

1 JONATHAN E. NUECHTERLEIN  
General Counsel  
2 LESLIE RICE MELMAN  
Assistant General Counsel for Litigation  
3

4 IMAD D. ABYAD  
Attorney  
5 FEDERAL TRADE COMMISSION  
600 Pennsylvania Ave., N.W.  
6 Washington, DC 20580  
7 Telephone: (202) 326-2375  
8 Facsimile: (202) 326-2477  
Email: iabyad@ftc.gov

9 *Attorneys for Petitioner Federal Trade Commission*  
10

11 **UNITED STATES DISTRICT COURT**  
12 **FOR THE DISTRICT OF NEVADA**

13 **FEDERAL TRADE COMMISSION,**  
14 Petitioner,

15 v.  
16

17 **RALPH PAGLIA,**  
18 Respondent.

Case No.

19  
20 **PETITION OF THE FEDERAL TRADE COMMISSION**  
21 **FOR AN ORDER ENFORCING CIVIL INVESTIGATIVE DEMANDS**

22 The Federal Trade Commission (FTC or Commission), pursuant to Section 20 of  
23 the Federal Trade Commission Act (FTC Act), 15 U.S.C. § 57b-1, respectfully petitions  
24 this Court for an order requiring Respondent, Ralph Paglia, to comply with two civil  
25 investigative demands (CIDs) issued in an FTC investigation. The CIDs seek  
26 documentary materials, responses to interrogatories, and oral testimony relevant to an

1 ongoing investigation into whether certain participants in the retail automotive  
2 industry, including dealers and consultants, may have engaged in “unfair methods of  
3 competition” in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, by means of their  
4 participation in a concerted refusal to deal (a group boycott).  
5

6 The Commission submits herewith the Declaration of Melissa Westman-Cherry,  
7 designated as Petitioner’s Exhibit (Pet. Exh.) 1, to verify the allegations herein, and  
8 alleges as follows:

9  
10 **Jurisdiction and Venue**

11 1. This Court has jurisdiction to enforce the Commission’s duly issued CIDs  
12 under Sections 20(e) and (h) of the FTC Act, 15 U.S.C. §§ 57b-1(e), (h). This Court also  
13 has jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

14 2. Venue is proper in this judicial district pursuant to Section 20(e) of the  
15 FTC Act, 15 U.S.C. § 57b-1(e), because Respondent, Ralph Paglia, is found, resides, or  
16 transacts business in this District. Venue is also proper pursuant to 28 U.S.C. § 1391.  
17

18 **The Parties**

19 3. Petitioner, the Federal Trade Commission, is an administrative agency of  
20 the United States, organized and existing pursuant to the FTC Act, 15 U.S.C. §§ 41 *et*  
21 *seq.* Section 5 of the FTC Act, 15 U.S.C. § 45, prohibits “unfair methods of competition  
22 in or affecting commerce,” and authorizes and directs the Commission to prevent such  
23 conduct. Sections 3 and 6(a) of the FTC Act, 15 U.S.C. §§ 43 & 46(a), authorize the  
24 Commission to “prosecute any inquiry necessary to its duties in any part of the United  
25 States,” and to “gather and compile information concerning, and to investigate from  
26

1 time to time the organization, business, conduct, practices and management of, any  
2 person, partnership, or corporation” subject to the Commission’s jurisdiction. Section  
3 20(c) of the FTC Act, 15 U.S.C. § 57b-1(c), authorizes the Commission to issue CIDs that  
4 require the recipients to produce documents, prepare answers to interrogatories, or  
5 provide oral testimony under oath, relating to the subject of any Commission  
6 investigation.  
7

8 4. Respondent Ralph Paglia resides or is found in this District, and transacts  
9 business in this District and throughout the United States. He is President of  
10 Automotive Media Partners LLC, which has its principal place of business in Las Vegas,  
11 Nevada. *See* Pet. Exh. 1 (Westman-Cherry Decl.), ¶5.  
12

### 13 **The Commission’s Investigation and Civil Investigative Demands**

14 5. On January 17, 2014, the Commission issued a Resolution Authorizing Use  
15 of Compulsory Process in Non-Public Investigation, File No. 131-0206 (Pet. Exh. 2). The  
16 Compulsory Process Resolution sets forth the nature and scope of the investigation as  
17

18 [t]o determine whether firms in the retail automobile industry, including  
19 automobile dealers and industry consultants, may be engaging in, or may  
20 have engaged in, conduct violating Section 5 of the Federal Trade  
Commission Act, 15 U.S.C. §45, as amended, by agreeing to restrain  
competition, including by agreeing to refuse to deal with TrueCar, Inc.

21 Pet. Exh. 2, at 1.  
22

23 6. TrueCar, Inc. is in the business of helping auto dealers market their cars  
24 by operating websites that provide extensive information about specific vehicles to  
25 prospective car buyers, and that seek to match buyers and sellers. *See* Pet. Exh. 1  
26 (Westman-Cherry Decl.) ¶2. As part of the investigation, FTC staff is examining

1 whether certain persons or businesses may have organized or participated in a group  
2 boycott of, or a concerted refusal to deal with, TrueCar, thereby unlawfully restraining  
3 competition. *See* Pet. Exh. 2 (Compulsory Process Resolution), at 1; Pet. Exh. 1  
4 (Westman-Cherry Decl.) ¶¶2-4. Mr. Paglia provides auto dealers with consulting  
5 services, information, and training relating to online marketing. *Id.* ¶¶5-6. Information  
6 related to the subject of the investigation has appeared on websites and web logs (blogs)  
7 that Mr. Paglia operates or administers. *Id.*

9           7. On May 2, 2014, under the authority of the Compulsory Process  
10 Resolution, the Commission issued a CID (Pet. Exh. 3), requiring Mr. Paglia to produce  
11 specified documents and to respond to written questions, no later than May 21, 2004.  
12 *See* Pet. Exh. 3, at 1. To date, Mr. Paglia has not produced any documents or  
13 information in response to the May 2 CID. *See* Pet. Exh. 1 (Westman-Cherry Decl.)  
14 ¶¶8-10.

16           8. On June 18, 2014, under the authority of the Compulsory Process  
17 Resolution, the Commission issued another CID (Pet. Exh. 4), requiring Mr. Paglia to  
18 appear and provide oral testimony under oath at an investigational hearing, which was  
19 set for July 10, 2014, in Las Vegas. *See* Pet. Exh. 4, at 1. Mr. Paglia failed to appear at  
20 the investigational hearing at the specified time and place. *See* Pet. Exh. 1 (Westman-  
21 Cherry Decl.) ¶¶11-13.

23           9. Mr. Paglia's failures to comply with the May 2 CID and June 18 CID have  
24 impeded the Commission's ongoing investigation. *See* Pet. Exh. 1 (Westman-Cherry  
25 Decl.) ¶14.  
26

**Prayer For Relief**

WHEREFORE, the Commission invokes the aid of this Court and prays for:

- a. Immediate issuance of an order, substantially in the form attached, directing Mr. Paglia to show cause why he should not comply in full with the Commission's CIDs, and setting forth a briefing schedule pursuant to LR 16.1(c)(4); and
- b. A prompt determination of this matter and entry of an order:
  - (i) Compelling Mr. Paglia to produce the documents and information specified in the May 2 CID within ten (10) days of such order; and
  - (ii) Compelling Mr. Paglia to appear and testify under oath, as directed by the June 18 CID, ten (10) days from the date of issuance of such order, or at such later date as the FTC may establish; and
  - (iii) Granting such other and further relief as this Court deems just and proper.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Respectfully submitted,

JONATHAN E. NUECHTERLEIN  
General Counsel

DAVID C. SHONKA  
Principal Deputy General Counsel

LESLIE RICE MELMAN  
Assistant General Counsel for Litigation

/s/ Imad Abyad  
IMAD D. ABYAD  
Attorney

FEDERAL TRADE COMMISSION  
600 Pennsylvania Ave., N.W.  
Washington, DC 20580  
Tel.: (202) 326-2375  
Fax: (202) 326-2477  
Email: iabyad@ftc.gov

Dated: September 12, 2014

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 Petitioner, the Federal Trade Commission (FTC or Commission), pursuant to  
3 Section 20 of the FTC Act, 15 U.S.C. § 57b-1, seeks an order of this Court enforcing two  
4 civil investigative demands (CIDs) that the FTC issued to Respondent, Ralph Paglia, as  
5 part of an ongoing law enforcement investigation. The CIDs required Mr. Paglia to  
6 produce documents, respond to written questions, and to appear and testify under oath  
7 at an FTC investigational hearing. See Pet. Exhs. 3-4. Mr. Paglia’s failure to comply  
8 with the CIDs has impeded an FTC investigation of conduct that may constitute an  
9 “unfair method of competition,” in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.  
10  
11

12 **JURISDICTION AND VENUE**

13 Section 20 of the FTC Act, 15 U.S.C. §57b-1, authorizes the Commission to issue  
14 a CID to any person who may have documents or other information relevant to an  
15 investigation into potential unfair methods of competition. 15 U.S.C. § 57b-1(a)(8),  
16 (c)(1).<sup>1</sup> The Commission is authorized to use such process to require any person to  
17 produce documents, *id.* § 57b-1(c)(3), (c)(11), respond to written questions, *id.*  
18 § 57b-1(c)(5), (c)(13), or give oral testimony under oath at an FTC investigational  
19 hearing, *id.* § 57b-1(c)(6), (c)(14). If the CID recipient does not comply, the Commission  
20 may petition a district court for an enforcement order, *id.* § 57b-1(e); the court is  
21  
22

23 <sup>1</sup> A CID is a form of administrative compulsory process akin to a subpoena *duces tecum*  
24 or subpoena *ad testificandum*. Congress modeled the FTC’s CID authority on the  
25 Antitrust Civil Process Act, 15 U.S.C. § 1311, which grants similar authority to the U.S.  
26 Department of Justice. See H.R. Cong. Rep. No. 917, 96th Cong., 2d Sess. 32 (1980),  
*reprinted in* 1980 U.S.C.C.A.N. 1143, 1149; S. Rep. No. 500, 96th Cong., 1st Sess. 23–25  
(1979), *reprinted in* 1980 U.S.C.C.A.N. 1102, 1124–26. See also *Gen. Fin. Corp. v. FTC*,  
700 F.2d 366, 367-68 (7th Cir. 1983) (Posner, J.) (describing FTC’s Section 20 CID as “a  
type of subpoena”).

