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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

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KARL RISINGER,,

Plaintiff,

v.

SOC, LLC, et al.,

Defendants.

Case No. 2:12-cv-00063-MMD-PAL

ORDER

(Mot Sanctions – Dkt. #131)

The court held a hearing on Plaintiff’s Motion for Sanctions (Dkt. #131) on March 17, 2015. Devin McRae appeared on behalf of the Plaintiff, and Matthew Cecil, Kimberly Gost, and Matthew Hank appeared on behalf of the Defendants. The court has considered the motion, Defendants’ Memorandum of Points and Authorities in Opposition (Dkt. #137), Plaintiff’s Reply (Dkt. #138), Plaintiff’s Errata (Dkt. #139), and the arguments of counsel at the hearing. Having reviewed and considered the moving and responsive papers and arguments, the motion will be granted to the limited extent described below, and denied in all other respects.

BACKGROUND

I. The Complaint.

The complaint in the case was filed in state court and removed (Dkt. #1) January 13, 2012. An Amended Complaint (Dkt. #19) was filed March 8, 2012. Plaintiff seeks to certify a class of individuals who were employed in Iraq as armed guards for a private security contractor, Defendant SOC, LLC (“SOC”). The amended complaint alleges eighteen claims for promissory fraud, negligent misrepresentation, unjust enrichment – fraud, breach of contract and breach of the covenant of good faith and fair dealing, quantum meruit, unjust enrichment and multiple violations of state and federal wage and hour laws pertaining to overtime, rest days and meal periods.

1 Plaintiff claims that he and other similarly situated class members were recruited to
2 provide security services in Iraq under false promises of a fixed salary and a schedule with paid
3 time off. However, after they were physically transported to Iraq, Plaintiff and other armed
4 guards were inserted into situations that required work in ultra-hazardous conditions in excess of
5 twelve hours per day, without meal or rest periods, seven days per week and without any
6 overtime compensation. These practices violated state and federal wage and hour laws. They
7 also violated SOC's contract with the Department of Defense which requires SOC to manage its
8 work force in a manner that does not require any guard or guard team leader to work any longer
9 than one twelve-hour shift per twenty-four hour period, and not more than seventy-two hours per
10 week.

11 **II. The Parties' Positions.**

12 **A. The Motion to Compel.**

13 In the current motion, Plaintiff seeks sanctions under Rule 37, asserting Defendants
14 violated the court's November 18, 2014, order requiring that Defendants produce certain
15 documents and produce a fully educated Rule 30(b)(6) designee to testify on three topics.
16 Specifically, Plaintiff requests an order: (1) precluding the Defendants from presenting any
17 evidence at trial regarding staffing which is different from, or beyond, what was produced in
18 discovery; (2) an order imposing monetary sanctions for failure to comply with the order to
19 produce a fully educated Rule 30(b)(6) designee on Topic 21 because the designee was not
20 knowledgeable about whether Defendants had staffed individual posts at bases to which they
21 provided security services in Iraq any differently from the bidding numbers which they provided
22 in discovery, and also failed to offer a satisfactory explanation for Defendants' aggregate armed
23 guard numbers provided to the Plaintiff in supplemental disclosures December 10, 2014, after
24 the close of discovery.

25 Plaintiff argues that he recently discovered that Defendants were "bidding to the man" to
26 win a government contract as late as 2011. This is a practice which involves bidding only the
27 exact number of guards required to fill a request from the government. "Bidding to the man"
28 eliminates rotation personnel and guarantees a shortage of manpower. Plaintiff believed that

1 Defendants were “stonewalling” and filed a prior Motion to Compel (Dkt. #90) which the court
2 set for hearing on November 18, 2014. At the hearing, “the parties honed in on the distinction
3 between the number of guards bid by Defendants for individual posts at bases in Iraq versus the
4 number of guards ultimately staffed at those posts.” The court required the Defendants to
5 produce certain documents relating to bidding and staffing and to produce a Rule 30(b)(6)
6 deponent “to testify about the bidding versus staffing distinction focused upon by the parties at
7 the hearing.” Plaintiff claims that Defendants’ Rule 30(b)(6) designee, Eileen Chipp, was
8 unqualified to testify regarding certain subjects that Plaintiff maintains were included in the Rule
9 30(b)(6) notice.

