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 Iliana Llaneras  
 8

9 UNITED STATES DISTRICT COURT  
 10 CENTRAL DISTRICT OF CALIFORNIA

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

14 Plaintiffs,

15 vs.

16  
 17 XCENTRIC VENTURES, LLC,  
 an Arizona LLC, doing business  
 18 as BADBUSINESS BUREAU,  
 19 RIPOFF REPORT, and  
 20 RIPOFFREPORT.COM,  
 21 BAD BUSINESS BUREAU,  
 LLC, organized and existing  
 22 under the laws of St. Kitts and  
 23 Nevis, West Indies; EDWARD  
 MAGEDSON an individual, also  
 24 known as EDWARD  
 25 MAGIDSON also known as the  
 "Editor," and DOES 1 through  
 26 100, inclusive,

27 Defendants.  
 28

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

) **FIRST AMENDED COMPLAINT FOR:**

- ) **(1) VIOLATION OF 18 U.S.C. § 1962(c) -- CIVIL RICO**
- ) **(2) VIOLATION OF 18 U.S.C. § 1962(d) -- RICO CONSPIRACY**
- ) **(3) UNFAIR BUSINESS PRACTICES -- CAL. BUS. & PROF. CODE § 17200 et seq.**
- ) **(4) DEFAMATION**
- ) **(5) DEFAMATION PER SE**
- ) **(6) INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS**
- ) **(7) NEGLIGENCE INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS**
- ) **(8) NEGLIGENCE INTERFERENCE WITH ECONOMIC RELATIONS**
- ) **(9) DECEIT**
- ) **(10) FRAUD**
- ) **(11) 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  
12 2. This Court has jurisdiction of the subject matter of this action under  
13 federal question jurisdiction, pursuant to 28 U.S.C. § 1331 and 18 U.S.C. § 1962  
14 (c) and (d) (the Racketeering Influenced and Corrupt Organizations Act)  
15 (“RICO”), in that federal questions are alleged under 18 U.S.C. § 1962(c) and (d).  
16 Thus far, this Court has exercised supplemental jurisdiction over Plaintiffs’ state  
17 law claims pursuant to 28 U.S.C. § 1367.

18 3. This Court has personal jurisdiction over all Defendants pursuant to  
19 the RICO statute. Specifically 18 U.S.C. § 1965(a) and (d), which confers  
20 nationwide service of process authority upon this Court. In addition, this Court has  
21 personal jurisdiction over all Defendants because they have sufficient contacts with  
22 this judicial district and California to satisfy the “minimum contacts” doctrine  
23 articulated in *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945).  
24 Defendants (a) direct conduct at Plaintiffs, who maintain principal places of  
25 business in, and are domiciled in, this judicial district; and (b) operate a  
26 commercial, interactive website in this judicial district.

27 4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391  
28 because a substantial part of the events, acts and omissions giving rise to Plaintiffs’  
claims occurred within this judicial district, and is also proper under 18 U.S.C. §

1 1965(a) and (d) because all Defendants have transacted and presently transact their  
2 affairs in this judicial district.

3 5. Defendants have previously consented to and waived objections to  
4 this Court's jurisdiction and to venue within this judicial district.

5 **II.**  
6 **THE PARTIES**

7  
8 6. Plaintiff Asia Economic Institute is a limited liability company and, at  
9 all times relevant hereto, organized and existing pursuant to the laws of the State of  
10 California, and is authorized to do business in the State of California. Plaintiff Asia  
11 Economic Institute has its principal place of business at 11766 Wilshire Boulevard,  
12 Suite 260, Los Angeles, California 90025.

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

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

23 9. Defendant Xcentric is a limited liability company organized and  
24 existing pursuant to the laws of the State of Arizona with its purported domestic  
25 address as P.O. Box 470, Phoenix, Arizona 85280. Plaintiffs are informed and  
26 believe and thereon allege that Xcentric is owned by a single member, Creative  
27 Business Investment Concepts, Inc., a Nevada corporation located at 2533 North  
28 Carson Street, Carson City, Nevada 89706. Defendant Xcentric transacts business  
in interstate commerce as, inter alia, "Ripoff Report," an enterprise, located in this

1 judicial district and elsewhere in California and Arizona, and employs, contracts  
2 with and engages individuals, partnerships and business entities, who share the  
3 common goals of perpetuating the goals and purpose of the Ripoff Report  
4 enterprise, pursuant to long-term relationships, drawing from the same pool of  
5 associates and spanning several years, from at least 2005 to the present, and  
6 sharing in the substantial financial and other benefits derived therefrom.

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

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27  
28 <sup>1</sup> 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 and computer programming. In operating or managing the Ripoff Report  
2 enterprise, Xcentric uses instrumentalities of interstate commerce, specifically  
3 wire, including through websites hosted at the domain names “ripoffreport.com,”  
4 “badbusinessbureau.com,” “ripoffreport.net” and “ripoffreport.org,” among others,  
5 all of which redirect to the Uniform Resource Locator (“URL”) for Defendants’  
6 primary website, <http://www.ripoffreport.com> (the “ROR Website”, sometimes  
7 “ROR”) and self-hosted electronic mail services operated through the  
8 “ripoffreport.com” domain name. Plaintiffs are informed and believe and thereon  
9 allege that the domain names for the ROR Website and electronic mail services are  
10 registered by directNIC, located at West Bay, Grand Cayman, hosted by  
11 Intercosmos Media Group, Inc. with servers located in Ankara, Turkey, and  
12 directed, operated and controlled from Maricopa County, Arizona.

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

19 12. Defendant Edward Magedson, also known as Ed Magedson, also  
20 known as Edward Magidson, also known as “the EDitor (“Magedson”) is an  
21 individual and, at all times relevant hereto, a resident of the State of Arizona and/or  
22 the State of California and, by his own admission, represented himself at certain  
23 times relevant hereto as present in the State of California. Magedson is the  
24 Manager of Xcentric and Bad Business Bureau, the “Editor” of Ripoff Report and  
25 operates and manages activities of the Ripoff Report enterprise, including by, inter  
26 alia, making top-level policy, business, risk management, legal and strategy  
27 decisions, sometimes in consultation with outside counsel; operating and managing  
28 business conducted through the ROR Website; administering its Corporate  
Advocacy and Remediation Program; performing investigations of the veracity of

1 the contents of certain reports; writing and publishing findings; collaborating with  
2 the subjects of paid testimonials and endorsements in writing original content  
3 about them and publishing it through the ROR Website; communicating with  
4 individual subjects of reports by electronic mail, particularly to urge them to file  
5 rebuttals or comments to existing Reports; supervising or acting in association with  
6 a currently unknown individual identified only by the electronic mail address  
7 “[Karen@ripoffreport.com](mailto:Karen@ripoffreport.com)” at certain times relevant herein, whose duties included  
8 responding to complaints that rebuttals were not posting or were being posted to  
9 the wrong reports; engaging, supervising and collaborating with counsel to draft  
10 significant and influential portions of the ROR Website and otherwise. Magedson  
11 uses instrumentalities of interstate commerce to conduct these activities,  
12 specifically wire.

13 13. Xcentric and its associates in the Ripoff Report enterprise use  
14 extremely aggressive litigation strategies to, *inter alia*, protect and perpetuate its  
15 business model, and silence and retaliate against their critics, including by  
16 affirmatively initiating an Arizona state court action against Washington State-  
17 based attorney and search engine optimization consultant and blogger Sarah L.  
18 Bird, Xcentric Ventures LLC v. Bird, (D. Ariz. 09-cv-1033) which action was  
19 dismissed on jurisdictional grounds and is currently on appeal to the Ninth Circuit  
20 Court of Appeals (10-1546); initiating an Arizona state court defamation action  
21 against Phoenix New Times reporter Sarah Fenske, her husband, a source for an  
22 article, the source’s spouse and the publishers, Xcentric v. Village Voice Media,  
23 CV2008-2416 (Arizona Sup. Ct. for Maricopa County); and is currently opposing  
24 an appeal to the Seventh Circuit (10-1167) in Blockowicz v. Williams, 675 F.  
25 Supp. 2d 912 (N.D. Ill. 2009) (09-cv-3955) regarding its purported right to defy  
26 compliance with a permanent injunction ordering it to remove defamatory content.

27 14. The Ripoff Report enterprise until approximately May or June 2010  
28 had a regular business practice of secretly recording or causing to be recorded all  
telephone conversations to its business telephone number, in association with an

1 unidentified vendor, without disclosure to or consent of all parties to the telephone  
2 conversations, in violation of, inter alia, the wiretapping laws of the State of  
3 California. The Ripoff Report has used or attempted to use the contents of such  
4 secret recordings as a surprise litigation tactic in actions in, inter alia, California  
5 and Arizona. Defendants used instrumentalities of interstate commerce,  
6 specifically wire, to record such telephone calls.

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

### 18 19 **III.**

### 20 **SUMMARY OF THE ALLEGATIONS**

21  
22 16. The Ripoff Report enterprise takes advantage of the average person's  
23 lack of sophistication in technology, reliance on Internet search engines, and  
24 general lack of time. It misrepresents its true nature to the public and places its  
25 victims in desperate positions through elaborate technological and legal traps and  
26 artifices. It then intimidates and defrauds its victims into believing that the only  
27 practical way of saving their good names is to defend them on its home turf, the  
28 ROR Website, where it makes the rules, it decides who gets heard, and most of all,

1 it makes money. Many do, not realizing until it is too late, that they are only  
2 aggravating their injuries and enriching Defendants by doing so.

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

14 18. The Ripoff Report enterprise solicits purely negative, often hateful  
15 and extremely personal – and in many instances, judicially recognized as  
16 defamatory – content in the form of Rip-off Reports. The Ripoff Report enterprise  
17 acquires ownership of all content contributed through the ROR Website under an  
18 exclusive grant of copyright before it is ever published to the web. Before  
19 publishing Reports, the Ripoff Report enterprise conducts its own-pre-publication  
20 review, whereby it filters out the positive and publishes only the negative,  
21 sometimes redacting or disclaiming portions of the content, at times in a manner  
22 that significantly changes its meaning, and in certain cases (often under a financial  
23 arrangement) adds additional content that completely transforms or negates its  
24 meaning, or, for a fee, suppresses the Reports from publication altogether.

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27 <sup>2</sup> 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           19. Cloaked in the false disguise of a consumer advocate, the Ripoff  
2 Report enterprise purports to advise the victims of the Content Trolling Scheme  
3 that the “best” thing they can do is to file a “free” rebuttal. Unbeknownst to the  
4 victims, the “free” rebuttals come at a cost. A rebuttal is likely to make the  
5 negative content in a Report go up in page rank in search engine queries, while  
6 doing nothing to alter the snippets of negative content that appear as search results.  
7 The Ripoff Report enterprise does not disclose its own financial self-interest in  
8 having victims file rebuttals –fresh content and page visits that make the ROR  
9 Website more attractive to search engines and online advertisers. The Ripoff  
10 Report enterprise does not disclose that some Reports do come down, and are  
11 materially altered or suppressed, for a price. Without knowing all this, the victims  
12 file rebuttals. The Ripoff Report enterprise then leads its victims down a path  
13 toward applying for the Corporate Advocacy Program, which promises to turn a  
14 negative into a positive, and seeking either exorbitant fees or tax returns and  
15 personal information, and conditioning acceptance in to the program on repeated  
16 “admissions of responsibility” more akin to the Salem Witch Trials or Spanish  
17 Inquisition than an outsourced customer satisfaction program.

18           20. The Ripoff Report enterprise even incorporates the Content Trolling  
19 Scheme into its recommended procedure for obtaining the identity of anonymous  
20 contributors of Reports. Citing a string of impressive-looking legal citations on its  
21 legal information page, the Ripoff Report enterprise insists, falsely, that the case of  
22 Mobilisa, Inc. v. Doe, 217 Ariz. 103, 110-11 (Ct. App. 2007) , requires that holders  
23 of a subpoena for author information “MUST post a notice as a *rebuttal* to each  
24 report for which you are seeking the author’s information,” as the only acceptable  
25 way of informing the anonymous author of the discovery request. This is a  
26 misrepresentation. The true facts are that Mobilisa states that the notice must be  
27 “via the same medium” used by the anonymous party to post the contested  
28 message, e.g., “if the message . . . was posted to an internet message board, the  
requesting party must make the notification via a posting to that same message

1 board.” Id. Rebuttals on the ROR website lack certain important properties that  
2 Reports have, such as an automatic sharing, emailing button, and printing button.  
3 In fact, rebuttals are nearly impossible to print without taking the intermediate step  
4 of making a screen shot. Proper notice under Mobilisa would thus be posting of a  
5 new Report, perhaps in the category “notices.” Defendants could easily facilitate  
6 actual notice by forwarding an email. But by misinforming the public that  
7 Mobilisa requires a rebuttal as a precondition to proper notice, the Ripoff Report  
8 enterprise finds still another way to “feed the troll” that is, its content database.