1 authorized “to hear and determine the matter so presented, and to enter such order or  
2 orders as may be required to carry into effect the provisions of this section.” *Id.*  
3 § 57b-1(h).

4  
5 The Commission may institute such proceedings by filing a petition seeking the  
6 issuance of an order to show cause in any judicial district where the CID recipient  
7 “resides, is found, or transacts business.” 15 U.S.C. § 57b-1(e). This Court is authorized  
8 to issue such an order to show cause because Mr. Paglia “resides, is found, or transacts  
9 business” in this judicial district. *See* Pet. Exh. 1 (Westman-Cherry Decl.) ¶5.

#### 10 **STATEMENT OF FACTS**

11  
12 The FTC is investigating whether certain participants in the retail auto industry,  
13 including auto dealers and industry consultants, have engaged in an unlawful group  
14 boycott of TrueCar, Inc., a firm that helps auto dealers market their cars. TrueCar  
15 operates websites that provide detailed information about specific vehicles to potential  
16 automobile buyers, and attempts to match potential buyers with sellers. In late 2011  
17 and early 2012, numerous comments about TrueCar appeared on various websites,  
18 online blogs, and online social networks that are frequented by auto dealers. These  
19 comments criticized TrueCar’s program of online reverse auctions, and other features of  
20 TrueCar’s websites, as unfavorable to dealers, and asserted that TrueCar was inducing  
21 dealers to sell cars at prices that were too low. Many of the comments urged dealers to  
22 discontinue their participation in TrueCar’s reverse auctions, and to terminate their  
23 dealings with TrueCar. During this period of time, the number of dealers participating  
24  
25  
26



1 in the TrueCar program and the number of auto sales consummated using TrueCar's  
2 websites declined. *See* Pet. Exh. 1 (Westman-Cherry Decl.) ¶2.

3 In February 2012, TrueCar announced that it was eliminating the reverse  
4 auction feature on its websites and narrowing the set of pricing and cost information  
5 that its sites would reveal to consumers. After TrueCar made these changes, numerous  
6 auto dealers resumed doing business with TrueCar. These changes may have made it  
7 more difficult for consumers to comparison-shop using TrueCar's websites, thus  
8 relieving pressure on dealers to offer aggressive bids to consumers, and possibly leading  
9 to retail price increases. *See* Pet. Exh. 1 (Westman-Cherry Decl.) ¶3.

10 On January 17, 2014, the Commission issued a Resolution Authorizing Use of  
11 Compulsory Process in Non-Public Investigation, File No. 131-0206 (Pet. Exh. 2). As  
12 part of the investigation, the FTC staff is inquiring whether certain consultants,  
13 dealers, or other persons or firms involved in the retail automobile industry may have  
14 organized, facilitated, or participated in a group boycott of TrueCar. Such actions can  
15 constitute "unfair methods of competition," which are prohibited by Section 5 of the FTC  
16 Act, 15 U.S.C. § 45. *See* Pet. Exh. 1 (Westman-Cherry Decl.) ¶¶2-4.

17 Respondent, Ralph Paglia, provides auto dealers with consulting services,  
18 information, and training relating to online marketing. Mr. Paglia writes frequently  
19 about online marketing and other topics of interest to auto dealers, and disseminates  
20 his writing through blog postings, comments on online social media networks, and  
21 publications on other online forums and websites. He also operates, manages, or  
22 moderates several such blogs, websites, and online social networks. *See* Pet. Exh. 1  
23  
24  
25  
26

1 (Westman-Cherry Decl.) ¶¶5-6. Many of the communications criticizing TrueCar's  
2 business model and urging auto dealers not to participate in TrueCar's reverse auction  
3 program appeared on websites and blogs that Mr. Paglia operates or administers.  
4 Moreover, materials on Mr. Paglia's websites and blogs indicate that some industry  
5 consultants, dealer groups, and other businesses may have communicated with one  
6 another outside of the websites about matters relevant to this investigation. *Id.* ¶6.  
7 FTC staff asked Mr. Paglia to provide such information on a voluntary basis, but those  
8 efforts were unsuccessful. *Id.* ¶7.

9  
10 On May 2, 2014, the Commission issued a CID (Pet. Exh. 3) requiring Mr. Paglia  
11 to produce specified documents and to respond to written questions. On June 18, 2014,  
12 the Commission issued another CID (Pet. Exh. 4), requiring Mr. Paglia to appear and  
13 give oral testimony under oath at an investigational hearing to be conducted by FTC  
14 staff at the Office of the United States Attorney in Las Vegas, Nevada. Pet. Exh. 4, at 1.  
15 See Pet. Exh. 1 (Westman-Cherry Decl.) ¶¶8, 11. The Commission served both CIDs via  
16 Federal Express, with receipt-signature requested (and secured). *Id.* ¶¶9, 12; see Pet.  
17 Exhs. 5, 6.

18  
19 Mr. Paglia failed to comply with either the May 2 CID or the June 18 CID. He  
20 has not produced the documents or other information specified in the May 2 CID, and  
21 did not appear at the investigational hearing, as required by the June 18 CID. See Pet.  
22 Exh. 1 (Westman-Cherry Decl.) ¶¶10, 13. Mr. Paglia neither petitioned the Commission  
23 to quash or modify the CIDs pursuant to the applicable statute and Commission rules,  
24 see 15 U.S.C. § 57b-1(f); 16 C.F.R. § 2.10, nor did he submit any objections to any of the  
25  
26

1 particular specifications or terms in the CIDs. *See* Pet. Exh. 1 (Westman-Cherry Decl.)  
 2 ¶¶10, 12. To date, Mr. Paglia has not communicated with FTC staff concerning either  
 3 of the CIDs, nor responded to their other attempts to reach him. *Id.* ¶14.

#### 4 **LEGAL STANDARD FOR ENFORCEMENT**

5  
 6 Actions to enforce administrative compulsory process are “summary procedure[s]  
 7 designed to allow ‘speedy investigation of [agency] charges.’” *EEOC v. Karuk Tribe*  
 8 *Hous. Auth.*, 260 F.3d 1071, 1078 (9th Cir. 2001) (quoting *EEOC v. St. Regis Paper Co.*,  
 9 717 F.2d 1302, 1304 (9th Cir. 1983), *abrogated on other grounds, Church of Scientology*  
 10 *of Cal. v. U.S.*, 506 U.S. 9 (1992)).<sup>2</sup> For this reason, discovery is permitted only in  
 11 “exceptional circumstances,” *St. Regis Paper*, 717 F.2d at 1304; *see* Fed. R. Civ. P.  
 12 26(a)(1)(B)(v) (no initial discovery disclosures in such cases), and courts are limited in  
 13 these proceedings to determining: “(1) whether Congress has granted the authority to  
 14 investigate; (2) whether procedural requirements have been followed; and (3) whether  
 15 the evidence is relevant and material to the investigation.” *United States v. Golden*  
 16 *Valley Elec. Ass’n*, 689 F.3d 1108, 1113 (9th Cir. 2012) (quoting *EEOC v. Children’s*  
 17 *Hosp. Med. Ctr. of N. Cal.*, 719 F.2d 1426, 1428 (9th Cir.1983) (*en banc*), *abrogated on*  
 18 *other grounds, Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20 (1991)); *see also*  
 19 *EEOC v. Fisher Sand & Gravel, Co.*, No. 2:12-cv-0649-JCM-CWH, 2012 WL 3996138, \*1  
 20 (D. Nev. Sept. 11, 2012) (same); *accord United States v. Morton Salt Co.*, 338 U.S. 632,  
 21

22  
 23  
 24 <sup>2</sup> Courts apply the same legal standards to petitions to enforce CIDs under Section 20 of  
 25 the FTC Act as those governing enforcement of the FTC’s and other agencies’  
 26 administrative subpoenas. *See, e.g., FTC v. Ken Roberts Co.*, 276 F.3d 583, 586 (D.C.  
 Cir. 2001); *Gen. Fin. Corp.*, 700 F.2d at 367-68; *FTC v. Response Makers, LLC*, No. 3:10-  
 cv-1768-WQH-BLM, 2010 WL 4809953, \*1-2 (S.D. Cal., Nov. 19, 2010); *FTC v. Nat’l*  
*Claims Svc., Inc.*, No. S 98-283-FCD-DAD, 1999 WL 819640 (E.D. Cal., Feb. 9, 1999).

1 652 (1950) (“[I]t is sufficient if the inquiry is within the authority of the agency, the  
2 demand is not too indefinite, and the information sought is reasonably relevant.”). The  
3 government’s burden to demonstrate that these requirements have been met is a “slight  
4 one” and “may be satisfied by a declaration from an investigating agent.” *United States*  
5 *v. Dynavac, Inc.*, 6 F.3d 1407, 1414 (9th Cir. 1993).

7 When these requirements are met, courts “must enforce administrative  
8 subpoenas unless the evidence sought by the subpoena is plainly incompetent or  
9 irrelevant to any lawful purpose of the agency.” *Golden Valley*, 689 F.3d at 1113-14  
10 (quoting *Karuk Tribe Hous. Auth.*, 260 F.3d at 1076). *See also Children’s Hosp. Med.*  
11 *Ctr.*, 719 F.2d at 1428 (“If these factors are shown by the agency, the subpoena should  
12 be enforced unless the party being investigated proves the inquiry is unreasonable  
13 because it is overbroad or unduly burdensome”) (citing *Okl. Press Publ’g Co. v. Walling*,  
14 327 U.S. 186, 217 (1946)).  
15

## 16 ARGUMENT

17  
18 The requirements for judicial enforcement of the Commission’s CIDs are satisfied  
19 here, as the accompanying declaration of the FTC’s lead investigating attorney in this  
20 matter demonstrates. *See* Pet. Exh. 1 (Westman-Cherry Decl.). The May 2 CID and the  
21 June 18 CID, as well as the investigation in which they were issued, are within the  
22 Commission’s authority; the CIDs were duly issued; and the documents, information,  
23 and testimony sought are reasonably relevant to the FTC investigation. Accordingly,  
24 the CIDs should be enforced without delay.  
25  
26

1 **I. THE COMMISSION HAS THE AUTHORITY TO CONDUCT THE**  
2 **INVESTIGATION**

3 The Commission unequivocally is authorized to conduct the investigation and  
4 issue the CIDs at issue here. Congress has granted the FTC broad authority to  
5 investigate acts or practices that may violate the FTC Act's proscription on "unfair  
6 methods of competition." 15 U.S.C. § 45(a). Section 3 of that Act empowers the  
7 Commission to "prosecute any inquiry necessary to its duties in any part of the United  
8 States." *Id.* § 43. Section 6(a), in turn, authorizes the Commission "[t]o gather and  
9 compile information concerning, and to investigate \* \* \* the organization, business,  
10 conduct, practices, and management of any person, partnership, or corporation engaged  
11 in or whose business affects commerce," with certain exceptions not applicable here. *Id.*  
12 § 46(a). And, as noted above, Section 20(c) of the FTC Act authorizes the Commission to  
13 issue a CID to any person who may be in possession of documents or other information  
14 relevant to an FTC investigation. *Id.* § 57b-1(c)(1).