10 Plaintiff claims that after the close of discovery, and after the parties filed motions for
11 summary judgment, and Plaintiff filed a motion for class certification, Defendants amended their
12 interrogatory responses to reduce the aggregate armed guard numbers they provided in prior
13 responses by more than 2500 guards. Ms. Chipp explained the discrepancy during a Rule
14 30(b)(6) testimony. However, Plaintiff claims that the answer provided was conclusory and
15 based on a single fifteen minute conversation with one of Defendants’ employees. For both
16 reasons, Plaintiff maintains that the Defendants violated the court’s order by failing to produce a
17 designee qualified to testify on the subject matters the court ordered. Additionally, Defendants
18 produced approximately 4,000 pages of documents pursuant to the court’s order on December 2,
19 2014. Plaintiff’s counsel reviewed the documents and noticed many documents were missing,
20 including statements of work. The documents produced suggested that a significantly lower
21 number of guards had been employed than the 4,220 guards claimed in answers to
22 interrogatories. Defendants produced an additional 26,000 pages of additional documents which
23 caused the Rule 30(b)(6) deposition to be delayed while Plaintiff reviewed them.

24 The declaration of Mr. McCrae was submitted with the motion and asserts that Exhibit 4
25 is a true and correct copy of the transcript of Ms. Chipp’s deposition. However, a copy of the
26 transcript was not filed under seal or otherwise. Exhibit 4 to Docket #131 is a cover page that
27 says “filed under seal pursuant to Local Rule 10-5”. Nothing is attached.

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1 **B. Defendants' Opposition.**

2 Defendants oppose the motion arguing the Plaintiff has not identified any aspect of the
3 court's November 18, 2014, order which Defendants violated. Additionally, Defendants argue
4 Plaintiff has not shown prejudice and the sanctions Plaintiff seeks bear no relation to the
5 ostensible violation of the order. Plaintiff filed a Motion to Compel (Dkt. #90), Motion to
6 Extend Deadlines (Dkt. #91), and Motion for Sanctions (Dkt. #92) five days after the close of the
7 discovery cutoff. Defendants opposed the motions and requested that the court deny all forms of
8 relief because the Plaintiff had failed to specify what documents, information, and testimony
9 Defendants allegedly withheld in discovery, failed to identify which discovery requests were at
10 issue, or show why the information sought was relevant and why Defendants' objections were
11 not meritorious. The court held a hearing on November 18, 2014, and entered a minute order the
12 following day granting Plaintiff limited relief. At the hearing, the court engaged in extensive
13 back-and-forth with Plaintiff's counsel to determine exactly what documents and information
14 Plaintiff sought to compel and to identify to what discovery requests those documents and data
15 were allegedly responsive. The court's minute order granted limited relief in requiring
16 Defendants to produce certain documents identified in the minute order and to produce a fully
17 educated Rule 30(b)(6) designee on Topics 3, 21 and 30 of the 33 topic deposition notice, and
18 attached request for production of documents.

19 Defendants assert that they completely complied with the court's order and produced a
20 Rule 30(b)(6) deponent to address the topics as ordered. However, on January 23, 2015, two
21 days before the Rule 30(b)(6) deposition, Plaintiff issued a new notice of deposition which
22 purported to expand Topic 21. Defendants responded that they would not produce a witness on
23 topics the court did not order. Ms. Chipp was produced and testified for a number of hours on
24 the topics as ordered. Ms. Chipp provided the information concerning the number of guards
25 SOC employed in Iraq from 2006 to 2012. She explained why the Defendants' original answers
26 to Plaintiff's first interrogatories were inaccurate about the number of guards employed in Iraq.
27 She testified about the number of hours worked and vacation days taken by guards employed by
28 Defendant between 2006 and 2012.