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

16 22. The Ripoff Report enterprise profusely claims that “Reports” never  
17 come down. But, for a price, the Ripoff Report enterprise will sell something even  
18 more valuable – the opportunity to change a negative Google search engine result  
19 into a positive. The Ripoff Report enterprise markets the Corporate Advocacy  
20 Program (“CAP”) to the subjects of Reports, typically after strongly urging them to  
21 file rebuttals. By joining CAP or otherwise making financial arrangements with  
22 the Ripoff Report enterprise, a subject can buy the privilege of essentially writing  
23 (or approving) her own Google search result. The CAP member writes or approves  
24 between 250 and 350 additional words of positive content that will be inserted into  
25 the body of a Report and also in a known strategic location in the HTML for the  
26 Report. 250 words is just the right amount of text to push the surrounding negative  
27 content so far down in the HTML as to be irrelevant to search engines. Thus,  
28 negative content virtually disappears from the Google search results for CAP  
members, replaced by the words approved by the CAP member. Because Google’s

1 search algorithms are generally influenced to select text that “matches,” between  
2 both a web page and the corresponding HTML (that is, identical text that is present  
3 in both), putting the positive content in the strategic location in the HTML, along  
4 with a matching block of text in the Report effectively negates the harmful effect of  
5 the Report with the Google search engine, while allowing Defendants to continue  
6 claiming (falsely) that they “never remove Reports.”

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

14 24. The Ripoff Report enterprise deceives consumers and violates Section  
15 5 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45 by providing  
16 paid endorsements and testimonials on the ROR Website without clearly disclosing  
17 the material considerations received for such paid endorsements and testimonials.  
18 The Ripoff Reports enterprise’s deceptive presentation of itself as “by consumers,  
19 for consumers,” failure to disclose receipt of consideration for specific  
20 endorsements, “Verified Safe” and other favorable contents, in violation of the  
21 FTC Act, and failure to disclose that part of its motivations for publishing Reports  
22 and seeking rebuttals are self-interested financial ones. This deliberate conduct  
23 proximately interferes with and causes damage to Plaintiffs’ economic relations  
24 and prospects, because these false impressions make the existence of a negative  
25 Report damning in search results, damning on its face and damning by negative  
26 implication.

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## IV.

### FACTUAL ALLEGATIONS COMMON TO ALL CLAIMS

#### **A. Defendants' Business and the ROR Website**

25. 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.

26. 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](mailto:info@ripoffreport.com), [Editor@ripoffreport.com](mailto:Editor@ripoffreport.com) and [karen@ripoffreport.com](mailto:karen@ripoffreport.com).

27. 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           28. 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           29. 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           30. 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           31. 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           32. 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           33. 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 34. 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 35. 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 36. 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 37. 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 38. 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 39. 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 40. 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 41. 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 42. 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 43. 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           44. The ROR Website will not publish positive reviews. The only positive  
2 material that can be posted are rebuttals and comments.

3           45. 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           46. 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           47. 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           48. 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](http://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 49. 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”<sup>3</sup> with respect to all user contributions, under the Copyright  
14 Act, 17 U.S.C. § 101.

15 50. 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 <sup>3</sup> 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           51.     Websites Facebook,<sup>4</sup> Craigslist,<sup>5</sup> Roommates.com<sup>6</sup> 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           52.     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           53.     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 \_\_\_\_\_  
20 <sup>4</sup> “you grant us a non-exclusive, transferable, sublicensable, royalty-free,  
21 worldwide license to use any IP content that you post . . . This IP License  
22 ends when you delete your IP content or your account . . .” (Facebook  
23 Statement of Rights and Responsibilities Last Revision April 22, 2010)

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

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

1           54. 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           55. 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           56. 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           57. 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           58. The Rip-off Report section of a ROR Website web page containing a  
14 Report includes a “print this” button. However, using the “print this” button will  
15 only print the negative Rip-off Report and sidebar advertising, and will not print  
16 the purportedly associated rebuttals or comments.

17  
18 **D. Ripoff Report’s Commercial Goods and Services**

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

25           60. Among the goods Ripoff Report sells is a book, pamphlet or guide  
26 called the “Rip-Off Report.com Do-It-Yourself Guide: How to Get Rip-off  
27 Revenge.” This book is offered for sale in the United States for \$21.95.  
28

1           61. Purchasing this book is actually “Step Two” in following the ROR  
2 Website’s “How to Get Rip-Off Revenge” instructions. Step One is to file a  
3 detailed Rip-Off Report at the ROR Website.

4           62. At all times relevant herein, and since at least 2005, Ripoff Report has  
5 offered and offers for sale, through the ROR Website and through emails in  
6 interstate commerce a program called the “Corporate Advocacy Program”  
7 (sometimes herein, “CAP”).

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

14           64. In or around April 2010, Defendants also introduced the “Ripoff  
15 Report Verified Safe” program. Defendants advertise, with reference to CAP,  
16 “This program now includes – Ripoff Report Verified.”

17           65. The ROR Website depicts a logo for the Ripoff Report Verified Safe  
18 program comprising a stylized figure of a person wearing a necktie with a halo  
19 floating above, and a checkmark in a box, together with the tagline “businesses you  
20 can trust!”

21           66. Defendants advertise that this Verified Safe Program “also includes a  
22 commitment to Ripoff Report Corporate Advocacy Business Remediation and  
23 Customer Satisfaction Program,” which is CAP. Defendants advertise CAP as “a  
24 program that benefits the consumer, assures them of complete satisfaction and  
25 confidence when doing business with a member business.”

26           67. The web page on the ROR Website dedicated to the “Ripoff Report  
27 Verified Safe” program represents, in hyperlinked text, that “Advertisers have met  
28 our strict standards for business conduct. Clicking on that hyperlinked text directs  
the viewer to another web page located at the URL

1 <http://www.ripoffreport.com/ConsumersSayThankYou/AdvertisingStandards.aspx>  
2 and titled “About Us: Advertising Standards.”

3 68. On the “About Us: Advertising Standards” web page of the ROR  
4 Website, Defendants state that they ensure an advertiser is “Scam-free and has no  
5 outstanding reports filed against them.” This implies that having “outstanding  
6 Reports” on the ROR Website means a business cannot be trusted.

7  
8 **E. Ripoff Report’s Relationship with Search Engines and HTML**

9  
10 69. In order to truly understand the nature of the harm and destruction  
11 wrought by Defendants, it is critical to recognize the importance of search  
12 technology in the modern use of the Internet.

13 70. Search is currently the most powerful, vibrant determinant in the way  
14 people use the Internet today. The global search advertising market was a reported  
15 \$6.2 Billion in the second quarter of 2010.<sup>7</sup> Google, which reported a total market  
16 capitalization of \$36 Billion in 2009, rose to prominence by making the Internet  
17 searchable.

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

22 “Because entering the company's name as the domain name often fails to  
23 take the user to the desired webpage, many users prefer the . . . search  
24 technique. Here, a websurfer enters a particular company name or search  
25

---

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

1 request in a search engine. The search engine then displays a list of websites  
2 that match the user's request. The search engine ranks the relevant sites  
3 according to the relative frequency with which the word or phrase appears in  
4 the metatags and in the text of the websites. The websurfer then chooses,  
5 based on any number of considerations, which website to visit.”

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

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

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

14 74. The public often does not type in unique web addresses or "URLs"  
15 into address bars in their browsers. Instead, it is much more convenient and often  
16 faster to type in a query to the search pane of a browser or enter a search query into  
17 one of the major search engines: Google.com, Yahoo.com, or Bing.com. See  
18 Declaration of Joe Reed, attached as **Exhibit "25"** and Declaration of Anthony  
19 Howard attached as **Exhibit "24."**

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

26 76. HTML is the language of expression for individual web pages that are  
27 published to the web. The ROR Website comprises an estimated over 500,000  
28 unique web pages, by Defendants' admission.

1           77. HTML determines not only how a web page is formatted to a viewer,  
2 but also influences how a page is located and displayed in response to a search  
3 engine query. Among other things, a web page's HTML influences (1) the order in  
4 which a search engine query returns and displays results for a particular web page  
5 ("page rank") and (2) how the description of the web page returned by the search  
6 query appears ("search result").

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

10           79. Courts have long held parties accountable for their deliberate conduct  
11 expressed in HTML and aimed at the intermediate space between the front, or  
12 user-facing, side of a Website, and the "back end" of a website.

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

19           81. Courts have also recognized that computer code can qualify as  
20 "speech," inasmuch as it is readable by humans and computer programmers  
21 "communicating ideas to one another almost inevitably communicate in code,  
22 much as musicians use notes." Universal City Studios v. Corley, 273 F.3d 429, 448  
23 (2d Cir. 2001).

24           82. Thus, Courts have long recognized the power and impression of  
25 search results on a user surfing the Web, and held parties accountable for what they  
26 write in HTML.

27           83. The business model of commercial search engine companies such as  
28 Google, Yahoo and Microsoft's Bing is an advertiser-supported one.

1           84. The underlying business model of such search engine companies is  
2 the delivery of online advertising to as many users as possible. Websites that have  
3 more visitors create greater opportunities for a search engine company to deliver  
4 online advertisements.

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

12           86. Google operates an Internet search engine, which allows Internet users  
13 to locate Web sites that match the “keywords” or search terms they enter. A search  
14 engine uses algorithms to process the keywords and produce a “search results”  
15 page that displays links to the Web sites in the search engine’s database that match  
16 the keywords. Links to the Web sites usually are displayed in order of decreasing  
17 relevance, with the most relevant Web sites listed first. Google’s free search engine  
18 processes hundred of millions of searches daily and covers billions of Web pages.  
19 See, e.g., Google Inc. v. Am. Blind & Wallpaper Factory, Inc., 74 U.S.P.Q. 2d  
20 1385 (N.D. Cal. 2005) at \*6.

21           87. A person searches for a business or person by typing the business or  
22 person as a query into a search engine such as Google, Yahoo, or Bing. She views  
23 the pages of results returned by her search query, in decreasing order of  
24 “relevance” as determined by the search engine’s proprietary algorithms.

25           88. What she sees is a powerful first impression of the subject of her  
26 search query. Both the “search results” and “page rankings” are important  
27 determinants for a user filtering the total amount of information available to the  
28 public through Internet research.

1           89. An entire business of "search engine optimization" or "SEO" has  
2 developed around the critical importance of these factors. Search engine  
3 optimization concentrates on "organic" or "algorithmic" search results -- that is,  
4 natural, unpaid, search results and page rankings (as opposed to "Sponsored  
5 Results" that appear on the side of the main search results page and which are  
6 influenced by the purchase of keywords). See Howard Declaration, Exhibit 24.

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

12           91. The size of the market for SEO services provided to companies  
13 seeking to attract customers to their websites through optimizing content on the  
14 Web about them for search engines such as Google, Bing or Yahoo was, in 2009, a  
15 reported \$14.6 billion.<sup>8</sup>

16           92. Courts have long recognized the importance of this first impression in  
17 the context of "initial interest confusion" in trademark cases, whereby "the  
18 defendant, by diverting or capturing the consumer's initial attention, improperly  
19 benefits from the goodwill that the plaintiff developed in its mark."

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

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27  
28 <sup>8</sup> Source: Crain's Cleveland Business, "Search Engine Adviser's Growth Easy to  
Fathom." (July 23, 2010).

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

5           95. By the time any content is published to the Web through the ROR  
6 Website, Defendants have already acquired an exclusive, perpetual license to the  
7 content.

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

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

16           98. Defendants have taken many affirmative, deliberate actions in  
17 designing and controlling the process by which HTML is generated for the over  
18 500,000 unique web pages comprising the ROR Website that are deliberately  
19 intended to improve the organic search results for web pages containing Rip-off  
20 Reports when the subject’s name is search queried.

21           99. In particular, Defendants have been successful in maintaining  
22 favorable page ranking, or “authority” from Google for the over 500,000 web  
23 pages comprising the ROR Website.

24  
25 **F. Ripoff Report’s Authority with Google and Preference for Google**

26  
27           100. The ROR Website has been on the Internet since 1998.  
28

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

4           102. Some professional SEO consultants have openly speculated that  
5 search engines Yahoo and Bing have changed their search algorithms to "punish"  
6 or downgrade Ripoff Report within their organic search results, based on the  
7 observation that search queries conducted through Yahoo or Bing for a company or  
8 individual will ordinarily return search results that rank web pages from the ROR  
9 Website containing or referring to that company or individual relatively low.