17 The two CIDs at issue here concern an investigation into whether certain  
18 automobile dealers, consultants, or other businesses engaged in "unfair methods of  
19 competition," in violation of Section 5 of the FTC Act, by "agreeing to restrain  
20 competition" or "agreeing to refuse to deal with TrueCar, Inc." Pet. Exh. 2 (Compulsory  
21 Process Resolution), at 1. Accordingly, the investigation to which the CIDs pertain is  
22 well within the scope of the FTC Act's Section 5 prohibition. *See* 15 U.S.C. § 45(a)  
23 ("Unfair methods of competition in or affecting commerce, \* \* \* are hereby declared  
24 unlawful.").  
25  
26

1 Thus, the Commission indisputably is authorized to conduct its investigation and  
2 to issue the CIDs to Mr. Paglia.

3 **II. THE COMMISSION COMPLIED WITH ALL APPLICABLE**  
4 **PROCEDURAL REQUIREMENTS FOR COMPULSORY PROCESS**

5 The Commission's May 2 CID (Pet. Exh. 3) and June 18 CID (Pet. Exh. 4) fully  
6 comport with the applicable procedural requirements of the authorizing statute and its  
7 implementing FTC Rules of Practice. *See* 15 U.S.C. § 57b-1; 16 C.F.R. §§ 2.7, 4.4.

8 First, the CIDs satisfy the FTC Act's requirements of "definiteness and certainty"  
9 in specifying the categories of documents to be produced and information sought in  
10 responses to questions, 15 U.S.C. §§ 57b-1(c)(3)(A) and (c)(5)(A), as well as setting forth  
11 the "date, time, and place at which oral testimony shall be commenced" and the FTC  
12 staff member (Melissa Westman-Cherry) who would conduct the oral examination, *id.*  
13 §§ 57b-1(c)(6)(A) and (c)(6)(B). *See* Pet. Exh. 3 (May 2 CID), Schedule, Specs. 1-6; Pet.  
14 Exh. 4 (June 18 CID), at 1; Pet. Exh. 1 (Westman-Cherry Decl.) ¶11. The May 2 CID  
15 prescribed a return date of two weeks after the date on which the CID was served, *see*  
16 Pet. Exh. 1 (Westman-Cherry Decl.) ¶9, giving Mr. Paglia a "reasonable amount of time"  
17 to assemble the specified documents and prepare the responses to questions. 15 U.S.C.  
18 §§ 57b-1(c)(3)(B), (c)(5)(B). It also "identif[ied] the custodian" (Geoffrey Green) to whom  
19 the documents are to be produced and to whom the responses are to be provided. *See id.*  
20 §§ 57b-1(c)(3)(C), (c)(5)(C); Pet. Exh. 3 (May 2 CID), at 1.

21 Moreover, both CIDs were validly "signed by a Commissioner" (Maureen K.  
22 Ohlhausen), "acting pursuant to a Commission resolution." 15 U.S.C. 57b-1(i); *see* Pet.  
23 Exh. 2 (Compulsory Process Resolution), at 1; Pet. Exh. 3 (May 2 CID), at 1; Pet. Exh. 4  
24  
25  
26

1 (June 18 CID), at 1. Duly executed copies of both CIDs were properly served. *See*  
2 15 U.S.C. §§ 57b-1(c)(9)(A), (c)(10); Pet. Exh. 5 (receipt for delivery of May 2 CID); Pet.  
3 Exh. 6 (receipt for delivery of June 18 CID); Pet. Exh. 1 (Westman-Cherry Decl.) ¶¶9,  
4 12.

5  
6 Finally, both CIDs included copies of the Commission's Compulsory Process  
7 Resolution (Pet. Exh. 2), which gave Mr. Paglia adequate notice of "the nature of the  
8 conduct constituting the alleged violation which is under investigation and the provision  
9 of law applicable to such violation." 15 U.S.C. § 57b-1(c)(2); Pet. Exh. 3 (May 2 CID), at  
10 17; Pet. Exh. 4 (June 18 CID), at 3; *see FTC v. O'Connell Assocs., Inc.*, 828 F. Supp. 165,  
11 170-71 (E.D.N.Y. 1993) (the notice requirement is met by "cit[ing] to a resolution giving  
12 the FTC authority to use compulsory process.").

### 14 **III. THE EVIDENCE SOUGHT IS RELEVANT AND MATERIAL TO THE** 15 **INVESTIGATION**

16 Both CIDs are designed to elicit material information that is relevant to the  
17 Commission's investigation. The specific document requests and interrogatories set  
18 forth in the May 2 CID required Mr. Paglia to produce documents containing or relating  
19 to Mr. Paglia's communications, correspondence, or meetings with TrueCar and other  
20 auto dealers, as well as documents, including blog posts, pertaining to the effect of  
21 TrueCar's services on retail auto prices, auto dealers' decisions on whether to stop  
22 participating in the TrueCar reverse auction program, and Mr. Paglia's role in  
23 operating and controlling the content of the relevant websites and blogs. *See* Pet. Exh.  
24 3, Schedule, Specs. 1-6. The June 18 CID sought Mr. Paglia's oral testimony on the  
25 same topics. *See* Pet. Exh. 4, at 1, 3. The FTC investigation is focused on whether those  
26

1 communications or other interactions among such parties constituted or related to a  
2 potential group boycott of TrueCar. As the FTC's lead investigating attorney has  
3 testified, "the investigation would be furthered by obtaining information Mr. Paglia may  
4 have in his possession relating to the online communications, direct communications,  
5 and other activities at issue in the investigation." Pet. Exh. 1 (Westman-Cherry Decl.)  
6 ¶7; *see id.* ¶¶5-6, 14. *See Dynavac*, 6 F.3d at 1414 (in seeking judicial enforcement of its  
7 compulsory process, the government's "slight" burden "may be satisfied by a declaration  
8 from an investigating agent.").

9  
10 The CIDs seek information that is demonstrably *neither* "incompetent [n]or  
11 irrelevant," to the Commission's lawful investigation. *Golden Valley*, 689 F.3d at 1113-  
12 14; *see also Karuk Tribe Hous. Auth.*, 260 F.3d at 1076 (same); *Children's Hosp. Med.*  
13 *Ctr.*, 719 F.2d at 1428 (same). They should, therefore, be promptly enforced by this  
14 Court.  
15

## 16 CONCLUSION

17  
18 For the foregoing reasons, this Court should grant the FTC's petition and enter  
19 an order, substantially in the form filed herewith, requiring Mr. Paglia to comply with  
20 the FTC's May 2 CID and June 18 CID, within 10 days of the entry of such order.  
21  
22  
23  
24  
25  
26



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Respectfully submitted,

JONATHAN E. NUECHTERLEIN  
General Counsel

DAVID C. SHONKA  
Principal Deputy General Counsel

LESLIE RICE MELMAN  
Assistant General Counsel for Litigation

/s/ Imad Abyad  
IMAD D. ABYAD  
Attorney

FEDERAL TRADE COMMISSION  
600 Pennsylvania Ave., N.W.  
Washington, DC 20580  
Tel.: (202) 326-2375  
Fax: (202) 326-2477  
Email: iabyad@ftc.gov

Dated: September 12, 2014

1 JONATHAN E. NUECHTERLEIN  
General Counsel  
2 LESLIE RICE MELMAN  
Assistant General Counsel for Litigation  
3

4 IMAD D. ABYAD  
Attorney  
5 FEDERAL TRADE COMMISSION  
6 600 Pennsylvania Ave., N.W.  
Washington, DC 20580  
7 Telephone: (202) 326-2375  
8 Facsimile: (202) 326-2477  
Email: iabyad@ftc.gov

9 *Attorneys for Petitioner Federal Trade Commission*

10  
11 **UNITED STATES DISTRICT COURT**  
12 **FOR THE DISTRICT OF NEVADA**

13 **FEDERAL TRADE COMMISSION,**  
14 Petitioner,  
15  
16 v.  
17 **RALPH PAGLIA,**  
Respondent.  
18

Case No.

19 **INDEX OF PETITIONER'S EXHIBITS**

20 Pursuant to this Court's Special Order 109 and Electronic Filing Procedure  
21 III(F)(3), the Federal Trade Commission submits this Index of Petitioner's Exhibits in  
22 connection with the Petition of the Federal Trade Commission for an Order Enforcing  
23 Civil Investigative Demands in the above-captioned case.  
24  
25  
26



**PET. EXH. 1**

**Petitioner's Exhibit #1**

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEVADA**

**FEDERAL TRADE COMMISSION,**  
Petitioner,

v.

**RALPH PAGLIA,**  
Respondent.

Case No.

**DECLARATION OF MELISSA WESTMAN-CHERRY**

Pursuant to 28 U.S.C. § 1746, I declare as follows:

1. I am an attorney employed by the Federal Trade Commission (FTC or Commission) in Washington, D.C. I am authorized to execute this declaration verifying the facts that are set forth in the Petition of the Federal Trade Commission for an Order Enforcing Civil Investigative Demands (Petition). I have read the Petition and have reviewed the exhibits thereto (referred to hereinafter as "Pet. Exh."), and verify that Pet. Exh. 2 through Pet. Exh. 6 are true and correct copies of the original documents. (This declaration is Pet. Exh. 1). The facts set forth herein are based on my personal knowledge or information made known to me in the course of my official duties.