1 In addition, she answered questions beyond the scope ordered by the court about how
2 SOC staffed specific posts in Iraq with armed guards. She explained that the difference between
3 the number of guards bid and the number of guards staffed existed because “there were more
4 people who actually worked because of turnover than the numbers that would have been in the
5 bid.” She also testified that some of the individuals who staffed the position of armed guards in
6 Iraq were actually supervisors filling in on an as-needed basis when, for example, someone was
7 sick or on vacation. Chipp testified that the number of individuals SOC used to staff a location
8 exceeded the number of individuals bid to staff that location because SOC was able to increase
9 the number of guards at the facility by economizing in other areas. SOC concedes that Ms.
10 Chipp was not prepared to answer questions on how many armed guards were staffed to provide
11 security on a post-by-post basis, or to respond to questions about whose fault the staffing issue
12 was.

13 Defendants maintain that none of the documentary or testimonial evidence the court
14 ordered the Defendants to produce at the November 18, 2014, hearing establish how SOC staffed
15 individual posts and sites. At the hearing, defense counsel explicitly told the court and opposing
16 counsel that the documents the court ordered Defendants to produce would not establish how
17 SOC staffed posts and sites in Iraq.

18 Defendants also argue that Plaintiff’s January 23, 2015, notice of deposition tacitly
19 acknowledges that nothing in the court’s order required Defendants to produce a witness
20 prepared to testify about staffing at individual posts and sites. Sanctions are not appropriate
21 because the Defendants complied with the court’s order, Plaintiff has not established any
22 prejudice, and seeks sanctions that are not proportional to the alleged harm.

23 Defendants maintain that they have produced discovery that shows how many guards
24 SOC bid to provide security in Iraq, and how many guards SOC actually used in Iraq. The
25 number of guards bid can be determined by reviewing the documents SOC produced in response
26 to the court’s order following the hearing on November 18, 2014. The number of guards actually
27 used can be determined by reviewing SOC’s third supplemental answers to Plaintiff’s first set of
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1 interrogatories, and the guards' contracts, which were made available to Plaintiffs for inspection
2 and copying during discovery.

3 Finally, Defendants argue that, even if the court's earlier order required Defendants to
4 produce a witness knowledgeable about staffing issues on a post-by-post basis, Defendants'
5 failure to produce a knowledgeable witness was not the result of bad faith, but an ambiguity
6 created by Plaintiff's lack of clarity both in its motion to compel and in oral argument at the
7 hearing.

8 **C. Plaintiff's Reply.**

9 Plaintiff replies that its motion for sanctions seeks to hold Defendants to the original
10 aggregate 4.220 armed guard number it provided in its initial discovery responses, and to
11 preclude Defendants from producing evidence and witnesses at trial to show that they staffed
12 individual bases and posts in Iraq any differently than the bidding numbers provided to the
13 Plaintiff in discovery. Late in the discovery process, Plaintiff discovered that SOC engaged in
14 "bidding to the man." Plaintiff argues that evidence of this practice establishes many of his fraud
15 claims because intentional understaffing violates guidelines under the TWISS-II contract with
16 Defendants and contradicts representations made to potential recruits about their work hours and
17 breaks. After Plaintiff discovered this, Defendants adopted a "backup argument" that even if
18 they "bid to the man" they did not "staff to the man".

19 Plaintiff fears that Defendants may seek to introduce evidence and witnesses at trial
20 regarding staffing never previously produced or disclosed in discovery. Defense counsel told the
21 court at the November 18, 2014, hearing that information Plaintiff sought could be found in two
22 key documents for each TWISS-II site. Plaintiff would not have acquired evidence of
23 Defendants' "bidding to the man" practice if not for the court's intervention, and Defendants'
24 continuing misconduct and potential withholding of evidence demonstrates that imposition of
25 sanctions is appropriate. The amended deposition notice on Topic 21 served January 23, 2015
26 dealt with information learned from the more than 26,000 page supplement the Defendants
27 produced after Plaintiffs complained that many of the documents earlier produced were missing
28 from the production compelled by the court's order. The supplemental documents were also

1 produced after Plaintiff pointed out that the number of armed guards Defendants supplied in
2 interrogatory responses did not match the number of guards reflected in the documents
3 Defendants produced. Plaintiff claims that under these circumstances, the Defendants have
4 waived any right to produce “any evidence whatsoever indicating that they staffed bases and
5 posts any differently from the numbers they provided in discovery.”