10           103. However, Google's search algorithms continue to give high  
11 "authority" to web pages from the ROR Website. Having high "authority" means  
12 a website's individual web pages rank consistently highly in search query page  
13 rankings.

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

18           105. For a small business or individual that has not deliberately engaged in  
19 any SEO activities, if there is a Rip-off Report about that subject, a Google search  
20 for that business or individual will frequently return search results that rank the  
21 web page containing the Rip-off Report about that subject on the top page of  
22 Google search results, if not as the first page rank.

## 23 24 **G. Defendants' Use of Domain Names To Influence Google Page Rankings**

25  
26           106. One of the factors that influence a particular web page's ranking in  
27 responses to Google search engine queries is the domain name and URL assigned  
28 to it.

1           107. Defendants are responsible for the operating system, website design,  
2 and user interface of the ROR Website. As designed, maintained and operated by  
3 Defendants, the user interface of the ROR Website generates a unique URL for  
4 each web page associated with each of the over 500,000 Rip-off Reports hosted  
5 through the ROR Website.

6           108. A ROR Website user cannot actually choose a URL to assign to the  
7 web page associated with a Rip-off Report. Defendants own and control all  
8 domains and sub-directories that direct through the ROR Website located at  
9 ripoffreport.com. Only Defendants can create a web page with a URL that begins  
10 with the domain name “http://www.ripoffreport.com/ . . . “

11           109. Ripoff Report designs and operates its user interface and website  
12 operating system in a manner that it creates a unique URL for every ROR Website  
13 web page that includes in the URL itself, the name of the subject of the Report,  
14 sometimes repetitively.

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

20           111. For example, in Rip-off Report number 621543, a Report about a  
21 company called “JobsforMoms.com” with the headline “JobsforMoms.com take  
22 our money and run Internet” generates the domain name  
23 [http://www.ripoffreport.com/work-at-home/jobsformoms-com/jobsformoms-com-  
25 take-our-mone-8e566.htm](http://www.ripoffreport.com/work-at-home/jobsformoms-com/jobsformoms-com-<br/>24 take-our-mone-8e566.htm). This URL visibly incorporates the words “ripoff,”  
26 “ripoffreport,” “work,” “work at home,” “home,” “jobsformoms”, and  
27 “[jobsformoms.com](http://www.ripoffreport.com/work-at-home/jobsformoms-com/jobsformoms-com-<br/>28 take-our-mone-8e566.htm)” and would result in a higher page ranking for the web page  
hosting Report 621543 in search queries for those words than a web page located  
at a URL that did not include those words in the URL itself.

1           112. The Ripoff Report enterprise designs and operate their website  
2 operating system, directories and subdirectories to generate unique URLs for  
3 individual ROR Website web pages that include the names of companies or  
4 individuals written about in the Reports. These URLs are created, controlled by  
5 and owned by Defendants thus influence search engines to return higher page  
6 rankings for ROR Website web pages displaying Rip-Off Reports about the subject  
7 companies or individuals than other web pages that may mention the same  
8 company or individual but do not include the company or individual's name in the  
9 domain name.

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

1 114. For example, Defendants published to the Web on or about January  
2 28, 2009 Rip-off Report number 417493 concerning Plaintiffs. A true and correct  
3 reproduction of relevant portions of Report number 417493 and screen shot  
4 showing the URL in the browser bar is reproduced below.

5 115. At all times relevant herein, Report number 417493 included text near  
6 the top that repeats the name of Plaintiff Asia Economic Institute twice and also  
7 includes the acronym “AEI.”

8  
9 “Asia Economic Institute, AEI, WorldEcon: Raymond Mobrez And Iliana  
10 Llaneras Complete exploitation as an employee. Do not work for the Asia  
11 Economic Institute its a SCAM! West Los Angeles California.”

12 116. The URL for the web page on the ROR Website that displays Report  
13 number 417493 is currently [http://www.ripoffreport.com/employers/asia-  
14 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



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27 inclusion of Plaintiff Asia Economic Institute’s name and the inclusion of the  
28 acronym “AEI” that is also in the header.

1           117. The Ripoff Report enterprise changed the URL for Report 417493 at  
2 some time between the date it was originally published and the present. In or  
3 about January 2009, the URL for Report 417493 did not include so many repetitive  
4 instances of Plaintiffs' names. The Ripoff Report enterprise has since "optimized"  
5 it for search engines.

6           118. Defendants updated Report number 417493 on or about May 21, 2010  
7 at 3:30 p.m. Pacific Standard Time. Defendants continuously publish Report  
8 number 417493 to the Web.

9           119. At some time between January 28, 2009 and the present, Defendants  
10 caused the terms "Asia Economic Institute" to be repeated in the header of Report  
11 number 417493 and in URL for the web page displaying Report number 417493 to  
12 attract search engines to the web page of the Report for search queries for "Asia  
13 Economic Institute" and to influence the search engines to rank the web page more  
14 highly, rather than to express an idea to a reader that has already navigated to the  
15 page displaying Report number 417493.

16           120. Many businesses and individuals of ordinary sophistication have not  
17 purchased domain names consisting of their business or personal names. Many, if  
18 not most, businesses and individuals of ordinary sophistication do not host content  
19 at URLs or domain names that include their business or personal names.

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

22  
23           121. Ripoff Report actively and deliberately encourages users to prefer  
24 Google as a search engine above others, invoking Google frequently by name.  
25 Various portions of the ROR Website and form emails sent by Defendants on May  
26 12, 2009 to Plaintiff Raymond Mobrez state, "Why do we win? – just do a Google  
27 search for Communications Decency Act" or suggests recipients of emails to  
28 "Google" for advertisers to demonstrate the validity of various propositions.

1           122. Ripoff Report also strongly protests on the ROR Website that it does  
2 nothing to earn special, favorable treatment from Google.

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

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

12           125. Report number 607436 is a complaint about the Google Adwords  
13 program. The purportedly user-submitted Report by “Chris” of Atascadero,  
14 California, bears the headline beginning “Google Adwords Waste of Time  
15 Internet” and states that the user’s ad performed much better on Yahoo.

16           126. On or about May 31, 2010 at 9:31 a.m. Pacific Standard Time  
17 Defendants inserted in type of equal prominence on Report 607436, and  
18 transmitted through the wires in interstate commerce through the ROR Website  
19 the following false statement:

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

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

27           128. A true and correct copy of relevant sections of Rip-off Report Number  
28 607436 is reproduced herein.

# 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   
 0  
 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.

129. 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:**

2 Author  
 0 Consumer  
 0 Employee

---

**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.

130. 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.”

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

5           133. 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           134. 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           135. 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           136. 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           137. 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 **H. Defendants Alter Google Search Results for CAP Members**

25  
26           138. Defendants misrepresent their SEO efforts in part to appear authentic  
27 to the public and add credibility to the Reports. The Ripoff Report enterprise then  
28 offers certain ways that a subject can change or contribute to his or her own  
Report. One is by joining CAP.

1           139. There are at least two ways to become a member of Defendants'  
2 Corporate Advocacy Program. The first, "official" way is to engage in Defendants'  
3 elaborate CAP application process.

4           140. Following the "official" method of enrolling for CAP, the potential  
5 applicant jumps through various procedural hoops, makes various written factual  
6 admissions, agrees to jurisdiction in Maricopa County, Arizona and eventually  
7 compromises and waives substantive legal rights, including all claims against  
8 Defendants.

9           141. The first step is to complete an intake questionnaire included on the  
10 ROR Website, a sample of which is attached hereto as **Exhibit "2"** as it appeared  
11 on July 26, 2010, and which is in substantially the same or same form as presented  
12 by the Ripoff Report Enterprise to Plaintiffs at all relevant times herein ("First  
13 Questionnaire").

14           142. The First Questionnaire informs applicants that the program "requires  
15 accepting responsibility for past problems and a commitment to making things  
16 better." It asks applicants, "Will you be willing to accept responsibility for  
17 mistakes made?"

18           143. On information and belief, Plaintiffs allege that a CAP applicant must  
19 answer this question in the affirmative, as well as describe information such as the  
20 average dollar amount of its sale, to continue in the application process. Attached  
21 hereto as **Exhibit "3"** are true and correct copies of electronic mails between one  
22 such prospective CAP applicant, Tina Norris ("Norris") and Magedson, including  
23 those sent on March 9, 2010 at 8:23 p.m., May 20, 2010 at 7:55 a.m., and May 20,  
24 2010 at 10:31 a.m. On March 2, 2010, Norris filled in and submitted the  
25 information requested by the Ripoff Report enterprise as responses to the First  
26 Questionnaire through the ROR Website.

27           144. After receiving responses to the First Questionnaire, Defendants send  
28 interested CAP applicants an email that advises applicants, inter alia, that they  
have the option of filing a free rebuttal to any Rip-off Reports about them on the

1 ROR Website. Prospective CAP members receive an email from Defendants that  
2 instructs them to copy and paste into a return email to Defendants the following  
3 text:

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

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

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

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

18 146. Thereafter, Defendants send prospective CAP applicants an email  
19 with the subject “Corporate Advocacy Intake Form” with several attachments. The  
20 attachments include (1) a document entitled “Corporate Advocacy Program  
21 Description and Rates,” which contains more details about CAP, some additional  
22 terms and conditions of CAP, some of the benefits of CAP, and a rate sheet setting  
23 forth the fees for CAP (“CAP Rate Sheet”), (2) a document entitled “Sample letter  
24 we send to anyone that filed “a Ripoff Report.”

25 147. A true and correct copy of an actual “Corporate Advocacy Program  
26 Description and Rates” and covering email that was sent from Defendant  
27 Magedson to Tina Norris (“Norris”) on May 20, 2010 at 10:31 a.m. Central  
28 Standard Time with the subject line “Corporate Advocacy Intake = TNT MGMT,

1 Tina Norris – 11 Reports? Our philosophy – the RATES” is attached hereto as  
2 **Exhibit “3”** at pages 6 to 10 and incorporated herein by this reference.

3 148. A true and correct copy of the attachment to the May 20, 2010 10:31  
4 a.m. email from Magedson to Norris consisting of solely the “Corporate Advocacy  
5 Program Description and Rates” document is attached hereto as **Exhibit “4.”** The  
6 first page of that document written and sent by the Ripoff Report enterprise states:

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

11 **Exhibit “4.”**

12 149. The cost of joining CAP is revealed in the Rate Sheet, entitled “Costs  
13 for the Cap Program - \$\$\$\$.” A true and correct copy of the Rate Sheet portion of  
14 the Corporate Advocacy Program Description and Rates emailed to Tina Norris by  
15 Defendant Magedson on May 20, 2010 at 10:31 a.m. Central Standard Time is  
16 attached hereto as **Exhibit “5.”**

17 150. The cost of joining the CAP program has two components, (1) an  
18 initial charge, consisting of a “Programming” charge plus a flat fee based on the  
19 number of reports existing at the time of joining the program, and (2) a mandatory,  
20 36-month contract requiring “Monthly Monitoring Fee” payments of between by  
21 the third of the month.

22 151. To join CAP, an applicant with 1 to 350 Reports must pay the initial  
23 Programming charge is \$7,500, plus a flat fee of between \$600 to \$140,000, plus a  
24 36-month contract to pay between \$35 to \$7,000 per month, depending on the total  
25 number of Reports at the time of joining.

26 152. To join CAP, an applicants with 351 to 500 Reports must pay the  
27 initial Programming charge is \$8,500, plus a flat fee of between \$122,850 to  
28 \$175,000, plus a 36-month contract to pay between \$5,265 to \$7,500 per month,  
depending on the total number of Reports at the time of joining.

1           153. To join CAP, an applicant with 501 to 1000 Reports must pay the  
2 initial Programming charge is \$15,500, plus a flat fee of between \$122,850 to  
3 \$175,000, plus a 36-month contract to pay between \$7,515 to \$15,000 per month,  
4 depending on the total number of Reports at the time of joining..

5           154. To join CAP, an applicant with 1001 to 1500 Reports must pay the  
6 initial Programming charge is \$20,500 plus a flat fee of between \$250,250 to  
7 \$375,000, plus a 36-month contract to pay between \$10,010 to \$15,000 per month,  
8 depending on the total number of Reports at the time of joining.

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

12           156. Thereafter, another step that an applicant to CAP must take is to  
13 provide more detailed information about its business to Defendants in the form of a  
14 second questionnaire ("Second Questionnaire"). A true and correct copy of an  
15 example of Defendants' Second Questionnaire is attached hereto as **Exhibit "6."**

16           157. The Second Questionnaire purports to be "Questions for the  
17 Agreement" that Defendants will prepare based on the CAP applicant's answers.