2. I have been assigned to work on an investigation into conduct relating to TrueCar, Inc. TrueCar is a California-based company in the business of

operating websites that match potential automobile purchasers with sellers and provide detailed information to consumers about the pricing of specific vehicles. In late 2011 and early 2012, numerous comments about TrueCar appeared on various websites, web logs (blogs), and online social networks targeted to auto dealers. These comments criticized TrueCar's unique program of online "reverse auctions" and other features of TrueCar's websites as unfavorable to dealers, and asserted that TrueCar was inducing dealers to sell cars at prices that were too low. Many of the comments urged dealers to discontinue their participation in TrueCar's reverse auctions, and to terminate their dealings with TrueCar. During this period of time, the number of dealers participating in the TrueCar program, and the number of auto sales consummated using TrueCar's websites, declined.

3. In February 2012, TrueCar announced that it was eliminating the reverse auction feature on its websites and narrowing the set of pricing and cost information that its sites would reveal to consumers. After TrueCar made these changes, numerous auto dealers resumed doing business with TrueCar. These changes may have made it more difficult for consumers to comparison-shop using TrueCar's websites, thus relieving pressure on dealers to offer aggressive bids to consumers and possibly leading to retail price increases.

4. In connection with this investigation, on January 17, 2014, the Commission issued a Resolution Authorizing Use of Compulsory Process in Non-Public Investigation, File No. 131-0206. This Resolution authorized the issuance of Civil Investigative Demands (CIDs) to gather information about "whether firms in

the retail automobile industry, including automobile dealers and industry consultants, may be engaging in, or may have engaged in, conduct violating Section 5 of the Federal Trade Commission Act, 15 U.S.C. §45, as amended, by agreeing to restrain competition, including by agreeing to refuse to deal with TrueCar, Inc.” Pet. Exh. 2 (Compulsory Process Resolution), at 1.

5. Respondent Ralph Paglia is a consultant who provides business advice and training to auto dealers regarding online marketing, lead generation, and related matters. He is President of Automotive Media Partners LLC, which has its principal place of business at 2701 N. Rainbow Blvd., Suite 2202, Las Vegas, Nevada 89108.

6. Mr. Paglia writes frequently about online marketing and other topics of interest to auto dealers, and disseminates his writing through blog postings, comments on online social media networks, and publications on other online forums and websites. He also operates, manages, or moderates several such blogs, websites, and online social networks, including [www.dealereelite.net](http://www.dealereelite.net), [ralphpaglia.blogspot.com](http://ralphpaglia.blogspot.com), [www.automotivedigitalmarketing.com](http://www.automotivedigitalmarketing.com), [www.automotivedigitaltraining.com](http://www.automotivedigitaltraining.com), and [automotivesocialcrm.com](http://automotivesocialcrm.com). Many of the comments criticizing TrueCar’s business model and urging auto dealers not to participate in the TrueCar reverse-auction program appeared on websites and blogs that Mr. Paglia operates or administers. Moreover, materials on Mr. Paglia’s websites and blogs indicate that some industry consultants, dealer groups, and

other businesses may have communicated with one another outside of the websites about matters relevant to this investigation.

7. Accordingly, the FTC staff believes that the investigation would be furthered by obtaining information that Mr. Paglia may have in his possession relating to the online communications, direct communications, and other activities at issue in the investigation. The FTC staff made a number of attempts to secure such information from Mr. Paglia on a voluntary basis, but Mr. Paglia declined to provide any information in response to the FTC staff's inquiries.

8. On May 2, 2014, the Commission issued a CID (Pet. Exh. 3) requiring Mr. Paglia to produce specified documents and to respond to certain written questions. Specifically, the May 2 CID required Mr. Paglia to produce documents containing or relating to communications, correspondence, or meetings with TrueCar and auto dealers. The CID also sought documents, including blog posts, pertaining to the effect of TrueCar's services on retail auto prices, auto dealers' decisions on whether to stop participating in the TrueCar program, and Mr. Paglia's role in operating and controlling the content of the relevant websites and blogs. Pet. Exh. 3, Schedule, Specs. 1-6.

9. The Commission sent the May 2 CID to Mr. Paglia via Federal Express on May 5, 2014, with a requirement that the package be signed for upon delivery. The Federal Express tracking receipt (attached hereto as Pet. Exh. 5) shows that the May 2 CID was delivered to Mr. Paglia's address and signed for on May 7. The



May 2 CID directed Mr. Paglia to produce the requested documents and information by May 21, 2014. *See* Pet. Exh. 3, at 1.

10. Mr. Paglia neither petitioned the Commission to quash or modify the CID, in accordance with the relevant statute and Commission rules, *see* 15 U.S.C. § 57b-1(f); 16 C.F.R. § 2.10, nor did he submit any objections to any of the specifications in the CID. Nonetheless, to date, Mr. Paglia has not produced any documents or information in response to the May 2 CID.

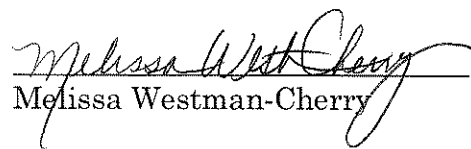
11. On June 18, 2014, the Commission issued a second CID to Mr. Paglia (Pet. Exh. 4), requiring him to appear and give oral testimony under oath at an investigational hearing to be conducted before me. The June 18 CID specified that this hearing would be held on July 10, 2014, at the Office of the United States Attorney for the District of Nevada, at 333 Las Vegas Boulevard South, Suite 5000, Las Vegas, Nevada 89101, commencing at 10:00 a.m. Pet. Exh. 4, at 1.

12. The Commission sent the June 18 CID to Mr. Paglia via Federal Express on June 23, 2014, with a requirement that the package be signed for upon delivery. The Federal Express tracking receipt (attached hereto as Pet. Exh. 6) shows that the June 18 CID was delivered to Mr. Paglia's address and signed for on June 26. Commission staff also made informal attempts, by letter and email, to contact Mr. Paglia to discuss the upcoming investigational hearing. Mr. Paglia neither responded to this correspondence, nor filed any objections to the terms of the CID, nor petitioned the Commission to quash or modify the CID.

13. I traveled to Las Vegas to conduct the investigational hearing scheduled for July 10, 2014. Mr. Paglia did not appear at the investigational hearing. I sent an email to Mr. Paglia from the hearing room approximately thirty minutes after the time scheduled for the hearing to start. Approximately one hour after the scheduled start time, I noted on the record that Mr. Paglia had failed to appear, and adjourned the hearing, leaving the record open.

14. Mr. Paglia has not communicated with the Commission staff concerning either the May 2 CID or the June 18 CID, and has been non-responsive to subsequent FTC staff's attempts to reach him. He has established a consistent pattern of refusing to cooperate with the Commission's investigation. His failures to comply with either the May 2 CID or the June 18 CID impede the Commission's ongoing investigation.

I declare under penalty of perjury that the foregoing is true and correct.

  
Melissa Westman-Cherry

Executed on September 11, 2014, in Washington, D.C.

**PET. EXH. 2**

**UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**       **Edith Ramirez, Chairwoman**  
                                  **Julie Brill**  
                                  **Maureen K. Ohlhausen**  
                                  **Joshua D. Wright**

**RESOLUTION AUTHORIZING USE OF  
COMPULSORY PROCESS IN NONPUBLIC INVESTIGATION**

FILE NO. 131 0206

Nature and Scope of Investigation:

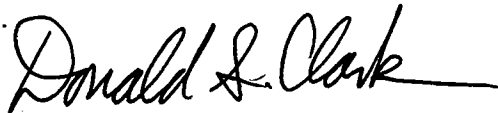
To determine whether firms in the retail automobile industry, including automobile dealers and industry consultants, may be engaging in, or may have engaged in, conduct violating Section 5 of the Federal Trade Commission Act, 15 U.S.C. §45, as amended, by agreeing to restrain competition, including by agreeing to refuse to deal with TrueCar, Inc.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation.

Authority to Conduct Investigation:

Sections 6, 9, 10 and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; FTC Procedures and Rules of Practice, 16 C.F.R. § 1.1., *et. seq.* and supplements thereto.

By direction of the Commission.



Donald S. Clark  
Secretary

**Issued: January 17, 2014**

**PET. EXH. 3**



United States of America  
Federal Trade Commission

## CIVIL INVESTIGATIVE DEMAND

1. TO

Ralph Paglia  
Automotive Media Partners LLC  
2701 N. Rainbow Blvd., Ste. 2202  
Las Vegas, NV 89108

This demand is issued pursuant to Section 20 of the Federal Trade Commission Act, 15 U.S.C. § 57b-1, in the course of an investigation to determine whether there is, has been, or may be a violation of any laws administered by the Federal Trade Commission by conduct, activities or proposed action as described in Item 3.

2. ACTION REQUIRED

You are required to appear and testify.

LOCATION OF HEARING

Federal Trade Commission  
Bureau of Competition  
601 New Jersey Avenue, N.W.  
Room - NJ-6255  
Washington, D.C. 20001

YOUR APPEARANCE WILL BE BEFORE

Melissa Westman-Cherry

DATE AND TIME OF HEARING OR DEPOSITION

You are required to produce all documents described in the attached schedule that are in your possession, custody, or control, and to make them available at your address indicated above for inspection and copying or reproduction at the date and time specified below.

You are required to answer the interrogatories or provide the written report described on the attached schedule. Answer each interrogatory or report separately and fully in writing. Submit your answers or report to the Records Custodian named in Item 4 on or before the date specified below.

DATE AND TIME THE DOCUMENTS MUST BE AVAILABLE

May 21, 2014

3. SUBJECT OF INVESTIGATION

AutoDealers, File No. 131-0206  
See attached Commission Resolution

4. RECORDS CUSTODIAN/DEPUTY RECORDS CUSTODIAN

Geoffrey Green, Records Custodian

5. COMMISSION COUNSEL

Melissa Westman-Cherry (202) 326-2338

DATE ISSUED

5/2/14

COMMISSIONER'S SIGNATURE

*Harmon K. Queen*

INSTRUCTIONS AND NOTICES

The delivery of this demand to you by any method prescribed by the Commission's Rules of Practice is legal service and may subject you to a penalty imposed by law for failure to comply. The production of documents or the submission of answers and report in response to this demand must be made under a sworn certificate, in the form printed on the second page of this demand, by the person to whom this demand is directed or, if not a natural person, by a person or persons having knowledge of the facts and circumstances of such production or responsible for answering each interrogatory or report question. This demand does not require approval by OMB under the Paperwork Reduction Act of 1980.