6 DISCUSSION

7 **I. Applicable Law.**

8 **A. Rule 26**

9 Rule 26(a)(1)(A) of the Federal Rules of Civil Procedure requires parties to make initial
10 disclosures “without awaiting a discovery request.” Rule 26(a)(1)(A)(i) requires the parties to
11 disclose the names of witnesses, and if known the address and telephone number of each
12 individual likely to have discoverable information about a party’s claims or defenses. It also
13 requires a description of the subjects on which the witness may testify. Rule 26(a)(1)(A)(ii)
14 requires disclosure by category and location of documents, including electronically stored
15 information in a party’s care, custody and control that may be used to support a party’s claims or
16 defenses, “unless the use would be solely for impeachment”. According to the advisory
17 committee note to Rule 26, these requirements are “the functional equivalent of a standing
18 Request for Production under Rule 34.” Fed. R. Civ. P. 26 advisory committee’s note to 1993
19 Amendment.

20 Rule 26(e)(1) requires a party making initial disclosures to “supplement or correct its
21 disclosures or responses . . . in a timely manner if the party learns that in some material respect
22 the disclosure or response is incomplete or incorrect, and that the additional or corrective
23 information has not otherwise been known to the other parties during the discovery process or in
24 writing.” Fed. R. Civ. P. 26(e)(1). The advisory committee’s note to the 1993 Amendment
25 indicate that “a major purpose” of the Rule 26(a) initial disclosure requirement “is to accelerate
26 the exchange of basic information about the case and to eliminate the paperwork involved in
27 requesting such information.” *Id.*

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1 A party who fails to comply with its initial disclosure requirements and duty to timely
2 supplement or correct disclosures or responses may not use any information not disclosed or
3 supplemented “to supply evidence on a motion, at a hearing, or at trial, unless the failure was
4 substantially justified or is harmless.” Fed. R. Civ. P. 27(c)(1). *Yeti by Molly, Ltd. v. Deckers*
5 *Outdoor Corp.*, 259 F.3d 1101, 1106 (9th Cir. 2001). A party facing sanctions under Rule
6 37(c)(1) for failing to make its initial disclosures or timely supplement or correct incomplete or
7 incorrect responses bears the burden of establishing that its failure to disclose the required
8 information was substantially justified or is harmless. *Torres v. City of L.A.*, 548 F.3d 1197,
9 1213 (9th Cir. 2008).

10 **B. Rule 16(f).**

11 Rule 16(f) of the Federal Rules of Civil Procedure authorizes the court to impose
12 sanctions on a party’s motion or on its own motion, including any sanction authorized by Rule
13 37(b)(2)(A)(ii-vii), if a party or its attorney fails to obey a scheduling order or other pretrial
14 order. *Id.* Sanctions for failure to obey a discovery order include, among other things, striking a
15 party’s pleadings in whole or in part or rendering a default judgment against the disobedient
16 party. Fed. R. Civ. P. 37(b)(2)(A)(iii), (vi).

17 **C. Rule 37.**

18 Rule 37 of the Federal Rules of Civil Procedure authorizes a wide range of sanctions for a
19 party’s failure to engage in discovery. The court has the authority under Rule 37(b) to impose
20 litigation-ending sanctions. The Rule authorizes sanctions for a party's failure to make
21 disclosures or cooperate in discovery. Rule 37(c)(1) provides, in relevant part:

22 A party that without substantial justification fails to disclose information required
23 by Rule 26(a) or 26(e)(1), or to amend a prior response to discovery as required
24 by Rule 26(e)(2), is not, unless such failure is harmless, permitted to use as
evidence at a trial, at a hearing, or on a motion any witness or information not so
disclosed.

