   MR. BLACKERT: Okay. I'm going to call  
9                   for production of those -- those documents -- those  
10                  e-mails where he quotes the prices.

11:37:53

11                  MR. GINGRAS: They are not relevant to  
12                  this case, and you have made no production requests.  
13                  If you would like to make one, you are free to do that.  
14                  We will respond when you do.

15                  MR. BLACKERT: Okay. Fair enough.

11:38:06

16                  Q     BY MR. BLACKERT: Now, do you negotiate  
17                  directly with individuals who are looking to enroll in  
18                  the CAP program, individuals or businesses?

19                  A     Yes.

20                  Q     And how does the negotiation process work?

11:38:16

21                  A     You mean how is it done?

22                  Q     Correct, yes. How does the process work?

23                  A     It's done strictly by e-mail.

24                  Q     Okay. And is there a questionnaire that the  
25                  entity or individual must fill out before they are

11:38:34

1           A     Why did I start recording phone calls?  
2           Because of threats, death threats, because -- so  
3           somebody couldn't say I said something like your  
4           client's saying in detail handwritten notes and date  
5           and time and da, da, da, da, saying that I said certain

12:50:30

6           things, which we all know never happened, nothing even  
7           close.

8           Q     Do you notify callers that you record  
9           telephone conversations?

10          A     I'm a one-party -- Arizona is a one-party

12:50:40

11          state.

12          Q     So why don't you notify callers?

13          A     Well, there is -- there is notification on the  
14          recording. If you listen, before it comes to me, there  
15          is a part that says calls may be recorded.

12:50:55

16          Q     At what part does it say that? What's the  
17          specific language? I'm asking for --

18          A     I can't remember and I don't call myself, so I  
19          can't remember.

20          Q     Yeah, I'm going to call for that voice

12:51:08

21          recording for production, the actual system that you  
22          use, the prompts and everything, so I will make a  
23          request for that.

24          A     Anyone can do that. You can just call the  
25          number and get them all yourself.

12:51:24

1 Q How long is that particular prompt -- okay,  
2 let's back up. The prompt that my clients went  
3 through --

4 A Uh-huh.

5 Q -- how long had that been in existence for --

12:51:32

6 MR. GINGRAS: Form. Objection.

7 Q BY MR. BLACKERT: -- since the first phone  
8 call my clients called you?

9 A It's never changed.

10 Q It's never changed.

12:51:44

11 A Until recently, there was a minor change.

12 Q When did it change?

13 A I forget the exact date.

14 Q What was the minor change?

15 A About the recorded phone calls.

12:51:55

16 Q Okay. I'm going to call for production of the  
17 prompts that were in existence on the date that my --  
18 you had these conversations with my clients.

19 Do you think you are prepared to speak  
20 about Xcentric's practices of recording phone

12:52:22

21 conversations? It seems like you don't remember a lot.

22 A Where did I say that I don't remember a lot?  
23 You are putting words in my mouth, and I don't like it.  
24 If you continue to do that, I'll take a break and find  
25 out what we need to do about that, but --

12:52:36

1 Q Okay. When does -- when does Ripoff Report  
2 set the monthly fee if someone agrees to enroll in the  
3 CAP?

4 A When does it set it? It's already -- it is  
5 what it is. It's the same rate sheet everybody gets.

15:07:34

6 Q It's the same for everybody?

7 A The same. Like I said, that thing is  
8 incorrect. It's there. That thing is incorrect.

9 It's --

10 Q All right.

15:07:45

11 A It's the same.

12 Q I'm going to call for --

13 A It depends on how many reports they have, like  
14 I've explained before.

15 MR. BLACKERT: I'm going to call for

15:07:53

16 production of the rate sheet and also the updated  
17 questionnaire that's not on Ripoff Report's website,  
18 call for production of those.

19 Can we do a five-minute break?

20 MS. BORODKIN: Okay.

15:08:09

21 THE VIDEOGRAPHER: We are going off the  
22 record. The time is 3:08 p.m.

23 (The deposition was at recess from 3:08  
24 p.m. to 3:29 p.m.)

25 THE VIDEOGRAPHER: We are back on the

15:29:03

1           recollect it? I don't know what would help me  
2           recollect it. It's from 2004.

3           Q     BY MR. BLACKERT: Okay. Let's turn to the  
4           next one. It's a check from Sundown Capital Group in  
5           the amount of -- it looks like \$330 to Ripoff Report.