PETITION TO LIMIT OR QUASH

The Commission's Rules of Practice require that any petition to limit or quash this demand be filed within 20 days after service, or, if the return date is less than 20 days after service, prior to the return date. The original and twelve copies of the petition must be filed with the Secretary of the Federal Trade Commission, and one copy should be sent to the Commission Counsel named in Item 5.

YOUR RIGHTS TO REGULATORY ENFORCEMENT FAIRNESS

The FTC has a longstanding commitment to a fair regulatory enforcement environment. If you are a small business (under Small Business Administration standards), you have a right to contact the Small Business Administration's National Ombudsman at 1-888-REGFAIR (1-888-734-3247) or [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman) regarding the fairness of the compliance and enforcement activities of the agency. You should understand, however, that the National Ombudsman cannot change, stop, or delay a federal agency enforcement action.

The FTC strictly forbids retaliatory acts by its employees, and you will not be penalized for expressing a concern about these activities.

TRAVEL EXPENSES

Use the enclosed travel voucher to claim compensation to which you are entitled as a witness for the Commission. The completed travel voucher and this demand should be presented to Commission Counsel for payment. If you are permanently or temporarily living somewhere other than the address on this demand and it would require excessive travel for you to appear, you must get prior approval from Commission Counsel.

A copy of the Commission's Rules of Practice is available online at <http://bit.ly/FTCRulesofPractice>. Paper copies are available upon request.

---

**Form of Certificate of Compliance\***

---

I/We do certify that all of the documents and information required by the attached Civil Investigative Demand which are in the possession, custody, control, or knowledge of the person to whom the demand is directed, have been submitted to a custodian named herein.

If a document responsive to this Civil Investigative Demand has not been submitted, the objections to its submission and the reasons for the objection have been stated.

If an interrogatory or a portion of the request has not been fully answered or a portion of the report has not been completed, the objections to such interrogatory or uncompleted portion and the reasons for the objections have been stated.

Signature \_\_\_\_\_

Title \_\_\_\_\_

Sworn to before me this day

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

\_\_\_\_\_

\*In the event that more than one person is responsible for complying with this demand, the certificate shall identify the documents for which each certifying individual was responsible. In place of a sworn statement, the above certificate of compliance may be supported by an unsworn declaration as provided for by 28 U.S.C. § 1746.

File No. 131-0206

**CIVIL INVESTIGATIVE DEMAND  
ISSUED TO RALPH PAGLIA**

**SCHEDULE**

If you believe that any part of this Civil Investigative Demand ("CID") can be narrowed in any way that is consistent with the Commission's need for information and documents, you are encouraged to discuss such questions and possible modifications with the Commission representative identified in Instruction 13 of this CID. All modifications to this CID must be agreed to in writing.

**SPECIFICATION OF INFORMATION AND DOCUMENTS TO BE PRODUCED**

1. Submit all Documents related to the TrueCar National Dealer Council.
2. Submit all communications and correspondence between You and TrueCar.
3. Submit all Documents related to TrueCar Services, including, but not limited to:
  - a. the potential or actual effect of TrueCar Services on the retail price of automobiles;
  - b. any decision or consideration by an auto dealer to terminate its use of TrueCar Services;
  - c. correspondence between You and any state or federal government office;
  - d. correspondence between You and any local, state or national automobile trade association;
  - e. any document written by You, whether or not it was ever distributed to any other person;
  - f. any document referring or relating to any meeting between TrueCar and any Person;
  - g. any blog entry or comment on a blog entry written by You, including the date of the post or comment and the URL of the blog; and
  - h. any article, news clip, letter to the editor or other document written by You, whether or not it was ever published or distributed, the date of publication, if any, and the name of the publication.



File No. 131-0206

4. For any blog identified in response to Specification 3.g, above, state your responsibilities, obligations and prerogatives, including but not limited to your ability to edit or delete posts and comments.
5. Identify:
  - a. the Person(s) responsible for preparing the response to this Request and submit a copy of all instructions prepared by the You relating to the steps taken to respond to this Request. Where oral instructions were given, Identify the Person who gave the instructions and describe the content of the instructions and the Person(s) to whom the instructions were given;
  - b. for each specification, the individual(s) who assisted in the preparation of the response, with a listing of the Persons (identified by name and corporate title or job description) whose files were searched by each;
  - c. any electronic production tools or software packages utilized in responding to this Request for: keyword searching, Technology Assisted Review, email threading, de-duplication, global de-duplication or near-de-duplication (please note that the use of all forms of de-duplication require advance approval from staff, see Instruction 4(c)); and
    - i. if You utilized keyword search terms to identify Documents and information responsive to this Request, provide a list of the search terms used for each custodian;
    - ii. if You utilized Technology Assisted Review software,
      1. describe the collection methodology, including: (a) how the software was utilized to identify responsive Documents; (b) the process You utilized to identify and validate the seed set Documents subject to manual review; (c) the total number of Documents reviewed manually; (d) the total number of Documents determined nonresponsive without manual review; (e) the process You used to determine and validate the accuracy of the automatic determinations of responsiveness and nonresponsiveness; (f) how You handled exceptions ("uncategorized Documents"); and (g) if Your Documents include foreign language Documents, whether reviewed manually or by some technology-assisted method; and
      2. provide all statistical analyses utilized or generated by You or Your agents related to the precision, recall, accuracy, validation or quality of its Document production in response to this Request; and

File No. 131-0206

- iii. Identify the person(s) able to testify on Your behalf about information known or reasonably available to the organization, relating to its response to this Specification.
6. Submit documents sufficient to show and, to the extent not reflected in such documents, describe in detail Your policies, practices and procedures relating to the retention and destruction of documents.

#### DEFINITIONS

1. "Agreement," "contract," or "license" shall mean any oral, written, or implied contract, arrangement, understanding, or plan, whether formal or informal, between two or more persons, together with all modifications or amendments thereto.
2. "You" or "your" shall mean Mr. Paglia, his attorneys, agents, and representatives.
3. "And," as well as "or," shall be construed both conjunctively and disjunctively, as necessary, in order to bring within the scope of any Specification in the Schedule all information that otherwise might be construed to be outside the scope of the Specification.
4. "Any" shall be construed to include "all," and "all" shall be construed to include "any."
5. "Communication" shall mean any transmittal, exchange, transfer, or dissemination of information, regardless of the means by which it is accomplished, and includes all communications, whether written or oral, and all discussions, meetings, telephone communications, or email contacts.
6. "Discuss" or "Discussing" shall mean, in whole or in part, constituting, containing, describing, analyzing, explaining, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration. A Document that "discusses" another document includes the other document itself.
7. "Documents" shall mean all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, bills, receipts, telexes, contracts, invoices, books, accounts, statements, studies, surveys, pamphlets, notes, charts, maps, plats, tabulations, graphs, tapes, video and audio recordings, data sheets, data processing cards, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, agendas, minutes or records of meetings, conferences, electronic mail, and telephone or other conversations or communications, as well as films, tapes, or slides,

File No. 131-0206

and all other data compilations in Your possession, custody, or control, or to which You have access;

8. The term "**Documents**" includes the complete original document (or a copy thereof if the original is not available), all drafts (whether or not they resulted in a final document), and all copies that differ in any respect from the original, including any notation, underlining, marking, or information not on the original. The term "**other data compilations**" includes information stored in, or accessible through, computer or other information retrieval systems, together with instructions and all other material necessary to use or interpret such data compilations as set out in Attachment 1.2. If the name of the person or persons who prepared, reviewed, or received the document and the date of preparation, review, or receipt are not clear on the face of any document, such information should be provided separately. Documents shall be produced in accordance with the instructions set out in Attachment 1.2.
9. "**Documents sufficient to show**" and "**Documents sufficient to identify**" shall mean both documents that are necessary and documents that are sufficient to provide the specific information. If summaries, compilations, lists, or synopses are available that provide the information being requested, these may be provided in lieu of the underlying documents.
10. "**Each**" shall be construed to include "**every**," and "**every**" shall be construed to include "**each**."
11. "**Identify**" means to state:
  - a. in the case of a Person other than a natural person, its name and principal address, telephone number, and name, telephone number and electronic mail address of a contact person;
  - b. in the case of a natural person, his or her name, employer, business address and telephone number, title or position, and dates the person held that position(s);
  - c. in the case of a document, the title of the document, the author, the title or position of the author, the addressee, each recipient, the type of document, the subject matter, the date of preparation, and its number of pages; and
  - d. in the case of a communication, the date of the communication, the parties to the communication, the method of communication (oral, written, etc.), and a description of the substance of the information exchanged during the communication.

File No. 131-0206

12. **"Person"** includes You, and shall mean any natural person, corporate entity, partnership, association, joint venture, governmental entity, trust, or any other organization or entity engaged in commerce.
13. **"Referring to," "relating to," "regarding" or "about"** shall mean, in whole or in part, constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
14. **"Technology Assisted Review"** shall mean any process that utilizes a computer algorithm to limit the number of potentially responsive documents subject to a manual review. A keyword search of documents with no further automated processing is not a Technology Assisted Review.
15. **"Third Party"** shall mean any Person other than You.
16. **"TrueCar"** shall mean TrueCar Inc., its directors, officers, trustees, employees, attorneys, agents, consultants, and representatives, its domestic and foreign parents, predecessors, divisions, subsidiaries, affiliates, partnerships and joint ventures, and the directors, officers, trustees, employees, attorneys, agents, consultants, and representatives of their domestic and foreign parents, predecessors, divisions, subsidiaries, affiliates, partnerships and joint ventures.
17. **"TrueCar Services"** shall mean the TrueCar Inc.'s information and technology platform that matches potential automobile purchasers with potential automobile sellers, and provides potential automobile purchasers with pricing (whether actual, estimated, or average) information about specific vehicles.

### INSTRUCTIONS

The response to this CID shall be submitted in the following manner:

1. Unless otherwise indicated, each specification in this CID covers documents and information dated, generated, received, or in effect from January 1, 2011, to thirty days before the day when You provide the Commission with its final document submission, the executed certification form, and other compliance-related documents described in Instruction 12 ("Request Period"). You shall preserve documents responsive to the CID created or received after the Request Period until a Commission representative notifies You that the investigation has ended.
2. Except for privileged material, You will produce each responsive document in its entirety by including all attachments and all pages, regardless of whether they directly relate to the specified subject matter. You should submit any appendix, table, or other attachment by either attaching it to the responsive document or clearly marking it to indicate the

File No. 131-0206

responsive document to which it corresponds. Except for privileged material, You will not redact, mask, cut, expunge, edit, or delete any responsive document or portion thereof in any manner.