25 Fed. R. Civ. P. 37(c)(1). Rule 37 “gives teeth” to the disclosure requirements of Rule 26 by
26 forbidding the use at trial of any information that is not properly disclosed. *Goodman v. Staples*
27 *The Office Superstore*, 644 F.3d 817, 827 (9th Cir.2011). Rule 37(c)(1) is a “self-executing,
28 automatic” sanction designed to provide a strong inducement for disclosure. *Id.* The 1993

1 amendments to Rule 37 were “a recognized broadening of the sanctioning power.” *Yeti by*
2 *Molly*, 259 F.3d at 1106. Rule 37(a)(3) explicitly provides that an evasive or incomplete
3 disclosure, answer, or response to a discovery obligation “is to be treated as a failure to disclose,
4 answer, or respond.” *Id.*

5 In the Ninth Circuit, “[t]he district court is given broad discretion in supervising the
6 pretrial phase of litigation.” *Continental Lab.*, 195 F.R.D. at 677 (quoting *Miller v. Safeco Title*
7 *Ins. Co.*, 758 F.2d 364, 369 (9th Cir.1985)). If full compliance with Rule 26(a) is not made, Rule
8 37(c)(1) mandates some sanction, “the degree and severity of which are within the discretion of
9 the trial judge.” *Keener v. United States*, 181 F.R.D. 639, 641 (D. Mont.1998). The Ninth
10 Circuit reviews a district court's decision to sanction for a violation of the discovery rules for
11 abuse of discretion which gives “particularly wide latitude to the district court's discretion to
12 issue sanctions under Rule 37(c)(1).” *Yeti by Molly Ltd.*, 259 F.3d at 1106 (citing *Ortiz–Lopez v.*
13 *Sociedad Espanola de Auxilio Mutuo Y Beneficiencia de Puerto Rico*, 248 F.3d 29, 34 (1st
14 Cir.2001)).

15 In *Yeti by Molly*, the Ninth Circuit recognized that some courts have upheld preclusion
16 sanctions under Rule 37(c)(1) for a litigant’s failure to comply with the requirements of Rule 26,
17 even where they would preclude a litigant’s entire claim or defense. *Id.* at 1106. The Ninth
18 Circuit has explicitly rejected the notion the district court is required to make a finding of
19 willfulness or bad faith to exclude damages evidence when preclusion sanctions do not amount
20 to dismissal of a cause of action. *Hoffman v. Constr. Protective Servs., Inc.*, 541 F.3d 1175,
21 1180 (9th Cir. 2008). However, when preclusion sanctions amount to dismissal of a claim, the
22 district court is required to make a finding of willfulness, fault, or bad faith, and to consider the
23 availability of lesser sanctions. *R&R Sales, Inc. v. Insurance Company of Pennsylvania*, 673
24 F.3d 1240, 1247 (9th Cir. 2012).

25 **D. Rule 30(b)(6).**

26 The purpose of a Rule 30(b)(6) deposition is to streamline the discovery process. *See*
27 *Great American Insurance Co. of New York v. Vegas Const. Co. Inc.*, 251 F.R.D. 536, 538 (D.
28 Nev. 2008) (citing *Resloution Trust Corp v. Southern Union Co., Inc.*, 985 F.2d 196, 197 (5th

1 Cir. 1993)). Rule 30(b)(6) serves a unique function in allowing for a specialized form of
2 deposition. *Sprint Communications Co., L.P. v. Theglobe.com, Inc.*, 236 F.R.D. 524, 527 (D.
3 Kan. 2006). The rule “gives the corporation being deposed more control by allowing it to
4 designate and prepare a witness to testify on the corporation’s behalf.” *United States v. Taylor*,
5 166 F.R.D. 356, 360 (M.D.N.C. 1996). It is a discovery device employed by the examining
6 party “to avoid the ‘bandying’ by corporations where individual officers disclaim knowledge of
7 facts clearly known to the corporation.” See also *Federal Deposit Insurance Corp. v. Butcher*,
8 116 F.R.D. 196, 199 (E.D. Tenn. 1986).