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

21           159. Defendants represent that upon return of a signed CAP Agreement  
22 with payment, Defendants will send the CAP member, inter alia, a "TEXT outline  
23 so you can give us your proposed comments you would like us to use to talk about  
24 your company, explaining changes your company has made . . . and other positive  
25 comments about your company."

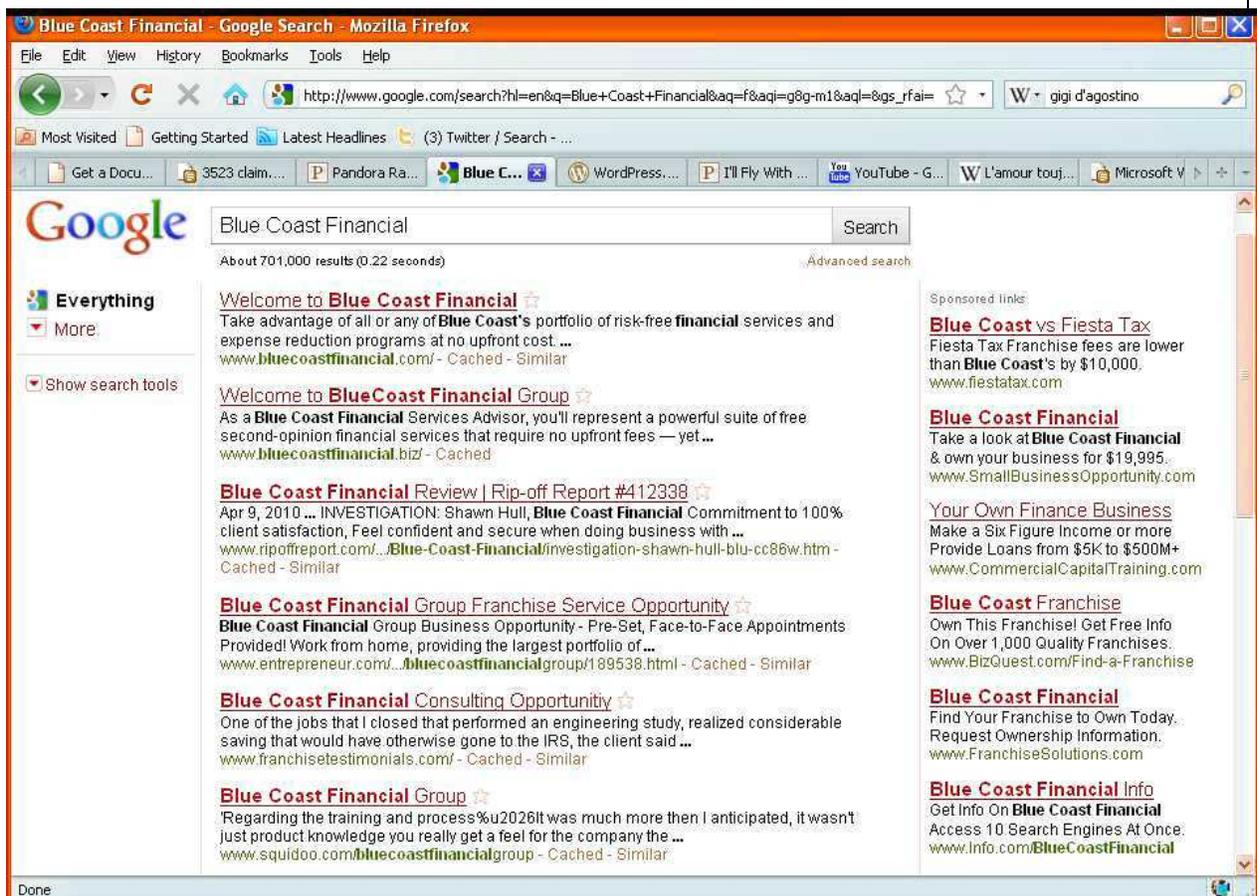
26           160. Defendants also promise that upon joining the CAP program (by  
27 returning the signed CAP agreement with payment, Defendants will, inter alia,  
28 send the CAP member "the 250 to 350 words you want us to put in front of the  
Reports found on search engines." Finally, The Ripoff Report enterprise gives as

1 an example, a Google search query “like this

2 one...[http://www.google.com/search?hl=en&q=Blue+Coast+Financial&aq=f&aqi](http://www.google.com/search?hl=en&q=Blue+Coast+Financial&aq=f&aqi=g8g-m1&aqj=&gs_rfai=)  
3 [g8g-m1&aqj=&gs\\_rfai="](http://www.google.com/search?hl=en&q=Blue+Coast+Financial&aq=f&aqi=g8g-m1&aqj=&gs_rfai=)”

4 161. This Google search query for “Blue Coast Financial” yielded, as of  
5 July 25, 2010, search results as reproduced in the screenshot below:

6  
7 162. As promised, joining CAP has turned the “negative” into a positive in  
8



9  
10  
11  
12  
13  
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20  
21  
22  
23  
24 Google search results. The web page for Rip-off Report number 412338 still  
25 remains in a high-ranking position three in page rank for a Google search query for  
26 “Blue Coast Financial.” However, the viewer of the Google search query results  
27 sees only the following preview snippets of text for the web page displaying Rip-  
28 off Report Number 412338:

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

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

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

7  
8                   163.     The reason this happens is that after a subject joins the CAP program,  
9                   the negative content in the Rip-off Report about the subject may not be removed,  
10                  but the negative comments are pushed so far down the “content” attribute of the  
11                  “head” section of the HTML code for the web page displaying the Report that the  
12                  negative content becomes virtually irrelevant to the search engines because of the  
13                  overwhelming “good” content placed in the first 90% of the metatag.

14                 164.     An example is shown below, for Ripoff Report’s advertiser,  
15                 Cash4Gold:

16                 <meta name="keywords" content="rip-off, ripoff, rip  
17                 off, Cash4Gold, Corrupt Companies" /><meta  
18                 name="description" content="INVESTIGATION: Cash4Gold  
19                 customers can feel safe confident & secure when doing  
20                 business Cash4Gold & Albar Precious Metal Refining -  
21                 Commitment to total customer satisfaction, positive  
22                 rating for its customer support. Consumers best bet  
23                 when looking to get Cash for Gold.\*UPDATE ...Rip-off  
24                 Report Investigation: Cash4Gold pledges to resolve  
25                 complaints. Commitment to Rip-off Report Corporate  
26                 Advocacy Program.- Executives stated "We are only as  
27                 strong as our weakest link running a company of this  
28                 size & volume you must adapt to your customers needs"  
                  Over \$350,000 spent on new state of the art tracking  
                  systems " /></head>

                  165.     In the above example, the new, custom “content” is shown after the  
                  “content=” attribute inside the second set of meta “angle brackets” (between the

1 “<meta” and the “/>”. Although the previous negative part of the actual Report  
2 may not be physically removed, it is effectively removed for search results because  
3 of the change in meta tags and overwhelming page modification with positive  
4 comments.

5 166. The actual Rip-off Report used as an example in the Second  
6 Questionnaire Email, Report number 412338, appears to have been replaced by a  
7 retraction from the original poster as of July 25, 2010. A true and correct copy of  
8 Report Number 412338 as it appeared on July 25, 2010 currently is attached hereto  
9 as **Exhibit “7.”**

10 167. Report Number 412338 provides in part:

11 “Dear Editor:

12 Please publish the following post:

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

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

18 Exhibit 7. The “original post” referred to in Report 412338 is not visible.

19 168. Thus, the Ripoff Report enterprise promises, perhaps tacitly, that  
20 membership in CAP will get the CAP member favorable, prominent search results,  
21 and points the CAP applicant to an example where the original Report has  
22 obviously been replaced. The only thing that appears to remain the same is the  
23 number.

24 169. A second, “unofficial” way to get into CAP is to file a lawsuit against  
25 Defendants.

26 170. The Ripoff Report enterprise makes many representations of fact to  
27 the public and to victims in furtherance of the Content Trolling Scheme.

28 171. Among Defendants’ most striking false representations, both on the  
ROR Website on both June 26, 2009 and October 27, 2009, and in emails to

1 individuals seeking information about Rip-off Reports, is that “WE DO NOT  
2 Remove any Rip-off Reports” and **never** removes reports for money.

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

8 173. This is absolutely false. Ripoff Report has taken down at least two  
9 reports after litigation, and for a sum of over \$100,000, in October 2009 and  
10 December 2009.

11 174. The true facts are that Ripoff Report has removed Rip-off Reports,  
12 and for substantial amounts of money. For substantial amounts of money, Rip-off  
13 Report will disclaim Rip-off Reports, has permitted the subjects of Rip-off Reports  
14 to write large portions of the contents, and has taken down Rip-off Reports.

15 175. A settlement agreement dated May 15, 2009 entered into and signed  
16 by Defendants Xcentric and Magedson, on the one hand, and QED Media Group,  
17 LLC, and Robert Russo, the subject of certain Rip-off Reports, on the other hand  
18 (the “QED Agreement”) attached hereto as **Exhibit “8”**, provides in part:

- 19 a. “QED will pay to Xcentric the sum of Eleven Thousand dollars  
20 (\$11,000) in the form of a cashier’s check;
- 21 b. . . . QED will execute a promissory note [to Xcentric] for the  
22 principal sum of Ninety Thousand Dollars (\$90,000) . . .
- 23 d. Xcentric will insert into the beginning of the body of Report  
24 number 311070, Report number 254798, and Report number  
25 261756 up to 250 words of content provided by QED.”

26 **Exhibit 8.**

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

1           177. ROR tells the subjects of its reports that they can tell their side of the  
2 story if they file a “rebuttal.”

3           178. However, not all rebuttals are posted. Moreover, what ROR does not  
4 tell subjects of reports is that filing a rebuttal is likely to increase the prominence  
5 of the negative statements, and does so in a way that only the negative appears in  
6 search results, not the positive. See Exhibit 24.

7           179. ROR also does not tell subjects that filing a rebuttal is financially  
8 helpful to ROR because it increase the visitor traffic, amount of fresh content and  
9 strengthens the overall authority of the site.

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

14           181. Furthermore, ROR claims that you can always file a free rebuttal. This  
15 is false. Many rebuttals do not get posted, thus depriving subjects of the ability to  
16 tell their side of the story and aggravating the harm to their reputation on the  
17 Internet with devastating consequence to their business and personal lives.  
18 Moreover, the claim that anyone can file a free rebuttal leads the public to infer  
19 that the subject does not have a response.

20           182. ROR also makes a number of exaggerated claims concerning its own  
21 legal liability. It claims never to have lost a case, and that people who sue will pay  
22 their legal fees. This intimidates subjects and potential lawyers from exercising  
23 their rights through overly exaggerated misrepresentations of the proper standards  
24 of law, amount to fraud under the circumstances. Meanwhile, their victims’  
25 businesses quickly disintegrate, leaving them desperate, and if they followed  
26 ROR’s advice to post rebuttals, ultimately without true recourse except to join  
27 CAP or pay an SEO consultant.

28           183. Ripoff Report presents CAP and its Verified Safe program as  
endorsements that a consumer can trust. This violates Section 5 of the FTC ACT,

1 15 U.S.C. § 45, and the Codes of Federal Regulations promulgated there under, 16  
2 C.F.R. Part 255.0 *et seq.* because Defendants fail to make material disclosures that  
3 would affect consumer's perception of Defendant's endorsement of such programs  
4 as paid advertisements and are not neutral and objective.

5 184. Defendants' conduct violates the FTC Guides because ROR does not  
6 disclose that it is paid money to make these testimonials and endorsements. They  
7 will endorse and verify safe anyone that pays them, even when the federal  
8 authorities have found the endorsed business to be corrupt.

9 185. Finally, ROR claims that it has not done anything to get more  
10 favorable search results with Google. Yet, ROR has altered content concerning  
11 Google to maintain its good favor.

12 186. Together, these false statements and misrepresentations constitute a  
13 scheme to defraud Plaintiffs and others similarly situated through the use of wire  
14 communication as defined in 18 U.S.C. § 1343.

15 187. This pattern of wire fraud proximately caused the injuries to Plaintiffs  
16 and others in their business or property as defined in 18 U.S.C. § 1962(c) and (d).

17 188. Desperate, the subjects of Reports are overwhelmed in the aftermath  
18 of having a report go up about them.

19 189. The distress of a subject is well known among a business sector of  
20 consultants who purport to have knowledge as to how to address the existence of a  
21 Report.

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

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

28 192. Promising media attention and monetary compensation via class  
action lawsuits, Defendants solicit purely negative content about businesses and

1 individuals and guide the creation of these complaints with their “Ripoff Revenge”  
2 guidebook. In fact, the “Rip-off Report Do-It-Yourself Guide to Rip-off Revenge”  
3 offers “step by step instructions” to readers looking to redress their grievances.