3. Compliance with this CID requires a search of all documents in Your possession, custody, or control, without limitation, those documents held by any of the Your attorneys, agents or representatives, whether or not such documents are in Your possession. If any person is unwilling to have his or her files searched, or is unwilling to produce responsive documents, You must provide the Commission with the following information as to each such person: his or her name, address, telephone number, and relationship to You. In addition to hard copy documents, the search must include all of the Your Electronically Stored Information.
4. Form of Production. You shall submit all documents as instructed below absent written consent signed by the Assistant Director:
  - a. Documents stored in electronic or hard copy formats in the ordinary course of business shall be submitted in the following electronic format provided that such copies are true, correct, and complete copies of the original documents:
    - i. Submit Microsoft Excel, Access, and PowerPoint files in native format with extracted text and applicable metadata and information as described in subparts (a)(iii) and (a)(iv).
    - ii. Submit emails in image format with extracted text and the following metadata and information:

Metadata/Document Information	Description
Beginning Bates number	The beginning bates number of the document.
Ending Bates number	The last bates number of the document.
Custodian	The name of the original custodian of the file.
To	Recipient(s) of the email.
From	The person who authored the email.
CC	Person(s) copied on the email.
BCC	Person(s) blind copied on the email.
Subject	Subject line of the email.

File No. 131-0206

Date Sent	Date the email was sent.
Time Sent	Time the email was sent.
Date Received	Date the email was received.
Time Received	Time the email was received.
Attachments	The Document ID of attachment(s).
Mail Folder Path	Location of email in personal folders, subfolders, deleted items or sent items.
Message ID	Microsoft Outlook Message ID or similar value in other message systems.

- iii. Submit email attachments in image format, or native format if the file is one of the types identified in subpart (a)(i), with extracted text and the following metadata and information:

Metadata/Document Information	Description
Beginning Bates number	The beginning bates number of the document.
Ending Bates number	The last bates number of the document.
Custodian	The name of the original custodian of the file.
Parent Email	The Document ID of the parent email.
Modified Date	The date the file was last changed and saved.
Modified Time	The time the file was last changed and saved.
Filename with extension	The name of the file including the extension denoting the application in which the file was created.
Production Link	Relative file path to production media of submitted native files. Example: FTC-001\NATIVE\001\FTC-00003090.xls.

File No. 131-0206

Hash	The Secure Hash Algorithm (SHA) value for the original native file.
------	---

- iv. Submit all other electronic documents in image format, or native format if the file is one of the types identified in subpart (a)(i), accompanied by extracted text and the following metadata and information:

Metadata/Document Information	Description
Beginning Bates number	The beginning bates number of the document.
Ending Bates number	The last bates number of the document.
Custodian	The name of the original custodian of the file.
Modified Date	The date the file was last changed and saved.
Modified Time	The time the file was last changed and saved.
Filename with extension	The name of the file including the extension denoting the application in which the file was created.
Originating Path	File path of the file as it resided in its original environment.
Production Link	Relative file path to production media of submitted native files. Example: FTC-001\NATIVE\001\FTC-00003090.xls.
Hash	The Secure Hash Algorithm (SHA) value for the original native file.

- v. Submit documents stored in hard copy in image format accompanied by OCR with the following information:

Metadata/Document Information	Description
-------------------------------	-------------

File No. 131-0206

Beginning Bates number	The beginning bates number of the document.
Ending Bates number	The last bates number of the document.
Custodian	The name of the original custodian of the file.

- vi. Submit redacted documents in PDF format accompanied by OCR with the metadata and information required by relevant document type in subparts (a)(i) through (a)(v) above. For example, if the redacted file was originally an attachment to an email, provide the metadata and information specified in subpart (a)(iii) above. Additionally, please provide a basis for each privilege claim as detailed in Instruction 6.
- b. Submit data compilations in electronic format, specifically Microsoft Excel spreadsheets or delimited text formats such as CSV files, with all underlying data un-redacted and all underlying formulas and algorithms intact.
- c. If You intend to utilize any de-duplication or email threading software or services when collecting or reviewing information that is stored in Your computer systems or electronic storage media, or Your computer systems contain or utilize such software, You must contact the Commission to determine, with the assistance of the appropriate Commission representative, whether and in what manner the You may use such software or services when producing materials in response to this CID.
- d. Produce electronic file and image submissions as follows:
  - i. For productions over 10 gigabytes, use IDE, EIDE, and SATA hard disk drives, formatted in Microsoft Windows-compatible, uncompressed data in a USB 2.0 external enclosure;
  - ii. For productions under 10 gigabytes, CD-R CD-ROM optical disks formatted to ISO 9660 specifications, DVD-ROM optical disks for Windows-compatible personal computers, and USB 2.0 Flash Drives are acceptable storage formats; and
  - iii. All documents produced in electronic format shall be scanned for and free of viruses prior to submission. The Commission will return any infected media for replacement, which may affect the timing of Your compliance with this CID.



File No. 131-0206

- iv. Encryption of productions using NIST FIPS-compliant cryptographic hardware or software modules, with passwords sent under separate cover, is strongly encouraged.<sup>1</sup>
  - e. Each production shall be submitted with a transmittal letter that includes the FTC matter number; production volume name; encryption method/software used; passwords for any password protected files; list of custodians and document identification number range for each; total number of documents; and a list of load file fields in the order in which they are organized in the load file.
5. All documents responsive to this CID:
- a. Shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in Your files;
  - b. Shall be marked on each page with corporate identification and consecutive document control numbers when produced in image format;
  - c. Shall be produced in color where necessary to interpret the document (if the coloring of any document communicates any substantive information, or if black and white photocopying or conversion to TIFF format of any document (e.g., a chart or graph) makes any substantive information contained in the document unintelligible, You must submit the original document, a like-color photocopy, or a JPEG format image);
  - d. Shall be accompanied by Your affidavit stating that the copies are true, correct, and complete copies of the original documents; and
  - e. Shall be accompanied by an index that identifies (i) the name of each person from whom responsive documents are submitted; and (ii) the corresponding consecutive document control number(s) used to identify that person's documents. The Commission representative will provide a sample index upon request.
6. If You withhold any responsive document or mask or redact any portion of any responsive document based on a claim of privilege or work-product immunity, You must provide the Commission with a log describing the privilege claim and all facts supporting

---

<sup>1</sup> The National Institute of Standards and Technology (NIST) issued Federal Information Processing Standard (FIPS) Publications 140-1 and 140-2, which detail certified cryptographic modules for use by the U.S. Federal government and other regulated industries that collect, store, transfer, share, and disseminate sensitive but unclassified information. More information about FIPS 140-1 and 140-2 can be found at <http://csrc.nist.gov/publications/PubsFIPS.html>.

File No. 131-0206

the claim sufficient to comply with Federal Trade Commission Rule of Practice § 2.8A. 16 C.F.R. § 2.8A. For each document withheld, masked, or redacted, the log shall list the following: (a) specific grounds for claim of privilege or immunity, (b) type of document, (c) title, (d) author(s), (e) date, (f) addressees and recipients of the original document or any copy thereof (including persons "cc'd" or "blind cc'd"), (g) a description of the subject matter, with sufficient detail to assess the claim of privilege, (h) a description identifying each attachment to the document, (i) the page length of the document, (j) the relevant specification(s), and (k) for redacted documents, the document control number (as described in Instruction 5). Additionally, for each document withheld under a claim of attorney work-product immunity, the log will list: (l) whether the document was prepared in anticipation of litigation or for trial, (m) the other parties or expected other parties to the litigation and whether that party is adverse, (n) case number, (o) complaint filing date, and (p) court name. For each person listed, the log will include the person's full name, address, job title, and employer or firm; for each third party recipient, include such additional description sufficient to show that individual's need to know the information contained in the document. Please denote all attorneys with an asterisk ("\*\*").

The privilege log shall be submitted as a Microsoft Excel or other native file.

An attachment to a document must be entitled to privilege in its own right. If an attachment is responsive and not entitled to privilege in its own right, it must be provided. You must provide all non-privileged portions of any responsive document for which a claim of privilege is asserted, noting where redactions in the document have been made. With respect to documents withheld on grounds of privilege that discuss or describe any U.S. or foreign patent, each individual patent identified in the withheld document must be specified by its patent number.

7. Documents written in a language other than English shall be translated into English, with the English translation attached to the foreign language document.
8. Do not destroy or dispose of documents responsive to this CID, or any other documents relating to the subject matter of this CID. The destruction or disposal of such documents during the pendency of this investigation might constitute a felony in violation of 18 U.S.C. § 1505 and 18 U.S.C. § 1512.
9. Do not produce any Sensitive Personally Identifiable Information ("Sensitive PII") or Sensitive Health Information ("SHI") prior to discussing the information with a Commission representative. If any document responsive to a particular specification contains unresponsive Sensitive PII or SHI, redact the unresponsive Sensitive PII or SHI prior to producing the document. The term "Sensitive PII" means an individual's Social Security Number alone or an individual's name, address or phone number in combination with one or more of the following: date of birth; driver's license number or other state

File No. 131#0206

identification number, or a foreign country equivalent; passport number; financial account number; or credit or debit card number. The term "SHI" includes medical records and other individually identifiable health information, whether on paper, in electronic form, or communicated orally. SHI relates to the past, present, or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present, or future payment for the provision of health care to an individual.

10. You will provide the Commission with the following: (a) a statement identifying the procedures used to search for Electronically Stored Information documents; and (b) a statement identifying the procedures used to search for documents stored in paper format, including for each document custodian, identification of individuals who provided information on the location of responsive documents.
11. You must comply with this CID by submitting all documents and information responsive to it on or before the dates identified in this CID. In addition, when it has completed production, You should also submit the executed and notarized certification form (attached). In order for Your response to this CID to be complete, the attached certification form must be executed by You, notarized, and submitted along with the responsive materials. You should submit responsive documents to Melissa Westman-Cherry, Federal Trade Commission, 601 New Jersey Avenue NW, Washington, DC 20003.
12. Compliance with this CID requires You to submit to the Commission, on or before the due dates indicated, all responsive documents, data, information and the following:
  - a. Executed and notarized certification form, which is included herewith;
  - b. Privilege Log according to Instruction 6, if any responsive documents are withheld or redacted;
  - c. List of any persons (by name, address, telephone number, and relationship to You) whose files have not been searched according to Instruction 3;
  - d. For each document submitted, information sufficient to identify the name of the person from whose files the document was obtained (document custodian), according to Instruction 5; and
  - e. Statement of the procedures used by You to comply with this CID, according to Instruction 10.
13. If You believe that this CID's specifications can be narrowed consistent with the Commission's need for information, we encourage it to discuss possible modifications with a Commission representative at the earliest possible date. Note that an authorized

File No. 131-0206

Commission representative, the Assistant Director, must agree in writing to any modifications to this CID. All inquiries about this CID and modification requests should be directed to Melissa Westman-Cherry, Staff Attorney, at (202) 326-2338.