9 The testimony of a Rule 30(b)(6) designee “represents the knowledge of the corporation,
10 not the individual deponents.” *United States v. Taylor*, 166 F.R.D. at 361; *Hyde v. Stanley Tools*,
11 107 F.Supp.2d 992 (E.D. La. 2000); *Sprint*, 236 F.R.D. at 527. A Rule 30(b)(6) designee
12 represents the corporation’s position on noticed topics. *United States v. Massachusetts Indus.*
13 *Fin. Agency*, 162 F.R.D. 410, 412 (D. Mass. 1995). A corporation has a duty under Rule
14 30(b)(6) to provide a witness who is knowledgeable in order to provide “binding answers on
15 behalf of the corporation.” *Starlight International, Inc. v. Herlihy*, 186 F.R.D. 627, 638 (D. Kan.
16 1999).

17 The party seeking discovery through a Rule 30(b)(6) deposition is required to describe
18 “with reasonable particularity the matters on which the examination is requested.” Fed. R. Civ.
19 P. 30(b)(6). The responding party is required to produce one or more witnesses knowledgeable
20 about the subject matter of the noticed topics. *Marker v. Union Fidelity Life Insurance Co.*, 125
21 F.R.D. 121, 126 (M.D.N.C. 1989). Rule 30(b)(6) is not designed to be a memory contest. *Bank*
22 *of New York v. Meridian BIAO Bank Tanzania Ltd.*, 171 F.R.D. 135, 150 (S.D.N.Y. 1997).
23 However, a corporation has “a duty to make a conscientious good-faith effort to designate
24 knowledgeable persons for Rule 30(b)(6) depositions and to prepare them to fully and
25 unequivocally answer questions about the designated subject matter.” *Starlight*, 186 F.R.D. at 639;
26 *Dravo Corp. v. Liberty Mut. Ins. Co.*, 164 F.R.D. 70, 75 (D. Neb. 1995). The duty to prepare a
27 Rule 30(b)(6) designee goes beyond matters personally known to the witness or to matters in
28 which the designated witness was personally involved. *Buycks-Roberson v. Citibank Federal*

1 *Savs. Bank*, 162 F.R.D. 338, 343 (N.D. Ill. 1995); *Securities and Exchange Commission v.*
2 *Morelli* 143 F.R.D. 42, 45 (S.D.N.Y. 1992).

3 **III. Analysis and Decision.**

4 At the November 18, 2014, hearing the court heard argument on Plaintiff's Motion to
5 Compel (Dkt. #90) which requested an order requiring Defendants: (1) to produce documents in
6 response to Request for Production Nos. 3, 4, 21, and 30 included in Exhibit A to Plaintiff's
7 30(b)(6) notice of deposition; (2) to prepare the Rule 30(b)(6) designee to testify competently on
8 the critical issue of the number of posts required by the Department of Defense on TWISS-II
9 contracts and the number of guards actually bid by the Defendants; (3) declaring the designee to
10 appear at the Los Angeles offices of Plaintiff's counsel; and (4) imposing monetary sanctions.
11 The motion also requested an extension of the discovery plan and scheduling order deadlines
12 related to the disputes raised in the motion.

13 The moving and responsive papers were voluminous and consisted of in excess of 700
14 pages. Counsel for Plaintiff argued that it was not until near the close of discovery during Mr.
15 McAreavy's deposition that Plaintiff learned there were additional documents which were
16 relevant to this case which Defendants had not produced. Plaintiff's counsel had also learned of
17 an arbitration proceeding held to resolve a contractual dispute between SOC-SMG and Day and
18 Zimmerman which addressed disputes these parties had between themselves in their joint venture
19 to provide private protection services for the United States Military in Iraq. This caused Plaintiff
20 to serve a Rule 30(b)(6) deposition notice which also requested documents relevant to the
21 noticed topics. Counsel for Plaintiff accused the Defendants of "stonewalling" and withholding
22 relevant discovery. However, when the court inquired what specific discovery requests had been
23 served which Defendants had not responded to, counsel for Plaintiff referred to his Rule 30(b)(6)
24 deposition notice which contained a request for documents, not any request for production
25 previously served. It took considerable time and effort and multiple questions to both sides for
26 the court to understand the parties' positions about the issues involved in the discovery disputes
27 raised in Plaintiff's motion to compel.