15:41:05

6           Do you recognize this?

7           A     No, I don't.

8           Q     Do you see the endorsement on the bottom of  
9           the check, Ripoff Report?

10          A     Yeah, it looks like all the others.

15:41:18

11          Q     Did you sign that?

12          A     I don't know.

13          Q     Okay. Do you recollect whether it was for the  
14          CAP program?

15          A     No, I don't.

15:41:26

16          Q     Do you recollect whether it was for  
17          advertisements?

18          A     No, I don't.

19          Q     What was your position in 2004?

20          A     The same as it is today.

15:41:34

21          Q     And that is?

22          A     Manager.

23          Q     Who at Xcentric can tell us whether these  
24          checks are for advertising or for the CAP program?

25          A     It would be me.

15:41:54

1 Q It would be you?

2 A Right. But I can't remember every check.

3 Q And are there any documents that you can look  
4 at that would refresh your recollection as to whether  
5 this is for the CAP program or for advertising, if you

15:42:07

6 look back in your files or something?

7 A I might be able to do that.

8 Q Okay. I'm going to request those documents  
9 for production.

10 Okay. Turn to the next page. There's

15:42:19

11 another check. It's a little illegible, but it is from  
12 Sundown Capital Group to Ripoff Report in the amount  
13 of -- it looks like \$330.

14 A Is this the last one?

15 Q This is the second to last one.

15:42:39

16 Do you recognize this document?

17 A Well, I can't even see the date on it.

18 Q Yeah, it's kind of illegible.

19 A So --

20 Q Okay. Do you recognize the endorsement on the

15:42:59

21 bottom?

22 A Again, it looks like all the others, so I'm  
23 not sure.

24 Q Okay. And you are not sure whether it would  
25 be for the CAP or advertising?

15:43:08

1 A Correct.

2 Q And then what happens next?

3 A They are sent -- they fill out that  
4 application, and they are sent an agreement.

5 Q Got it. Okay. And what does that agreement

16:03:22

6 say?

7 A It tells them where -- in short, where -- what  
8 they can expect from Ripoff Report and what -- and what  
9 we should be expecting from them.

10 Q Okay. I'm going to request production of that

16:03:39

11 document.

12 Now, what can they expect from Ripoff  
13 Report?

14 A I sort of explained that earlier. It's the  
15 same -- really not going to change. I mean, there's a

16:03:53

16 lot. And we'd be here for a long time, but we do a lot  
17 for them. So I'm not sure -- I'm not sure where to  
18 begin.

19 Q When do you notify them about the cost of the  
20 program, the monthly cost -- strike that.

16:04:11

21 When do you notify them about the  
22 monthly cost of the program?

23 A I already answered that question.

24 MS. BORODKIN: Huh-uh.

25 THE WITNESS: I have answered it at

16:04:26



1 least three times in this deposition.

2 Q BY MR. BLACKERT: Can you answer it again,  
3 please? I'm not trying to harass you.

4 A They are sent after -- after they fill out the  
5 application, they are sent an e-mail that tries to push

16:04:39

6 them to go ahead and do a rebuttal. It does explain a  
7 little bit about the CAP, but you are best off trying  
8 to first file a rebuttal. And then if they respond  
9 back properly, they are sent more information along  
10 with the rates.

16:05:02

11 Q Along with the rates. Okay.

12 And is it like a rate sheet or how is it  
13 done?

14 A Yeah, it's like a rate sheet.

15 Q I'd like to request that, the production of

16:05:10

16 that document, too.

17 MR. GINGRAS: Just to be clear, if you  
18 are making verbal requests for production of documents,  
19 I don't recognize that as being a legitimate request  
20 into the rules. If you want to make a written request,

16:05:23

21 we'll happily look at those when and if you do that.

22 MR. BLACKERT: Okay. Noted on the  
23 record.

24 Q BY MR. BLACKERT: When are they notified of  
25 the specific monthly term costs?

16:05:39

1 something we talked about before, the privacy issue.

2 MS. BORODKIN: You are never going to  
3 get that.

4 MR. BLACKERT: Okay.

5 Q BY MR. BLACKERT: Do you have any persons

17:39:44

6 working for or on behalf of Xcentric or in partnership  
7 with Xcentric to solicit participants in the CAP?

8 A No.

9 Q Have you ever hired any third parties to  
10 solicit membership in the CAP program?

17:40:08

11 A No, not -- no, not successfully for anyone to  
12 do anything. There was somebody who did try to  
13 advertise in the CAP program, like they were selling  
14 it. They wanted to kind of align themselves with  
15 Ripoff Report. And after about eight or ten e-mails to

17:40:28

16 them to get them to stop, you know, they finally  
17 stopped. But they never sold it. No one else has ever  
18 sold -- no one ever sold anybody the program.