File No. 131-0206

**CERTIFICATION BY RALPH PAGLIA**

The response to this Civil Investigative Demand, together with any and all appendices and attachments thereto, was prepared and assembled under my supervision in accordance with instructions issued by the Federal Trade Commission. Subject to the recognition that, where so indicated, reasonable estimates have been made because books and records do not provide the required information, the information is, to the best of my knowledge, true, correct, and complete.

Where copies rather than original documents have been submitted, the copies are true, correct, and complete. If the Commission uses such copies in any court or administrative proceeding, You will not object on the basis that the Commission has not offered the original document.

\_\_\_\_\_

\_\_\_\_\_  
(Type or Print Signature)

Subscribed and sworn to before me at the City of \_\_\_\_\_

State of \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
(Notary Public)

My commission expires: \_\_\_\_\_

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman  
Julie Brill  
Maureen K. Ohlhausen  
Joshua D. Wright

RESOLUTION AUTHORIZING USE OF  
COMPULSORY PROCESS IN NONPUBLIC INVESTIGATION

FILE NO. 131 0206

Nature and Scope of Investigation:

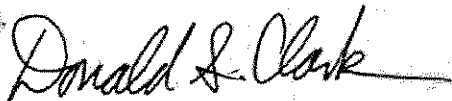
To determine whether firms in the retail automobile industry, including automobile dealers and industry consultants, may be engaging in, or may have engaged in, conduct violating Section 5 of the Federal Trade Commission Act, 15 U.S.C. §45, as amended, by agreeing to restrain competition, including by agreeing to refuse to deal with TrueCar, Inc.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation.

Authority to Conduct Investigation:

Sections 6, 9, 10 and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; FTC Procedures and Rules of Practice, 16 C.F.R. § 1.1, *et. seq.* and supplements thereto.

By direction of the Commission,



Donald S. Clark  
Secretary

Issued: January 17, 2014

**PET. EXH. 4**



**CIVIL INVESTIGATIVE DEMAND**  
**Oral Testimony**

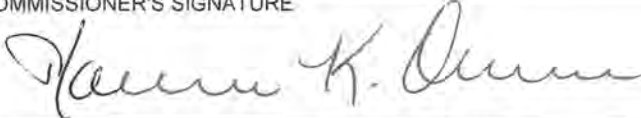
1. TO Ralph Paglia Automotive Media Partners LLC 2701 N. Rainbow Blvd., Ste. 2202 Las Vegas, NV 89108	2. FROM  <p align="center">UNITED STATES OF AMERICA FEDERAL TRADE COMMISSION</p>
---	--

This demand is issued pursuant to Section 20 of the Federal Trade Commission Act, 15 U.S.C. § 57b-1, in the course of an investigation to determine whether there is, has been, or may be a violation of any laws administered by the Federal Trade Commission by conduct, activities or proposed action as described in Item 6.

3. LOCATION OF HEARING  Office of the United States Attorney 333 Las Vegas Boulevard South, Suite 5000 Las Vegas, Nevada 89101	4. YOUR APPEARANCE WILL BE BEFORE  Melissa Westman-Cherry <hr/> 5. DATE AND TIME OF HEARING  July 10, 2014, at 10 am
--	---

6. SUBJECT OF INVESTIGATION  AutoDealers, File No. 131-0206 See attached Commission Resolution
---

7. RECORDS CUSTODIAN/DEPUTY CUSTODIAN  Geoffrey Green, Assistant Director	8. COMMISSION COUNSEL  Melissa Westman-Cherry
---	---

DATE ISSUED  <i>8/18/14</i>	COMMISSIONER'S SIGNATURE  
-----------------------------------	--

**INSTRUCTIONS AND NOTICES**

The delivery of this demand to you by any method prescribed by the Commission's Rules of Practice is legal service and may subject you to a penalty imposed by law for failure to comply. This demand does not require approval by OMB under the Paperwork Reduction Act of 1980.

**PETITION TO LIMIT OR QUASH**

The Commission's Rules of Practice require that any petition to limit or quash this demand be filed within 20 days after service, or, if the return date is less than 20 days after service, prior to the return date. The original and twelve copies of the petition must be filed with the Secretary of the Federal Trade Commission, and one copy should be sent to the Commission Counsel named in Item 8.

**YOUR RIGHTS TO REGULATORY ENFORCEMENT FAIRNESS**

The FTC has a longstanding commitment to a fair regulatory enforcement environment. If you are a small business (under Small Business Administration standards), you have a right to contact the Small Business Administration's National Ombudsman at 1-888-REGFAIR (1-888-734-3247) or [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman) regarding the fairness of the compliance and enforcement activities of the agency. You should understand, however, that the National Ombudsman cannot change, stop, or delay a federal agency enforcement action.

The FTC strictly forbids retaliatory acts by its employees, and you will not be penalized for expressing a concern about these activities.

**TRAVEL EXPENSES**

Use the enclosed travel voucher to claim compensation to which you are entitled as a witness for the Commission. The completed travel voucher and this demand should be presented to Commission Counsel for payment. If you are permanently or temporarily living somewhere other than the address on this demand and it would require excessive travel for you to appear, you must get prior approval from Commission Counsel.

A copy of the Commission's Rules of Practice is available online at <http://bit.ly/FTCRulesofPractice>. Paper copies are available upon request.



---

## Form of Certificate of Compliance\*

---

I/We do certify that all of the information required by the attached Civil Investigative Demand which is in the possession, custody, control, or knowledge of the person to whom the demand is directed has been submitted to a custodian named herein.

If an interrogatory or a portion of the request has not been fully answered or portion of the report has not been completed the objection to such interrogatory or uncompleted portion and the reasons for the objection have been stated.

Signature \_\_\_\_\_

Title \_\_\_\_\_

Sworn to before me this day

\_\_\_\_\_

\_\_\_\_\_

Notary Public

\_\_\_\_\_

\*In the event that more than one person is responsible for answering the interrogatories or preparing the report, the certificate shall identify the interrogatories or portion of the report for which each certifying individual was responsible. In place of a sworn statement, the above certificate of compliance may be supported by an unsworn declaration as provided for by 28 U.S.C. § 1746.

**UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**        **Edith Ramirez, Chairwoman**  
                                 **Julie Brill**  
                                 **Maureen K. Ohlhausen**  
                                 **Joshua D. Wright**

**RESOLUTION AUTHORIZING USE OF  
COMPULSORY PROCESS IN NONPUBLIC INVESTIGATION**

FILE NO. 131 0206

**Nature and Scope of Investigation:**

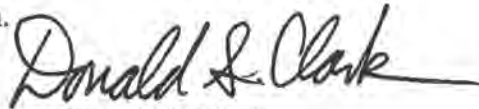
To determine whether firms in the retail automobile industry, including automobile dealers and industry consultants, may be engaging in, or may have engaged in, conduct violating Section 5 of the Federal Trade Commission Act, 15 U.S.C. §45, as amended, by agreeing to restrain competition, including by agreeing to refuse to deal with TrueCar, Inc.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation.

**Authority to Conduct Investigation:**

Sections 6, 9, 10 and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; FTC Procedures and Rules of Practice, 16 C.F.R. § 1.1., *et. seq.* and supplements thereto.

By direction of the Commission.



Donald S. Clark  
Secretary

**Issued: January 17, 2014**


**PET. EXH. 5**

**From:** trackingupdates@fedex.com  
**Sent:** Wednesday, May 07, 2014 1:20 PM  
**To:** Westman-Cherry, Melissa  
**Subject:** FedEx Shipment 798748781196 Delivered

fedex.com | Ship | Track | Manage | Learn | Office/Print Services

## Your package has been delivered

Tracking # 798748781196

<p>Ship (P/U) date:  <b>Monday, 5/5/14</b></p> <p><b>Crystal McCoy-Hunter</b>                  Federal Trade Commission                  Washington, DC 20580                  US</p>	 <p><b>Delivered</b></p>	<p>Delivery date:  <b>Wednesday, 5/7/14</b>  <b>10:14 AM</b></p> <hr/> <p><b>Ralph Paglia</b>                  Automotive Media Partners LLC                  2701 N. Rainbow Blvd. Suite                  2202                  LAS VEGAS, NV 89108                  US</p>
---	--	--


### Shipment Facts

Our records indicate that the following package has been delivered.

<b>Tracking number:</b>	798748781196
<b>Status:</b>	Delivered: 05/07/2014 10:14 AM Signed for By: L.PAGLIA
<b>Purchase order number:</b>	0612
<b>Reference:</b>	1310206/569728
<b>Signed for by:</b>	L.PAGLIA
<b>Delivery location:</b>	LAS VEGAS, NV
<b>Delivered to:</b>	Residence
<b>Service type:</b>	FedEx 2Day
<b>Packaging type:</b>	FedEx Envelope
<b>Number of pieces:</b>	1
<b>Weight:</b>	0.50 lb.
<b>Special handling/Services:</b>	Direct Signature Required
	Deliver Weekday



Residential Delivery

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 12:20 PM CDT on 05/07/2014.

To learn more about FedEx Express, please go to [fedex.com](http://fedex.com).

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or go to [fedex.com](http://fedex.com).

This tracking update has been sent to you by FedEx at your request. FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update. For tracking results and terms of use, go to [fedex.com](http://fedex.com).

Thank you for your business.