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1 It was evident after questioning both sides that Plaintiff was surprised by information he
2 learned late in the discovery process. Specifically, Plaintiff learned that the Defendants bid the
3 contracts with the Department of Defense in dispute in this case “to the man.” Plaintiff believed
4 this discovery essentially proved his claims that the Plaintiff and other similarly situated armed
5 security guards were recruited by false promises because if the contracts were “bid to the man”
6 there were no extra guards to cover for days off, rest and meal periods, etc. Late in discovery,
7 Plaintiffs learned that Defendants took the position that the number of guards bid in the contract
8 proposal did not equate to the number of guards who actually worked in Iraq. Defendants assert
9 that just because they may have “bid to the man” did not mean that there were an inadequate
10 number of guards who actually worked covering for days off, sick leave, etc. In other words,
11 Defendants claim that they bid the contracts to the Department of Defense one way but provided
12 more guards than the number of guards bid to account for the need to allow time off, cover for
13 sick leave etc.

14 It was clear to the court that although the parties had exchanged correspondence and
15 spoken about the dispute, neither side truly understood the other side’s position. Plaintiff was
16 concerned that he did not have accurate information about the number of guards employed in
17 Iraq by the Defendants. The motion requested four categories of documents: (1) performance
18 work schedules or statements of work, (2) the actual bid the Defendants submitted to the
19 Department of Defense for these armed security guard contracts, (3) a bid tabulation sheet for all
20 of the TWISS-II sites, and (4) the opening statement by Day & Zimmerman in the arbitration
21 proceeding which “evidently focused on the ‘bidding to the man issue.’” Plaintiff argued that
22 these were documents responsive to document requests made in the notice of Rule 30(b)(6)
23 deposition under Topics 4 and 21. Counsel for Plaintiff acknowledged that the noticed topics
24 were very broad. However, counsel emphasized that he had only recently learned about the
25 “bidding to the man” issue near the close of discovery.

26 Counsel for Defendants argued that counsel for Plaintiff perhaps did not understand or
27 was not adequately articulating the issues involved in the arbitration concerning “bidding to the
28 man.” In the arbitration proceeding, it was established that SOC-SMG bid precisely to the

1 requirements of the government with respect to the guards, but actually provided 40 additional
2 guards. The issue that was arbitrated was who had to pay for those additional 40 guards because
3 the cost of the additional guards had not been factored into the bid. Counsel for Defendants
4 explained that in the arbitration and in this case, the number of guards bid “does not equate” to
5 the number of guards that actually work in Iraq.

6 Defendants made the personnel files for all of the guards available for inspection and
7 copying at the beginning of this case. Defense counsel represented that counsel for Plaintiff
8 could have confirmed the number of guards who actually worked in Iraq by reviewing the
9 personnel files and the employment contracts that were produced. Counsel for Defendants
10 argued the court should not compel Defendants to produce the four categories of documents
11 involved in the motion because they were never asked for in a Rule 34 document request.
12 Counsel also argued that these documents were not covered by documents requests attached to
13 the Rule 30(b)(6) deposition notice. However, in the spirit of cooperation, she had offered to
14 produce three of the four categories to resolve this dispute without court intervention.

15 In response to a question by the court, counsel for Defendants disagreed with Plaintiff’s
16 arguments that to get to the heart of the matter, Plaintiff would need to look at the performance
17 worksheets and the bid tabulation sheets to see how these contracts were staffed. She represented
18 that these documents would show how the contracts were bid. However, contrary to Plaintiff’s
19 arguments in the current motion to compel, defense counsel disagreed that these documents
20 would show how the contracts were staffed, ie, how many guards actually worked in Iraq.

21 The court found that the Plaintiff’s Rule 30(b)(6) notice and request for thirty-three
22 deposition topics and documents was extremely overbroad. However, because Plaintiff appeared
23 genuinely surprised by information he learned from the arbitration proceedings and Mr.
24 McAreavy’s deposition, the court granted the motion to compel in part and ordered Defendants
25 to produce the four categories of documents Plaintiff requested as well as a Rule 30(b)(6)
26 deponent to address categories 3, 21 and 30.