4 193. Defendants then label these businesses or individuals a “Ripoff” and  
5 preclude publication of positive Reports.

6 194. This biased presentation of these targets appears in Google search  
7 results and are typically visible on the first page of the results page.

8 195. Using the pseudonym “Corporate Advocacy Program” (“CAP”),  
9 Defendants charge as much as \$7,500 to replace the negative search results with  
10 positive affirmations. In addition, CAP members must pay a fee based on the  
11 number of reports and a monthly monitoring fee per report times the reports  
12 originally filed. The monthly monitoring fee agreement is for a minimum term of  
13 36 months.

## 14 V.

### 15 **DEFENDANTS’ VIOLATIONS OF 18 U.S.C. § 1343 (Wire Fraud)**

#### 16 **A. Defendants Falsely Represent That “Reports Never Come Down”**

17  
18  
19  
20 196. Defendants make several, false and fraudulent statements of fact on its  
21 Web site and in e-mails sent by Defendant Edward Magedson to Plaintiffs and  
22 others similarly situated in a concerted effort to collect revenue from the sale of  
23 their “Ripoff Revenge” guidebook, sale of their Corporate Advocacy Program,  
24 advertisements, Internet traffic and link referrals.

25 197. These misrepresentations were made with the specific intent of: (1)  
26 deceiving the public as to the legitimacy of their purported “consumer advocacy”  
27 site; (2) deceiving the public as to the impartiality of their Rip-off Reports; (3)  
28 deceiving the public as to safety of those businesses and individuals endorsed via  
CAP; (4) deceiving the targets of the Ripoff Report enterprise into believing the

1 free rebuttal will be effective and helpful; and (5) deceiving the targets into  
2 believing that legal action is futile because it cannot accomplish the goal of  
3 removing Reports from Defendants' database or the ROR Website, and that the  
4 only way to remedy the harmful effects of Defendants' Web site is through  
5 payment to information technology consultants or the Defendants themselves.

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

10 199. At all times relevant hereto, Defendants state on the ROR Website  
11 that they "never remove reports."

12 200. Defendants state on the ROR Website, including on April 3, 2009 and  
13 on July 26, 2010 that:

14 "Since the Ripoff Report was started in 1998, our policy has always  
15 remained the same – we never remove reports."  
16

17 201. Currently, and at all relevant times hereto including specifically on  
18 April 3, 2009, June 26, 2009 and July 26, 2010, the Ripoff Report enterprise makes  
19 the following statements of fact through the ROR website:

20 i. "We . . . will not consider removal requests from anyone, including a  
21 request which claims to be from the original author of a report."

22 ii. "Ripoff Report . . . will not remove complaints even if you sue."

23 iii. "We don't write reports, and we don't remove reports. PERIOD."  
24

25 202. A true and correct screen shot of the ROR Website containing these  
26 statements of fact as it appeared on July 23, 2010 is attached hereto as **Exhibit**  
27 **"9."**

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

i. "Rip-off Report is a permanent record."

- 1 ii. “a Rip-off Report cannot be taken off.”
- 2 iii. “we have a uniform policy against removing reports.”
- 3 iv. “WE DO NOT Remove any Rip-off Reports”
- 4 v. “we do not remove a submitted Rip-off Report, and we never will.”
- 5 vi. “Some people claim we remove reports for money, but that is just
- 6 plain false.”

7 Attached hereto as **Exhibit “10”** is a true and accurate copy of the email sent on  
8 May 5, 2009 from Magedson to Mobrez making these false statements of fact.

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

11  
12 “We do not remove reports.”

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

27 206. On January 15, 2010 at 2:02 (EST), Defense Counsel for ROR, David  
28 Gingras, sent an email to Jan Smith stating that ROR was asked to take down a

1 report and said “YES.” Gingras’ January 15, 2010 email to Smith is attached  
2 hereto as **Exhibit “11.”**

3 207. Likewise, Gingras stated that he may be able to remove Ms. Smith’s  
4 Reports per Edward Magedson’s approval.

5 208. On information and belief, reports previously categorized under  
6 “Suspicious Activities” no longer appear on Defendants’ Web site. On January 17,  
7 2010, a Report about Jan Smith was published and appeared on the ROR Website  
8 under the category “Suspicious Activities.” By April 3, 2009, the entire category  
9 of Reports under “Suspicious Activities” was deleted.

10 209. In a telephone conversation that took place on April 12, 2010, counsel  
11 for Defendants, David Gingras, falsely told or implied to Jan Smith that he had  
12 “removed a report” for a 16 year old girl.

13 210. In an e-mail to Texas attorney, Kenton Hutcherson, dated October 29,  
14 2009, Defendants’ counsel, Maria Speth, stated “After further reflection, and based  
15 on issues beyond compliance with the settlement agreement, Ripoff Report has  
16 decided to completely remove report number 510675. It was deactivated  
17 yesterday.” See Declaration of Kenton Hutcherson attached hereto as **Exhibit**  
18 **“12”** (including Speth’s October 29, 2009 email to Hutcherson).

19 211. On July 20, 2010, during a conference between both parties, counsel  
20 for Defendants, Maria Speth, confirmed that two reports concerning Mr.  
21 Hutcherson’s former client, QED Media Group, LLC, were removed on two  
22 separate occasions. See Declaration of Daniel F. Blackert, attached hereto as  
23 **Exhibit “18.”**

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

1           213. Plaintiffs did take such steps. On October 24, 2009, Plaintiffs posted a  
2 listing on Craigslist seeking an on site web product developer with SEO skills in  
3 order to combat the defamatory reports. Plaintiffs paid \$25.00 to post this  
4 advertisement.

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

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

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

14           217. Thereafter, Plaintiffs paid a Search Engine Optimization consultant  
15 one hundred dollars (\$100.00) in connection with work performed to mitigate the  
16 defamatory reports on the ROR Website.

17           218. Others have expended monies in order to mitigate and/or take down  
18 the defamatory posts on the ROR.

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

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

27           221. Another victim, attorney Laura Snoke, a resident of the State of  
28 California, paid \$3,500 upfront and \$300 a month to maintain her own website and  
blogs specifically to counteract the presence of the negative Reports in Google

1 searches. Nonetheless, clients and prospective clients mention to her the Reports.  
2 A true and correct copy of the Declaration of Laura Snoke is attached hereto as  
3 **Exhibit “26.”**

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

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

19 224. Likewise, Tina Norris incurred one hundred and thirty-four thousand  
20 dollars \$134,000 in attorneys fees’ in obtaining the identity of authors of Reports  
21 and in obtaining injunctive relief against the contributor. Nonetheless, The Ripoff  
22 Report enterprise continues to acquire and publish new content from the  
23 contributor.

24 225. Another victim of false reports, attorney Peter Mallon, a resident of  
25 the State of California, described that he was quoted a price of \$2,995 from Quick  
26 Rep Repair to commence work on repairing his online reputation. A true and  
27 correct copy of the Declaration of Peter Mallon is attached hereto as **Exhibit “21.**

28 226. Mallon was advised by the representative of Quick Rep Repair that  
Defendant Magedson is generally in hiding to avoid service of lawsuits against

1 him.” See Exhibit 21 at ¶8. In addition to selling services, such consultants prey  
2 upon the confusion, distress and panic induced in subjects of the Reports to  
3 compound rumors and speculation about the degree to which the Ripoff Report  
4 enterprise will respond to formal legal process or informal requests for help. Myths  
5 and rumors regarding the efficacy and availability of court remedies are aggravated  
6 and compounded by the legal advocacy published on the ROR Website to its  
7 unsophisticated victims. Plaintiffs are informed and believe and thereon allege that  
8 counsel for Defendants Xcentric and Magedson, Mari Crimi Speth, of Jaburg &  
9 Wilk, will accept service of process for Defendants Xcentric and Magedson.

10  
11 **B. Defendants Falsely State That Victims Can File A Free Rebuttal and**  
12 **That Rebuttals Are Effective and Helpful.**

13  
14 227. Defendants also grossly overstate the ability of those targeted to file a  
15 free rebuttal in response to negative Reports and grossly misrepresent the effect of  
16 rebuttals as being helpful, rather than harmful.

17 228. Currently, Defendants made and make the following false statements  
18 of fact on their Web site, at all time relevant hereto including specifically on March  
19 4, 2009, on April 3, 2009, June 26, 2009, October 27, 2009:

20 i. “We offer you the opportunity to file a REBUTTAL to any  
21 report.”

22 ii. “you can write a rebuttal explaining your position.”

23 i. “Rebuttals are 100% free, and we strongly encourage you to use  
24 this resource since they can be extremely effective.”

25 ii. “If you think a report is fake and/or written by a competitor,  
26 feel free to say so in your rebuttal.”

27 iii. “Your rebuttal can also demand that the customer post some  
28 form of proof to back up their story.”

1           iv.           “Even if a customer won’t submit an update, you can write a  
2 rebuttal stating what you have done to make thing to make things right.”

3           v.            “If you find a complaint has been filed against you, the best  
4 thing you can do is to post a rebuttal.”

5           vi.           “If a company has received one or more Ripoff Reports, that  
6 business always has the option of posting free rebuttals...”

7 Attached hereto as **Exhibit “13”** is a true and accurate printout from ROR’s  
8 website evidencing the above as of July 26, 2010.

9           229. On May 5, 2009 at 11:48 a.m., Defendant Edward Magedson sent  
10 Plaintiff Raymond Mobrez an e-mail containing the false statements:

11           i.            “Just file a rebuttal . . . the truth shall set you free.”

12           ii.           “You can simply file a rebuttal and explain your side of the  
13 story... it’s free... and you don’t have to even read any further, just log on and file  
14 a rebuttal telling your side of the story, best to not be combative or insulting.”

15           iii.           “You can simply file a rebuttal and explain your side of the  
16 story...it’s free.”

17           iv.            “Again, you can file a rebuttal(s) for free.”

18           v.            “we supply a REBUTTAL feature so that the company reported  
19 has a chance to respond by agreeing, disagreeing, or apologizing and explaining  
20 what will be done to fix the issue.” (See **Exhibit 13**)

21           230. The true facts are that the Ripoff Report enterprise makes it easy to  
22 file negative Reports, but make it much more difficult to file rebuttals.

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

26           232. Between July and November 2008, Tina Norris and a team of  
27 employees attempted to file positive rebuttals to reports about her and her business,  
28 TNT Management. Each rebuttal they submitted was in response to a different

1 Report. Of their approximately 40 submissions, the Ripoff Report enterprise  
2 declined to post approximately half.

3 233. On January 19, 2010 and January 19, 2010 Jan Smith sent emails to  
4 [info@ripoffreport.com](mailto:info@ripoffreport.com) complaining that rebuttals she has submitted to Reports  
5 were not being posted. See **Exhibit 19**.

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

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

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

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

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

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

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

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

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

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

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

7 238. Defendants do not disclose their ulterior motivation for advocating  
8 their free, rebuttal service.

9 239. Filing a rebuttal actually hurts those victimized on the ROR website  
10 and in search results more than it helps them. Not only does it do nothing to make  
11 the Reports filed less conspicuous, but filing a Rebuttal refreshes Google's search  
12 indexing, thereby increasing content and visits for the ROR Website site and  
13 Reports. This also raises the page ranking of the negative Report. In other words,  
14 filing a rebuttal is likely to drive the negative report up in the search rankings  
15 creating a vicious circle of attempting to minimize the harm yet, at the same time,  
16 giving these Reports more prominence.

17 240. Rebuttals act as fresh content, refreshing the Reports with search  
18 engines, particularly when Defendants add paid links to advertising the content in  
19 the rebuttals. See Exhibit 24, ¶¶14-16.

20 241. Furthermore, rebuttals do not appear in Google search results, if at all,  
21 in an intelligible context comparable to the significantly altered Reports published  
22 by the Ripoff Report enterprise that are stuffed with positive HTML text about  
23 CAP members.

24 242. Filing a rebuttal also requires registration and acceptance of ROR's  
25 terms of service, which contain an Arizona venue and choice of law that clause  
26 Defendants may invoke should victims realize the effect of the Content Trolling  
27 Scheme and wish to exercise their First Amendment right of petition against  
28 Defendants in the courts.

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

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

10           245. On April 3, 2009, through counsel, Plaintiffs registered with the ROR  
11 Website and thereafter posted a rebuttal.

12           246. Whereas on March 4, 2009, the Google search result for “Raymond  
13 Mobrez” returned a Report as third in page rank, the Google search rank for  
14 “Raymond Mobrez” currently returns a Report as the first in page rank.