19 Q How were they looking to -- first of all, what  
20 was this entity you are speaking of that tried to align

17:40:46

21 itself with Xcentric?

22 A Oh, what's his name? Give me a second.  
23 Paisola, Robert Paisola. He has a blog or something he  
24 runs.

25 Q And why didn't it work out between Xcentric

17:41:10

1 and Mr. Paisola?

2 A There was nothing to work out. No one ever  
3 asked him to do anything. He just took it upon  
4 himself, liked to kind of recommend. And the way he  
5 worded it it was like he was acting as a salesman. And

17:41:22

6 I have e-mails to him, which in other cases is the same  
7 thing, because people asked me about it. You know,  
8 there is -- I have e-mails to him threatening him. I  
9 don't know if I was going to sue him, but, you know,  
10 threatening him that he -- I was going to do something

17:41:37

11 if he didn't remove the stuff off his website, because  
12 I never gave him permission to do anything.

13 Q Okay. I'm going to request production of  
14 those documents.

15 About what time frame did Xcentric begin

17:41:54

16 speaking with Mr. Paisola?

17 A Many years ago. I don't know what year that  
18 was.

19 Q And he eventually never became involved in the  
20 CAP program?

17:42:05

21 A No, no, no.

22 Q Why not?

23 A He was just a blogger, runs some kind of --  
24 he's like a -- I don't even know what he does. I don't  
25 even want to say. I'm not sure what he does, but if

17:42:16

1 answer that question.

2 Q I'm not asking you about specific people. I'm  
3 not asking you about specific businesses, no addresses,  
4 no nothing, just a number. That's it.

5 A No, because -- I'm not going to explain why.

15:03:35

6 But it's -- it's already caused a problem in the past,  
7 and I'm not going to explain -- I'm not going to give  
8 that unless there is a protective order in place.

9 Q Are you afraid to give that information?

10 MR. GINGRAS: Objection.

15:03:49

11 Don't answer that question.

12 THE WITNESS: I won't.

13 Q BY MR. BLACKERT: Okay. Walk me through how  
14 it -- the steps -- how it gets from the rebuttal  
15 e-mails to the business actually becoming enrolled in

15:04:18

16 the CAP.

17 A You would have to ask that again.

18 Q Okay. Walk me through the steps after the  
19 rebuttal e-mail that the business gets enrolled into  
20 the CAP program.

15:04:37

21 MR. GINGRAS: Objection. I don't think  
22 this accurately reflects his testimony.

23 THE WITNESS: I'm not even understanding  
24 your question.

25 Q BY MR. BLACKERT: Okay. Fine. I will

15:04:45

1 rephrase it.

2 MR. GINGRAS: I think we first need  
3 to clarify what you are referring to as the rebuttal  
4 e-mail. We have talked about filing rebuttals and then  
5 sending e-mails. Those are two different things.

15:04:56

6 Q BY MR. BLACKERT: You testified earlier that  
7 you -- strike that.

8 You testified earlier that you send an  
9 e-mail after -- you send an e-mail suggesting that an  
10 individual file a rebuttal, correct, an individual at a

15:05:06

11 business?

12 A Correct.

13 Q What happens next?

14 A I can't speculate on what happens next. I  
15 don't know what you mean. What do you mean what

15:05:21

16 happens next?

17 Q If the individual or business wants to go  
18 forward with the CAP program --

19 A Okay.

20 Q -- what's your next contact with them?

15:05:29

21 A They want to go next?

22 Q Yes.

23 A If they say they want to join the program, I  
24 send them a more detailed questionnaire about the  
25 company.

15:05:39

1 Q Is that questionnaire different from the  
2 questionnaire on your website, on Ripoff Report's  
3 website?

4 A Yes.

5 Q It is different. Okay.

15:05:49

6 And you said it's more detailed?

7 A Yes.

8 Q How is it more detailed?

9 A It gets into -- and this is still -- they  
10 haven't been approved yet.

15:06:02

11 Q Right.

12 A So it depends on how they answer the questions  
13 to these -- to this e-mail, but there is questions  
14 like, why did you get complaints? What was the cause  
15 of the complaints? What improvements? I want -- I

15:06:23

16 want information right now, you know. How are you  
17 going to make -- what improvements have you made? What  
18 was -- what were the problems and what are you doing to  
19 avoid those problems in the future? The name of the  
20 person who will be signing the agreement. What's the

15:06:44

21 name of the company that the agreement's gonna be in?  
22 Why do you feel -- I think it's, why do you feel -- I  
23 forget. I can't.

24 Q That's fine.

25 A I can't remember. I can't remember.

15:07:18