**PET. EXH. 6**



July 9, 2014

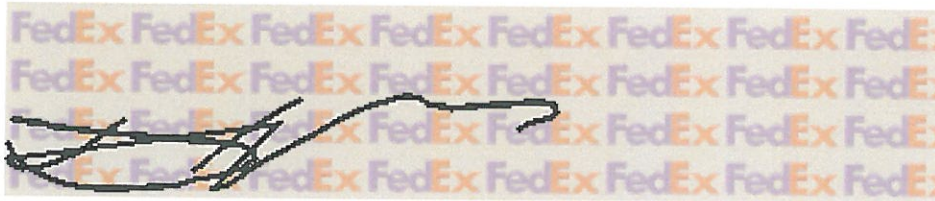
Dear Customer:

The following is the proof-of-delivery for tracking number **770371050917**.

---

**Delivery Information:**

<b>Status:</b>	Delivered	<b>Delivered to:</b>	Residence
<b>Signed for by:</b>	R.PAGLIA	<b>Delivery location:</b>	2701 N RAINBOW BLVD 2202 LAS VEGAS, NV 89108
<b>Service type:</b>	FedEx 2Day	<b>Delivery date:</b>	Jun 26, 2014 09:30
<b>Special Handling:</b>	Deliver Weekday Residential Delivery Direct Signature Required		




---

**Shipping Information:**

<b>Tracking number:</b>	770371050917	<b>Ship date:</b>	Jun 23, 2014
		<b>Weight:</b>	0.5 lbs/0.2 kg

**Recipient:**

Ralph Paglia  
Automotive Media Partners LLC  
2701 N. Rainbow Blvd.  
Suite 2202  
LAS VEGAS, NV 89108 US

**Shipper:**

Crystal McCoy-Hunter  
Federal Trade Commission  
600 Pennsylvania Ave.  
Washington, DC 20580 US

**Reference**

1310206

**Purchase order number:**

0612

Thank you for choosing FedEx.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEVADA**

**FEDERAL TRADE COMMISSION,**  
Petitioner,

v.

**RALPH PAGLIA,**  
Respondent.

Case No.

**ORDER TO SHOW CAUSE**

Petitioner, the Federal Trade Commission (FTC or Commission), pursuant to the authority conferred by Section 20 of the Federal Trade Commission Act, 15 U.S.C. § 57b-1, has invoked the aid of this Court, pursuant to Fed. R. Civ. P. 81(a)(5), for an order requiring Respondent, Ralph Paglia, to comply in full with the civil investigative demands (CIDs), issued to Respondent on May 2, 2014, and June 18, 2014, in aid of a law enforcement investigation being conducted by the Commission (FTC File No. 131-0206).

The Court has considered the Petition of the Federal Trade Commission for an Order Enforcing Civil Investigative Demands and the papers filed in support thereof; and, appearing to the Court that Petitioner has shown good cause for the entry of such order, it is by this Court hereby

ORDERED that Respondent Ralph Paglia appear at \_\_\_\_\_ a.m./p.m. on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, in Courtroom No. \_\_\_\_\_ of the United States Courthouse for the District of Nevada, 333 S. Las Vegas Blvd., Las Vegas, NV



89101, and show cause, if any there be, why this Court should not grant said Petition and enter an Order enforcing the civil investigative demands issued to Respondent and directing him to produce, within ten (10) days of the date of the Order, all responsive documents and information in compliance with the May 2 CID, without any redactions, except those redactions for which Respondent has claimed a privilege or for which it has sought and received the Commission's prior authorization, and directing him further to appear and testify under oath, within ten (10) days of the date of the Order, as directed by the June 18 CID. Unless the Court determines otherwise, notwithstanding the filing or pendency of any procedural or other motions, all issues raised by the Petition and supporting papers, and any opposition to the Petition, will be considered at the hearing on the Petition, and the allegations of said Petition shall be deemed admitted unless controverted by a specific factual showing; and

IT IS FURTHER ORDERED that, if Respondent believes it to be necessary for the Court to hear live testimony, he must file an affidavit reflecting such testimony (or if a proposed witness is not available to provide such an affidavit, a specific description of the witness's proposed testimony) and explain why Respondent believes that live testimony is required; and

IT IS FURTHER ORDERED that, if Respondent intends to file pleadings, affidavits, exhibits, motions or other papers in opposition to said Petition or to the entry of the Order requested therein, such papers must be filed with the Court and received by Petitioner's counsel on the \_\_\_\_\_ day of \_\_\_\_\_, 2014. Such

submission shall include, in the case of any affidavits or exhibits not previously submitted, or objections not previously made to the Federal Trade Commission, an explanation as to why such objections were not made or such papers or information not submitted to the Commission. Any reply by Petitioner shall be filed with the Court and received by Respondent on the \_\_\_\_\_ day of \_\_\_\_\_, 2014; and

IT IS FURTHER ORDERED that, pursuant to Fed. R. Civ. P. 81(a)(5) and 26(a)(1)(B)(v), this is a summary proceeding and no party shall be entitled to discovery without further order of the Court upon a specific showing of need; and that the dates for a hearing and the filing of papers established by this Order shall not be altered without prior order of the Court upon good cause shown; and

IT IS FURTHER ORDERED that, pursuant to Fed. R. Civ. P. 81(a)(5) and the advisory committee note (1946), a copy of this Order and copies of said Petition and exhibits filed therewith, be served forthwith by Petitioner upon Respondent or his counsel, using as expeditious means as practicable.

IT IS SO ORDERED:

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE

DATED: \_\_\_\_\_

Las Vegas, Nevada.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEVADA**

**FEDERAL TRADE COMMISSION,**  
Petitioner,

v.

**RALPH PAGLIA,**  
Respondent.

Case No.

**ORDER**

Petitioner, the Federal Trade Commission (FTC or Commission), pursuant to the authority conferred by Section 20 of the Federal Trade Commission Act, 15 U.S.C. § 57b-1, has invoked the aid of this Court, pursuant to Fed. R. Civ. P. 81(a)(5), for an order requiring Respondent, Ralph Paglia, to comply in full with the civil investigative demands (CIDs), issued to Respondent on May 2, 2014, and June 18, 2014, in aid of a law enforcement investigation being conducted by the Commission (FTC File No. 131-0206).

The Court has considered the Petition of the Federal Trade Commission for an Order Enforcing Civil Investigative Demands and the papers and arguments in support thereof and in opposition thereto. It is by this Court hereby

ORDERED that Respondent Ralph Paglia comply in full with the Commission's CIDs—by producing all responsive documents and information specified in the May 2 CID, and appearing and testifying under oath as directed by the June 18 CID—within ten (10) days of the receipt of this Order, or at such later time as may be designated by the FTC staff; and

IT IS FURTHER ORDERED that a copy of this Order be served forthwith by Petitioner upon Respondent or his counsel, by personal service or by certified or registered mail with return-receipt requested or by overnight express-delivery service with receipt-signature requested.

IT IS SO ORDERED:

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE

DATED: \_\_\_\_\_

Las Vegas, Nevada.

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS DEFENDANTS
(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)
(c) Attorney's (Firm Name, Address, and Telephone Number)
County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.
Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)
III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)
1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)
Citizen of This State
Citizen of Another State
Citizen or Subject of a Foreign Country
PTF DEF
1 1
2 2
3 3
4 4
5 5
6 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)
CONTRACT
110 Insurance
120 Marine
130 Miller Act
140 Negotiable Instrument
150 Recovery of Overpayment & Enforcement of Judgment
151 Medicare Act
152 Recovery of Defaulted Student Loans (Excl. Veterans)
153 Recovery of Overpayment of Veteran's Benefits
160 Stockholders' Suits
190 Other Contract
195 Contract Product Liability
196 Franchise
REAL PROPERTY
210 Land Condemnation
220 Foreclosure
230 Rent Lease & Ejectment
240 Torts to Land
245 Tort Product Liability
290 All Other Real Property
TORTS
PERSONAL INJURY
310 Airplane
315 Airplane Product Liability
320 Assault, Libel & Slander
330 Federal Employers' Liability
340 Marine
345 Marine Product Liability
350 Motor Vehicle
355 Motor Vehicle Product Liability
360 Other Personal Injury
PERSONAL INJURY
362 Personal Injury - Med. Malpractice
365 Personal Injury - Product Liability
368 Asbestos Personal Injury Product Liability
PERSONAL PROPERTY
370 Other Fraud
371 Truth in Lending
380 Other Personal Property Damage
385 Property Damage Product Liability
PRISONER PETITIONS
510 Motions to Vacate Sentence
Habeas Corpus:
530 General
535 Death Penalty
540 Mandamus & Other
550 Civil Rights
555 Prison Condition
FORFEITURE/PENALTY
610 Agriculture
620 Other Food & Drug
625 Drug Related Seizure of Property 21 USC 881
630 Liquor Laws
640 R.R. & Truck
650 Airline Regs.
660 Occupational Safety/Health
690 Other
LABOR
710 Fair Labor Standards Act
720 Labor/Mgmt. Relations
730 Labor/Mgmt. Reporting & Disclosure Act
740 Railway Labor Act
790 Other Labor Litigation
791 Empl. Ret. Inc. Security Act
IMMIGRATION
462 Naturalization Application
463 Habeas Corpus - Alien Detainee
465 Other Immigration Actions
BANKRUPTCY
422 Appeal 28 USC 158
423 Withdrawal 28 USC 157
PROPERTY RIGHTS
820 Copyrights
830 Patent
840 Trademark
SOCIAL SECURITY
861 HIA (1395ff)
862 Black Lung (923)
863 DIWC/DIWW (405(g))
864 SSID Title XVI
865 RSI (405(g))
FEDERAL TAX SUITS
870 Taxes (U.S. Plaintiff or Defendant)
871 IRS—Third Party 26 USC 7609
OTHER STATUTES
400 State Reapportionment
410 Antitrust
430 Banks and Banking
450 Commerce
460 Deportation
470 Racketeer Influenced and Corrupt Organizations
480 Consumer Credit
490 Cable/Sat TV
810 Selective Service
850 Securities/Commodities/Exchange
875 Customer Challenge 12 USC 3410
890 Other Statutory Actions
891 Agricultural Acts
892 Economic Stabilization Act
893 Environmental Matters
894 Energy Allocation Act
895 Freedom of Information Act
900 Appeal of Fee Determination Under Equal Access to Justice
950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)
1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from another district (specify)
6 Multidistrict Litigation
7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION
Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
Brief description of cause:

VII. REQUESTED IN COMPLAINT:
CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23
DEMAND \$
CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY
(See instructions): JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY
RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

**INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**

## Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

**I. (a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

**II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

**III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

**IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

**V. Origin.** Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

**VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553

Brief Description: Unauthorized reception of cable service

**VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

**VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.