15  
16 **C. Defendants Falsely State that they have never done anything to cause**  
17 **Google to rank their website higher in the search results.**

18  
19           247. Defendants falsely misrepresent to the public that “Ripoff Report has  
20 never, ever (not now, and not in the past) done anything to cause Google to rank  
21 our website higher in search results than other sites.” This quotation appeared on  
22 the ROR website on June 26, 2009 and October 27, 2009.

23           248. ROR makes the following allegations on their webpage: In response  
24 to the question “I head that the Ripoff Report pays Google to get higher rankings in  
25 search results, is that true?” the Web site responds, “No. This is 100% false.”  
26 These statements appeared on the ROR website on June 26, 2009 and October 27,  
27 2009.  
28

1 i. “For the record – Ripoff Report has never, ever (not now, and  
2 not in the past) done anything to cause Google to rank our website higher in search  
3 results than other sites.” Attached hereto as **Exhibit 14** is a true and accurate  
4 printout from ROR’s website dated July 26, 2010 evidencing the above.

5 249. Ripoff Report has, in fact, done many things to support itself as a  
6 business model and cause Google to rank postings higher by circumventing  
7 punitive changes in algorithms. The website gives Google special treatment in  
8 reports to maintain their high organic Google search authority and favorable  
9 ranking.

10 250. Both Bing and Yahoo have discredited and penalized Defendants’  
11 website in their search algorithms.

12 251. However, Ripoff Report has actively written and published titles,  
13 disclaimers, and comments to maintain favor with Google. They have changed the  
14 meaning of reports concerning Google in substantial ways to achieve that  
15 objective. For example, Defendants wrote a disclaimer that “this is not google.com  
16 the search company” on a report posted about Google Adsense. Defendants have  
17 changed the name of Sergey Brin, a Google founder, and editorialized about  
18 reports on Brin and Larry Evans.

19 252. The public relies on the false statement as true, and gives greater  
20 credence to the illusion that Ripoff Report is a legitimate site if it ranks so highly  
21 with common search engines like Google. Furthermore, Defendants place these  
22 misleading statements on the “Want to Sue Us” page on their website. This  
23 strategic placement allows them to take advantage of those victimized because it  
24 discourages them from asserting their rights.

25 253. Plaintiffs and others were damaged viewed these false statements and  
26 were damaged in money paid to IT consultants, loss of contacts and business  
27 opportunities in which they have a recognized property right and directly delayed  
28 bringing suit by intimidation.

1 **D. Defendants Falsely Present Themselves As Authorities In Internet And**  
2 **Technology Law With Specialized Knowledge Under Circumstances**  
3 **that Transform Legal Opinion Into Actionable Fraud.**

4 254. Defendants mislead the public when they state that they are “immune”  
5 from legal action, “have never lost a case,” and present numerous contentions of  
6 law as fact. They assert that the Communications Decency Act insulates them  
7 from liability in all cases. These statements appeared on the ROR website on June  
8 26, 2009 and October 27, 2009. Plaintiffs viewed these statements on those dates.

9 255. ROR makes the following claims on their webpage. Plaintiffs viewed  
10 these claims on their webpage on June 26, 2009 and October 27, 2009:

11  
12 i. “If you are considering sending us a notice or demand (or if you  
13 have already done so), this page is intended to provide you with information that  
14 may help you to better understand the situation and your rights, as well as the  
15 rights of the people who post reports here. You need to understand that threats  
16 against Ripoff Report are not effective, nor will they result in the removal of any  
17 reports. Here's why.”

18 ii. “Because we will not remove reports, Ripoff Report has been  
19 sued on many occasions based on the content which our users have created and  
20 posted. If you are considering suing Ripoff Report because of a report which you  
21 claim is defamatory, you should be aware that to date, Ripoff Report has never lost  
22 such a case (with one exception; explained below). This is because of a federal  
23 law called the Communications Decency Act or "CDA", 47 U.S.C. § 230. Because  
24 this important law is not well known, we want to take a moment to explain the law,  
25 and to also explain that the filing of frivolous lawsuits can have serious  
26 consequences for those who file them, both parties and their attorneys.”

27 iii. “Because the reports on Ripoff Report are authored by users of  
28 the site, we cannot be legally regarded as the "publisher or speaker" of the reports  
contained here, and hence we are not liable for reports even if they contain false or

1 inaccurate information. The same law applies to sites like FaceBook, MySpace,  
2 and CraigsList – users who post information on these sites are responsible for what  
3 they write, but the operators of the sites are not.”

4 iv. “Based on the protection extended by the CDA, Ripoff Report  
5 has successfully defended more than 20 lawsuits in both state and federal courts.  
6 Each time, the courts have consistently found that the CDA shields Ripoff Report  
7 from any claims seeking to treat it as the speaker or publisher of information  
8 posted by a third party.”

9 v. “You can always sue the author if you want, but you can’t sue  
10 Ripoff Report just because we provide a forum for speech.”

11 vi. “On April 3, 2008, the Ninth Circuit Court of Appeals issued an  
12 opinion in a case called Fair Housing Council of San Fernando Valley v.  
13 Roommates.com, L.L.C., 521 F.3d 1157 (9th Cir. 2008). Some people (okay,  
14 lawyers, mostly), initially argued that Roommates narrowed the CDA significantly,  
15 exposing Ripoff Report to liability even with regard to information posted by third  
16 parties. Sorry folks, but since Roommates was decided, other courts have agreed  
17 that the facts of the case are unique and the outcome is really limited to those  
18 facts. The decision in GW Equity v. Xcentric Ventures cited above specifically  
19 discusses the Ninth Circuit’s decision in Roommates in detail and then concludes  
20 that it does not affect our immunity under the CDA.”

21 vii. “Whether or not you choose to post a rebuttal, under the CDA  
22 you cannot hold Ripoff Report legally responsible for material written by third  
23 parties.”

24 viii. “Ripoff Report is not liable for statements posted by a third  
25 party, and it has never lost a case involving such statements, so it will not remove  
26 complaints even if you sue.”

27 ix. “Filing a lawsuit will, however, guarantee the removal of one  
28 thing -- a LOT of money from your wallet and into an attorney's pocket.”

1 x. "First, Rule 11 of the Federal Rules of Civil Procedure, and  
2 each state court's rules, generally require that all pleadings, including initial  
3 Complaints, must be presented in good faith, after a reasonable investigation into  
4 the facts and the law, and not made for an improper purpose such as harassment.  
5 What this means in plain English is that if you file a lawsuit which you know  
6 contains false claims, or if you sue without first conducting a reasonable  
7 investigation as to the law as it may pertain to the facts of your case (such as  
8 determining the identity of the author of the report(s) you are concerned about),  
9 you and/or your attorney can be subject to serious sanctions at the judge's  
10 discretion. Many who have sued settled with us and some have paid some or all of  
11 our attorney's fees. Other times we have defended the cases for years running up  
12 large legal bills for both sides. Either way, we never paid out a dime in settlement  
13 or damages to anyone who has sued us."

14 xi. "In addition to penalties a judge may issue, those who would  
15 threaten us need to be aware of another law which imposes civil liability on anyone  
16 who files a frivolous lawsuit. This claim is known as "wrongful use of civil  
17 proceedings" and it is defined by § 674 of the Restatement (Second) of Torts as  
18 follows: (a) he acts without probable cause, and primarily for a purpose other than  
19 that of securing the proper adjudication of the claim in which the proceedings are  
20 based, and (b) except when they are *ex parte*, the proceedings have terminated in  
21 favor of the person against whom they are brought."

22 xii. "Because Ripoff Report is immune from liability under the  
23 CDA for defamation-based and related claims, any suit that seeks to impose  
24 liability for the speech of our users is, by definition, an action brought "without  
25 probable cause". We encourage the prompt and fair resolution of disputes between  
26 Ripoff Report authors and those who are the subject of Ripoff Reports. However,  
27 Ripoff Report wants to be clear that it accepts no liability for the speech of its  
28 users, and it will vigorously defend any litigation brought against us which seeks to  
circumvent the CDA. In addition, any suit filed against us without probable cause

1 may subject the complaining party and/or their attorneys to liability in the State of  
2 Arizona for wrongful use of civil proceedings. We don't mean to sound harsh, but  
3 if you knowingly file a frivolous lawsuit against us, regardless of where your case  
4 is filed, you and/or your lawyers can be subject to a lawsuit in Arizona in which a  
5 jury could, if appropriate, award both substantial compensatory and punitive  
6 damages against you.”

7       xiii.       “Finally, you need to be aware that if you file a lawsuit simply  
8 to harass us, not only will this not work, it will very likely end up being  
9 EXTREMELY expensive for you. Due to the number of meritless cases we have  
10 had to defend, Ripoff Report has adopted a very strict policy about lawsuits -- once  
11 Ripoff Report is forced to appear in a case, it will not stipulate to a dismissal of the  
12 case unless the party who filed the action agrees to pay Ripoff Report's attorney  
13 fees. There will be no exceptions. If you conduct a thorough investigation  
14 BEFORE you sue and you believe you have a valid case despite the CDA, it is  
15 your right to pursue your case and prove it in court. However, once you file a  
16 lawsuit, be prepared to either take it all the way to a decision on the merits or pay  
17 Ripoff Report's attorney fees because Ripoff Report will not stipulate to a  
18 dismissal without compensation.” Attached hereto as **Exhibit 15** is a true and  
19 accurate printout from ROR’s website dated July 26, 2010 evidencing the above.

20       256. On May 5, 2009 at 11:48 a.m., Defendant Edward Magedson sent  
21 Plaintiff Raymond Mobrez an e-mail containing the following claims:

22  
23       i.       “Be warned. To those of you who threaten to sue, be prepared  
24 to go the long haul, and, when you want to do a walk away because you realize you  
25 cannot and will not win because you filed a frivolous law suit, ...you will be  
26 paying for our legal bills and in some cases and then some, before we will let you  
27 out of the case. .. Just ask anyone who has sued us for years. Many of them will not  
28 admit to you that they paid us.. but they do.. If you are thinking of suing us, I hope  
you are personally prepared for this. We are.”

1           ii.           “[T]here have been a lot more legal superior court decisions,  
2 and other lower court decisions – some published decisions. ALL IN OUR  
3 FAVOR. And We have been sued more than 2 dozen times and never, that’s  
4 NEVER LOST A CASE. Suing us will only get you more publicity and additional  
5 listings on search engines.”

6           iii.           “Anyone thinking of coming after Rip-off Report (filing a  
7 lawsuit) will get nowhere and will only, more than likely, get more bad publicity,  
8 because the lawsuit is public information.” (attached hereto as **Exhibit 10** is a true  
9 and accurate copy of Mr. Magedson’s May 5, 2009 at 11:48 a.m email to Mr.  
10 Mobrez.).

11  
12           257. Many of these contentions appearing on the “Want to Sue Ripoff  
13 Report?” section of Defendants website are either false or opinion wrongly  
14 presented as fact or partial truths. Defendants have settled cases and defaulted on  
15 cases, which is considered tantamount to an unfavorable resolution. Moreover,  
16 Courts have held that CDA immunity does not apply to claims like RICO that do  
17 not attempt to hold Ripoff Report as the speaker of third party content.

18           258. These misrepresentations result in members of the public failing to  
19 bring suit in an attempt to assert their legal rights. Many of them feel intimidated  
20 from even exploring any legal recourse. Moreover, these statements help to  
21 establish the credibility of the site and content appearing on the site, further  
22 misleading the public to believe that Ripoff Report is a legitimate website.  
23 Plaintiffs viewed these misleading statements and relied detrimentally thereon.

24           259. Plaintiffs were injured both by the public’s perception and in the form  
25 of fees paid to IT consultants, loss of business over time and lost contract, both for  
26 AEI’s business and lost real estate commissions on transactions for Mobrez and  
27 Llaneras.

28           260. If Plaintiffs had known the true facts they would have sued ROR  
earlier and not delayed in trying to resolve this issue by any means other than a

1 lawsuit, thereby taking early action to remedy the erosion in their business and  
2 property interests and loss of valuable contracts.

3  
4 **E. Defendants falsely state that they do no filter or suppress reports, unlike**  
5 **the Better Business Bureau.**

6 261. Plaintiffs viewed the following statements on the Ripoff Report  
7 website on August 12, 2009. The website also currently as of July 26, 2010  
8 contains the following claims:

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

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

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

22 263. As mentioned above, Ripoff report does not post negative reports  
23 about certain businesses, including negative reports about CAP members and  
24 reports about CAP, itself and its agents. The public relies on these false  
25 statements, giving more credence to the negative reports.

26 264. Moreover, Defendants will not post positive reports.

27 265. As set forth above, plaintiffs were injured by fees paid to IT  
28 contractors and loss of business and contracts. If Plaintiffs had known the true facts  
they would have sued ROR earlier and not delayed in trying to resolve this issue by

1 any means other than a lawsuit, thereby taking early action to remedy the erosion  
2 in their business and property interests and loss of valuable contracts.