27 At the hearing on this motion, counsel for Plaintiff argued the sanctions he was seeking
28 were rather unremarkable. He was simply trying to preclude the Defendants from producing

1 documents supporting their staffing claims that had not been produced to the Plaintiff during
2 discovery. He was also seeking to preclude the Defendants from producing witnesses to address
3 staffing issues that had not been disclosed during discovery. However, the motion clearly
4 requested much broader discovery sanctions in addition to monetary sanctions.

5 Defendants amended their answers to interrogatories about the aggregate number of
6 armed guards who worked in Iraq during the relevant period. Defendant's initial answers stated
7 Defendants had employed 4,220 armed guards in Iraq. On December 10, 2014, Defendants
8 served third supplemental answers to Plaintiff's first set of interrogatories which disclosed SOC
9 employed approximately 176 United States ex patriot guards stationed in Iraq in connection with
10 the TWISS-II contract in 2009, approximately 730 in 2010, approximately 773 in 2011, and
11 approximately 29 in 2012. The supplemental answer indicated SOC employed at total of 1708
12 guards in Iraq during the relevant time period instead of the 4,220, or 2512 fewer guards than the
13 previous answer had provided. Plaintiff's request for sanctions asks the court to hold Defendants
14 "to the original aggregate 4,220 armed guard number provided in their discovery responses."

15 Ms. Chipp testified at her Rule 30(b)(6) deposition that she spoke with Day &
16 Zimmerman's Director of Transnational Accounting, Katie Harkins-Newman about how she
17 arrived at the initial figure that 4,220 guards had worked in Iraq. Ms. Chipp explained that a
18 two-step process was used which over-counted the number of guards because Ms. Harkins-
19 Newman search methodology was over-inclusive (1) regarding job titles and counted individuals
20 other than guards and (2) failed to exclude individuals who were absent from the payroll
21 database.

22 Plaintiff's request for sanctions asks the court to hold the Defendants to their original answer to
23 interrogatory rather than the amended answer to interrogatory. However, Plaintiff has now
24 reviewed the documents the court compelled defendants to produce, learned the 4,200 number is
25 incorrect, and pointed it out to defense counsel. Defendants had a duty under Rule 26(e) to
26 correct an earlier discovery response when they learned the response was incorrect. Plaintiff
27 may, of course point out in later proceedings that Defendants' original answer was wrong—by a
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1 lot. However it would be absurd to sanction a party for providing an incorrect discovery
2 response which it corrected by holding the party to its earlier erroneous response.

3 Plaintiff also claims that Ms. Chipp was not a fully educated Rule 30(b)(6) designee on
4 Topic 21 because she was not knowledgeable about whether Defendants had staffed individual
5 posts as bases in Iraq differently from the number of guards they bid. The court has carefully
6 reviewed the moving and responsive papers and the transcript of the November 18, 2014 hearing.
7 Plaintiff is clearly suspicious that the Defendants have somehow withheld information vital to
8 his case. However, a fair reading of Topic 21 did not request deposition testimony or documents
9 about the number of guards who actually worked in Iraq on a post-by-post basis, and the court
10 did not compel the Defendants to provide this discovery.

11 During the hearing on this most recent motion, defense counsel assured the court that the
12 Defendants had produced all documents responsive to Plaintiff's requests, and did not intend to
13 produce at trial any additional documents not disclosed during discovery. The court will hold the
14 Defendants to their disclosure obligations and will grant the motion to the limited extent
15 Defendants may not use any documents at trial regarding staffing levels in Iraq that were not
16 produced or made available for inspection and copying during discovery in this case. Similarly,
17 the Defendants will be precluded from calling any witnesses not disclosed during discovery.

18 For the reasons stated,

19 **IT IS ORDERED:**

20 1. The Motion for Sanctions (Dkt. #131) is **GRANTED** to the limited extent that
21 Defendants may not use any documents at trial regarding staffing levels in Iraq not
22 produced in discovery in this case or made available for inspection and copying.

23 Defendants may also not call any witnesses not disclosed during discovery.

24 2. The motion is **DENIED** in all other respects.

25 DATED this 24th day of March, 2015.

26
27 
28 PEGGY A. ZEEN
UNITED STATES MAGISTRATE JUDGE