3  
4 **F. Defendants Mislead The Public When They Present CAP Members As**  
5 **Safe, Reliable, And Trustworthy.**

6  
7 266. Defendants state that they investigate the truth to posts about CAP  
8 members. They portray this process as reliable and accurate. Furthermore, they  
9 portray CAP members as those businesses that are dedicated to improving their  
10 customer service.

11 267. For example, ROR states:

12 i. “Rip-off Report Investigation: John Beck – Free And Clear –  
13 Mentoring of America pledges to resolve complaints & address inquiries from the  
14 past, and in the future. Commitment to Rip-off Report Corporate Advocacy  
15 Business Remediation & Customer Satisfaction Program. Consumers can feel  
16 confident & secure when doing business with John Beck – commitment to 100%  
17 customer satisfaction – fulfilling commitment to provide excellent customer  
18 service – safeguards for their clients.”

19 ii. “UPDATE Rip-off Report Investigation: John Beck Pledges To  
20 Resolve Complaints. – commitment to 100% customer satisfaction – Consumers  
21 can feel confident & secure when doing business with John Beck.” (A true and  
22 correct copy of this page of ROR dated July 26, 2010 is attached hereto as **Exhibit**  
23 **“16.”**

24 268. John Beck is currently being investigated by the Federal Trade  
25 Commission. In addition, the FTC, on its website, advises individuals and  
26 businesses that John Beck is running a scam and to not to business with him. (A  
27 true and correct copy of the aforementioned page is attached hereto as **Exhibit**  
28 **“17.”**



1 activities that affected interstate commerce using interstate wire (the “ROR  
2 Enterprise”).

3 276. Plaintiffs are informed and believe and thereon allege that the ROR  
4 Enterprise also comprised an individual named “Karen” or  
5 [Karen@ripoffreport.com](mailto:Karen@ripoffreport.com), the identity of whom is presently unknown, and other  
6 persons presently unknown, including those responsible for writing the “So You  
7 Want to Sue Ripoff Report” portions of the ROR Website and Xcentric and  
8 Magedson’s law firm or legal team to the extent they committed the predicate acts  
9 alleged herein.

10 277. Defendant Magedson was and is associated with Defendant Xcentric  
11 Ventures, LLC, and has control over this enterprise such that he can conduct and  
12 participate in its conduct, either directly or indirectly, in the operation and  
13 management of the enterprise.

14 278. Defendants Ed Magedson and Xcentric Ventures, LLC, own, operate,  
15 and/or control the Web site located at [www.RipoffReport.com](http://www.RipoffReport.com) (“Ripoff Report”).

16 279. Defendants use this Web site as a vehicle to defraud the public. The  
17 fraudulent claims made in furtherance of that scheme constitute violations of 18  
18 U.S.C. § 1343, particularly where all communications are made over the Internet.

19 280. Each communication and representation made by the Defendant via  
20 electronic mail and web publication constitutes the transmittal by means of wire  
21 communication in interstate commerce of signals, sounds, or writings for the  
22 purpose of executing or in connection with the aforementioned schemes and  
23 artifices to defraud.

24 281. Defendants knew or had reason to know that these transmissions were  
25 in furtherance of executing these schemes or artifices or were incidental to an  
26 essential part of these schemes and artifices.

27 282. As previously described, the communication and representations made  
28 by the Defendants are materially false. Defendants made or caused these

1 transmissions to be made with the specific intent of defrauding Plaintiffs and  
2 others similarly situated.

3 283. Each of these transmissions furthered the aforementioned scheme and  
4 artifices to defraud, which were intended to and did proximately cause injury to  
5 Plaintiffs and others in their business or property through its scheme to defraud.

6 284. Defendants engaged in a pattern of racketeering activity consisting of  
7 at least two predicate acts of racketeering by each individual Defendant.

8 285. Defendant Xcentric engaged in a pattern of racketeering, with the use  
9 of wires to facilitate a fraudulent scheme including transmissions through the ROR  
10 Website on March 4, 2009, April 3, 2009, June 26, 2009, August 12, 2009,  
11 October 27, 2009, and July 26, 2010, and continuing, as alleged above.

12 286. Defendant Magedson engaged in a pattern of racketeering by in  
13 separate emails sent to Plaintiff Mobrez on May 5, 2010 at 11:48 a.m., May 12,  
14 2010 at 6:04 p.m., and July 24, 2010 at 6:31 p.m. and as otherwise above alleged in  
15 furtherance, pattern of wire fraud entailed at least two acts of racketeering activity  
16 by Defendants, at least one of which occurred within ten years after the  
17 commission of a prior act of racketeering activity, and constitute a continuous and  
18 related pattern or racketeering as defined in 18 U.S.C. 1961(1) and (5).

19 287. This pattern of wire fraud entailed at least two acts of racketeering  
20 activity by Defendants, at least one of which occurred within ten years after the  
21 commission of a prior act of racketeering activity, and constitute a continuous and  
22 related pattern or racketeering as defined in 18 U.S.C. 1961(1) and (5).

23 288. Plaintiffs were the direct and intended victims of the Content Trolling  
24 Scheme, and lost valuable business and property interests as a direct result thereby.  
25 Plaintiffs, and each of them, have been injured in their business and property by  
26 reason of the foregoing violations of 18 U.S.C. § 1962(d) as alleged in this claim in  
27 an amount to be determined at trial. Plaintiff is also entitled to treble damages, as  
28 well as other relief which is necessary and proper, including reasonable attorneys'  
fees and costs, including but not limited to the following:

1 a. Legal fees incurred as a result of litigating the present case in the  
2 amount of \$21,700 to date;

3 b. Costs expended litigating the present case in the amount of  
4 \$7,400 to date;

5 c. Amounts invested in assets, business, goodwill and operations of  
6 Asia Economic Institute, LLC to date of at least:

7 d. Rented office space to date: \$347,983

8 e. Phone and Internet Communications to date: \$34,809

9 f. Move-in Costs to date: \$31,950

10 g. Accrued start-up costs to date: \$12,500

11 h. Miscellaneous expenses to date: \$8,900

12 i. Amounts expended in traveling to Washington, DC and  
13 advocating to representatives and lawmakers for a change in the statute in the  
14 amount \$2,500 to date

15 j. Salaries or fees paid to SEO Experts, IT consultants, LAMP  
16 developers, software licenses, computer programmers and other consultants,  
17 contractors and vendors or services to the business of AEI;

18 k. Cost of registering and maintaining domain names and hosting  
19 services and servers to host and operate the websites of AEI and AEI's  
20 educational, publishing and business missions;

21 l. Real estate transaction broker or license fees and commissions,  
22 and other existing and prospective property interests in commercial transactions,  
23 on which Mobrez and Llaneras would earn fees, and to which Plaintiffs Mobrez  
24 and Llaneras were entitled and were lost by reason of Defendants' acts complained  
25 of herein;

26  
27 **SECOND CLAIM FOR RELIEF**

28 **VIOLATION OF 18 U.S.C. § 1962(d) – RICO Conspiracy**

**(Against All Defendants)**

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

3 290. Magedson and other unnamed individuals associated with Xcentric  
4 Ventures, LLC, and Ed Magedson, have conspired and agreed to violate 18 U.S.C.  
5 § 1962(c) by agreeing to conduct an enterprise affecting interstate commerce,  
6 directly or indirectly, through a pattern of racketeering activity in violation of 18  
7 U.S.C. § 1962(d). The acts in furtherance of this conspiracy are alleged herein.

8 291. Plaintiffs have been injured in their business and property by reason  
9 of the foregoing violations of 18 U.S.C. § 1962(d) as alleged in this claim in an  
10 amount to be determined at trial. Plaintiff is also entitled to treble damages, as well  
11 as other relief which is necessary and proper, including reasonable attorneys' fees  
12 and costs.

13  
14 **THIRD CLAIM FOR RELIEF**  
15 **UNFAIR BUSINESS PRACTICES - CALIFORNIA BUSINESS**  
16 **& PROFESSIONS CODE § 17200, et seq.**  
17 **(Against All Defendants)**  
18

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

21 293. Plaintiffs have standing pursuant to California Business and  
22 Professional Code Section 17204.

23 294. Plaintiffs allege violations of California Business & Professions Code  
24 § 17200 on behalf of themselves and the public (Private Attorney General).

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

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

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

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

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

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

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

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

- 15
- 16           a. Defendants represent themselves as consumer advocates. However,  
17 this description is false and misleading for reasons stated above  
18 including:
- 19           b. Defendants allow users to post personal complaints and air grievances  
20 that fall well outside the definition of consumerism. Such complaints  
21 include allegations of adultery, sexual assault, and pedophilia.
- 22           c. Defendants mislead the public into believing they have presented an  
23 unbiased description of the targeted business or individual. However,  
24 Defendants refuse to publish positive reports concerning these targets  
25 and, on occasion, fail to publish rebuttals disputing the allegations  
26 contained in the negative report.
- 27           d. Defendants label businesses or individuals enrolled in the Corporate  
28 Advocacy Program as "verified safe" without investigating the  
veracity of this statement.

1 e. Defendants solicit false and defamatory complaints against Plaintiffs  
2 and others so that they may profit from sales of their “Ripoff  
3 Revenge” guidebook and membership in their Corporate Advocacy  
4 Program.

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

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

14 305. Defendants have failed, and continue to fail, to disclose to consumers  
15 in advertising the fact or the amount of material considerations paid to Defendants  
16 for endorsing or “Verifying Safe” a business, in violation of Section 5 of the FTC  
17 Act, 15 U.S.C. § 5, and Federal Trade Commission 16 C.F.R. Part 255.0 *et seq.* as  
18 updated effective December 1, 2009 expressly to issue new Guides that confirm  
19 Section 5 of the FTC Act applies to statements on blogs, and Internet communities.

20 306. Defendants are subject to liability for false or unsubstantiated  
21 statements made through these endorsements.

22 307. Without injunctive relief, the Plaintiffs and others similarly situated  
23 will continued to be harmed by the Defendants’ unlawful, unfair and fraudulent  
24 business practices. In addition, Plaintiff is entitled to recover its costs of suit and  
25 attorney.

26  
27 **FOURTH CLAIM FOR RELIEF**  
28 **COMMON LAW DEFAMATION**  
**(Against All Defendants)**

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

3 309. Defendants published defamatory materials on Defendants' websites  
4 regarding Plaintiffs.

5 310. The publications contain false and misleading information and have  
6 brought Plaintiffs into disrepute among members of the marketplace. In addition,  
7 said defamatory comments have harmed Plaintiffs' integrity, good-will, reputation,  
8 and good name in the community.

9 311. Defendants knew or should have known that the defamatory posts  
10 would cause serious harm to Plaintiffs. Defendants intended that the defamatory  
11 posts impact the way the public views Plaintiffs, as well as their business.

12 312. Defendants knew that the publications included false information or  
13 otherwise acted with reckless disregard of the truth or falsity contained in their  
14 publications. Further, Defendants refuse to investigate the truth or falsity of such  
15 statements to the detriment of Plaintiffs, as well as other businesses and  
16 individuals.

17 313. Defendants' publications damaged Plaintiffs' business reputation and  
18 have prejudiced it in the conduct of its business, and have deterred customers and  
19 potential customers from dealing with it.

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

22  
23 **FIFTH CLAIM FOR RELIEF**

24 **DEFAMATION PER SE**

25 **(Against All Defendants)**

26  
27 315. Asia Economic Institute re-alleges and incorporates by reference all  
28 preceding paragraphs as fully set forth herein.

316. Defendants published the statements attached hereto at **“Exhibit 22.”**



1           322. Plaintiffs re-allege and incorporate by reference all preceding  
2 paragraphs as fully set forth herein.

3           323. Defendants' statements have placed Plaintiffs in a false light by  
4 representing Plaintiffs as scam artists, criminals, racists, unqualified, and incapable  
5 of providing a valuable service to the community. It is important to note that  
6 Plaintiffs have provided valuable resources for the public and wish to continue to  
7 do so. However, Defendants so-called "rip-off reports" have tainted Plaintiffs  
8 business, so much so that Plaintiffs have lost and continue to lose countless  
9 business relationships and employees. In other words, the defamatory posts posted  
10 on Defendants' websites have halted Plaintiffs' business.

11           324. The false light in which Plaintiffs have been placed as a result of the  
12 Defendants' statements would be highly offensive to a reasonable person in the  
13 Plaintiffs' position.

14           325. Defendants knew that the statements were false, or Defendants acted  
15 in reckless disregard for the truth or falsity of those statements.

16           326. As a direct and proximate result of Defendants' wrongful statements,  
17 Plaintiffs have sustained harm to their business in an amount to be proven at trial.

18  
19                                   **SEVENTH CAUSE OF ACTION**  
20                                   **INTENTIONAL INTERFERENCE WITH PROSPECTIVE**  
21                                   **ECONOMIC RELATIONS**  
22                                   **(Against All Defendants)**  
23

24           327. Plaintiff re-alleges and incorporates by reference all preceding  
25 paragraphs as fully set forth herein.

26           328. AEI had valid contractual relationships with current and prospective  
27 employees and had expected relationships with persons who, but for Defendant's  
28 libelous publications, would have entered into valid contractual relationships.

1           329. Defendants knew, when falsely and publicly making these defamatory  
2 statements about the Plaintiffs, that Plaintiffs had these valuable contracts and  
3 business expectancies.

4           330. Defendants intentionally and wrongfully interfered with these  
5 relationships by knowingly publishing, creating, and soliciting negative, false, and  
6 defamatory content in exchange for their own business profit.

7           331. As a result of the Defendants' wrongful conduct, the relationship  
8 between the Plaintiffs and its employees has been disrupted. In fact, one  
9 complainant claims that he was "considering starting a position at this company..."  
10 until he "came home and googled his name, and found all these bad reports." The  
11 complaint further asserts that "as a result of these reports, [he is] going to blow him  
12 off."

13           332. As a direct and proximate results of the foregoing wrongful acts,  
14 Plaintiffs have been damaged in their good name and reputation, have suffered  
15 great loss of its goodwill, has suffered diminution in its value as a business entity,  
16 has lost current as well as prospective employees, and it continues to suffer  
17 damages. Plaintiffs have also lost valuable contracts. Defendants' tortuous  
18 interference with AEI's business relations entitles AEI to compensatory and  
19 punitive damages in an amount to be determined at trial.

20                                   **EIGHTH CAUSE OF ACTION**  
21                                   **NEGLIGENT INTERFERENCE WITH**  
22                                   **PROSPECTIVE ECONOMIC RELATIONS**  
23                                   **(Against All Defendants)**

24  
25           333. Plaintiff re-alleges and incorporates by reference all preceding  
26 paragraphs as fully set forth herein.

27           334. AEI had valid contractual relationships with current and prospective  
28 employees and had expected relationships with persons who, but for Defendant's  
libelous publications, would have entered into valid contractual relationships.

1 335. Defendants knew, when falsely and publicly making these defamatory  
2 statements about the Plaintiffs, that Plaintiffs had these valuable contracts and  
3 business expectancies.

4 336. Defendants negligently interfered with these relationships by  
5 knowingly publishing and creating negative, false, and defamatory content in  
6 exchange for their own business profit.

7 337. The relationships between the Plaintiffs and its employees were  
8 thereafter disrupted by the Defendants' conduct.

9 338. As a direct and proximate results of the foregoing wrongful acts,  
10 Plaintiffs have been damaged in their good name and reputation, have suffered  
11 great loss of its goodwill, has suffered diminution in its value as a business entity,  
12 has lost current as well as prospective employees, and it continues to suffer  
13 damages. Plaintiffs have also lost valuable contracts. Defendants' tortuous  
14 interference with AEI's business relations entitles AEI to compensatory and  
15 punitive damages in an amount to be determined at trial.

16  
17 **NINTH CAUSE OF ACTION**

18 **NEGLIGENT INTERFERENCE WITH ECONOMIC RELATIONS**

19 **(Against All Defendants)**

20  
21 339. Plaintiff re-alleges and incorporates by reference all preceding  
22 paragraphs as fully set forth herein.

23 340. AEI had a valid contractual relationships with current and prospective  
24 employees.

25 341. Defendants knew, when falsely and publicly making these defamatory  
26 statements about the Plaintiffs, that Plaintiffs had these valuable contracts.

27 342. Defendants intentionally and wrongfully interfered with these  
28 relationships by knowingly publishing and creating negative, false, and defamatory  
content in exchange for their own business profit. Defendants intentionally and

1 wrongfully caused these employees to breach their employment contracts with  
2 Plaintiffs.

3 343. As a result of the Defendants' wrongful conduct, the relationship  
4 between the Plaintiffs and its employees has been disrupted. In fact, one  
5 complainant claims that he was "considering starting a position at this company..."  
6 until he "came home and googled his name, and found all these bad reports." The  
7 complaint further asserts that "as a result of these reports, [he is] going to blow him  
8 off."

9 344. Defendant's wrongful conduct is, therefore, a substantial factor in  
10 causing Plaintiffs' harm.

11 345. As a direct and proximate results of the foregoing wrongful acts,  
12 Plaintiffs have been damaged in their good name and reputation, have suffered  
13 great loss of its goodwill, has suffered diminution in its value as a business entity,  
14 has lost current as well as prospective employees, and it continues to suffer  
15 damages. Plaintiffs have also lost valuable contracts. Defendants' tortuous  
16 interference with AEI's contractual relations entitles AEI to compensatory and  
17 punitive damages in an amount to be determined at trial.

## 18 **TENTH CAUSE OF ACTION**

### 19 **INJUNCTION**

#### 20 **(Against All Defendants)**

21 346. Plaintiffs re-allege and incorporate by reference all preceding  
22 paragraphs as fully set forth herein.

23 347. Defendants have wrongfully and unlawfully solicited, developed, and  
24 published on the Websites numerous false and misleading statements of fact  
25 concerning AEI and its owners.

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

1           349. Plaintiffs have been and will continue to suffer immediate and  
2 irreparable damage if Defendants are not enjoined during the pendency of this  
3 lawsuit from disseminating or publishing false, misleading, and defamatory  
4 comments regarding AEI, Mobrez, and Llaneras. The dissemination or publication  
5 of these false, misleading, and defamatory posts continues to impact AEI's  
6 business opportunities and dissuades prospective clients from doing business with  
7 AEI.

8           350. Plaintiff has no adequate remedy at law for the injuries being suffered  
9 as the Plaintiff will be forced to institute a multiplicity of suits to obtain adequate  
10 compensation for their injuries.

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

16           352. Any harm associated with the entry of a preliminary injunction is  
17 outweighed by the potential damage to AEI's goodwill and reputation. Defendants  
18 will not suffer monetary losses if they are forced to remove the false and  
19 defamatory statements regarding the Plaintiffs and to remove references to  
20 Plaintiffs from Defendants' HTML.

21           353. Further, the public interest will be served by preventing the  
22 dissemination of false and misleading statements about other businesses and  
23 individuals.

24           354. Plaintiffs re-allege and incorporate by reference all preceding  
25 paragraphs as fully set forth herein.

26           355. Plaintiffs further ask the Court to set its application for injunctive  
27 relief for a full trial on the issue in this application, and after the trial, to issue a  
28 permanent injunction against Defendants from disseminating or publishing false,  
misleading, and defamatory statements concerning the Plaintiffs.

1  
2 **ELEVENTH CAUSE OF ACTION**  
3 **DECEIT CALIFORNIA CIVIL CODE §§ 1709, 1710)**  
4 **(Against All Defendants)**  
5

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

8 357. Cal. Civ. Code § 1709 prohibits willful deception of another with  
9 intent to induce a detrimental change in position.

10 358. Cal. Civ. Code § 1710 provides in relevant part that “deceit...is either:

- 11 I. The suggestion, as a fact, of that which is not true, by one who does not  
12 believe it to be true;  
13 II. The assertion, as a fact, of that which is not true, by one who does not believe  
14 it to be true;  
15 III. The suppression of a fact, by one who is bound to disclose it, or who give  
16 information of other facts which are likely to mislead for want of  
17 communication of that fact; or,  
18 IV. A promise, made without any intention of performing it.”

19 359. Defendants have and continue to violate Cal. Civ. Code § 1709 by  
20 willfully deceiving Plaintiffs and others with the intent to induce a detrimental  
21 change in their positive.

22 360. As described above, Defendants have violated and continue to violate  
23 Cal. Civ. Code § 1710(1) by suggesting that: (1) they have not and will not remove  
24 reports published on their Web site; (2) that victims have the option of filing a free  
25 rebuttal to the negative complaints; (3) that filing a rebuttal has only a positive  
26 effect; (4) that Defendants have done nothing to curry favor with Google; (5) that  
27 Defendants do not filter or suppress reports; and (6) that members of the CAP have  
28 been investigated and found to be safe and secure. At the time these suggestions  
were made, Defendants did not believe this to be true.



1           366. Cal. Civ. Code § 1572 provides that “[a]ctual fraud...consists of any  
2 of the following acts, committed by a party to the contract, or with his connivance,  
3 with intent to deceive another party thereto, or to induce him to enter into the  
4 contract:

5  
6           I.        The suggestion, as a fact, of that which is not true, by one who does  
7 not believe it to be true;

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

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

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

13          V.        Any other act fitted to deceive.

14           367. As described above, Defendants have violated and continue to violate  
15 Cal. Civ. Code § 1572(1) by suggesting that: (1) they have not and will not remove  
16 reports published on their Web site; (2) that victims have the option of filing a free  
17 rebuttal to the negative complaints; (3) that filing a rebuttal has only a positive  
18 effect; (4) that Defendants have done nothing to curry favor with Google; (5) hat  
19 Defendants do not filter or suppress reports; and (6) that members of the CAP have  
20 been investigated and found to be safe and secure. At the time these suggestions  
21 were made, Defendants did not believe this to be true.

22           368. As described above, Defendants have violated and continue to violate  
23 Cal. Civ. Code § 1572(2) by asserting that: they have not and will not remove  
24 Reports published on the ROR Website; (2) that victims have the option of filing a  
25 free rebuttal to the negative complaints; (3) that filing a rebuttal has only a positive  
26 effect; (4) that Defendants have done nothing to curry favor with Google; (5) that  
27 Defendants do not filter, change or suppress Reports. At the time these assertions  
28 were made, Defendants did not believe this to be true.

          369. As described above, Defendants have violated and continue to violate  
Cal. Civ. Code § 1572(3) by suppressing the fact that: (1) Defendants have

1 removed Reports, and for substantial sums of money; (2) victims have been unable  
2 to file free rebuttals; (3) filing a rebuttal gives more prominence to the Report on  
3 Internet search results; (4) that Defendants have edited reports concerning Google  
4 to maintain its good favor; and (5) that Defendants will not post positive reports  
5 nor will they publish reports concerning members of their CAP.

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

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

12  
13 **WHEREFORE**, Plaintiffs pray for judgment against defendants:  
14

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

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

- i. Amounts expended in traveling to Washington, DC and advocating to representatives and lawmakers for a change in the statute in the amount \$2,500 to date
  - j. Salaries or fees paid to SEO Experts, IT consultants, LAMP developers, software licenses, computer programmers and other consultants, contractors and vendors or services to the business of AEI;
  - k. Cost of registering and maintaining domain names and hosting services and servers to host and operate the websites of AEI and AEI's educational, publishing and business missions;
  - l. Real estate transaction broker or license fees and commissions, and other existing and prospective property interests in commercial transactions, on which Mobrez and Llaneras would earn fees, and to which Plaintiffs Mobrez and Llaneras were entitled and were lost by reason of Defendants' acts complained of herein;
2. For special damages according to proof;
3. For punitive damages according to proof;
4. For violations of sections 1962(c) and 1962(d) of the Racketeer Influenced and Corrupt Organizations Act (RICO), codified at 18 U.S.C. §§ 1962(c) and 1962(d), three times Plaintiffs' actual damages;
5. For a preliminary injunction requiring Defendants to remove from the Website any false and defamatory statements concerning AEI or its employees and prohibiting Defendants from later publishing such statements on the Websites;
6. For a permanent injunction requiring Defendants to remove from the ROR Website, both in Reports and in associated HTML, false, defamatory or negative statements or keywords;
7. For prejudgment interest at the legal rate;
8. For costs of suit incurred herein;

1 9. For attorneys' fees; and

2 10. For such other and further relief as the Court may deem just and proper.

3  
4 DATED: July 27, 2010

5 /s/ Daniel F. Blackert  
6 By: \_\_\_\_\_  
7 DANIEL F. BLACKERT  
8 LISA J. BORODKIN  
9 Attorneys for Plaintiffs,  
10 Asia Economic Institute LLC,  
11 Raymond Mobrez, and Iliana  
12 Llaneras

13 **DEMAND FOR JURY TRIAL**

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

15 Llaneras hereby demand a trial by jury.

16 DATED: July 27, 2010

17  
18 By: \_\_\_\_\_  
19 DANIEL F. BLACKERT  
20 LISA J. BORODKIN  
21 Attorneys for Plaintiffs  
22 Asia Economic Institute LLC,  
23 Raymond Mobrez, and Iliana  
24 Llaneras