## UNITED STATES OF AMERICA BEFORE THE FEDERAL TRADE COMMISSIO OFFICE OF ADMINISTRATIVE LAW JUDGES

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In the Matter of	)	PUBLIC	SECRETARY
LabMD, Inc.,	)	Docket No. 9357	ORIGINAL
a corporation,	)		
Respondent.	)		
	)		

# RESPONDENT LABMD, INC.'S MOTION TO RECONSIDER ORDER GRANTING IN PART COMPLAINT COUNSEL'S MOTION TO COMPEL PRODUCTION OF DAUGHERTY AFFIDAVIT

On April 21, 2015, the Court ordered LabMD, Inc. ("LabMD") to provide a copy of the Daugherty Affidavit by April 23, 2015. *See* Order dated April 21, 2015 (the "Order"). Later that same day, counsel for LabMD in the Pennsylvania case received a copy of the attached letter from the U.S. House of Representatives Office of General Counsel, stating in relevant part:

I write on behalf of the Committee on Oversight and Government Reform of the U.S. House of Representatives concerning an affidavit authored by LabMD, Inc.'s Chief Executive Officer, which the Committee had requested and received expressly as part of its congressional investigation into Tiversa Holding Corp.'s business practices ("Affidavit").

Please be advised that the Committee regards the Affidavit as a legislative document subject to the protections of the Speech or Debate Clause of the Constitution, U.S. Const. art. I, § 6, cl. 1, including, in particular, the Clause's absolute protections against compelled disclosure. . . .

See Letter from Eleni M. Roumel, Assistant Counsel, U.S. House of Representatives Office of General Counsel, to Michael E. Ross, Attorney, Taylor English Duma LLP (April 21, 2015) (attached hereto as Ex. 1; the "House Letter") (emphasis added). The House Letter, asserting Congressional privilege over the Daugherty Affidavit, was sent to counsel for LabMD in the lawsuit pending in the U.S. District Court for the Western District of Pennsylvania, captioned

LabMD v. Tiversa, No. 2:15-cv-00092-MRH-MPK (the "Pennsylvania Litigation"). As the FTC seeks in this case, Tiversa seeks public production of the Daugherty Affidavit in the Pennsylvania Litigation – though, notably, the Western District of Pennsylvania entered an Order yesterday providing until April 29, 2015 for the House of Representatives to indicate "whether it intends to intervene or otherwise formally take a position as to whether this Court's Order . . . should be stayed, reconsidered or otherwise modified." Pennsylvania Litigation, Dkt. No. 50.

FTC is no doubt familiar with the privilege invoked here (the Speech or Debate Clause); in fact, in response to a recent FOIA request, FTC withheld responsive information (including internal FTC communications) based on the same Congressional privilege in conjunction with documents purportedly regarding the same Congressional investigation. *See*, *e.g.*, Letter from FTC to Cause of Action stamped February 10, 2015 (attached hereto as Ex. 2) (indicating withholdings based on Speech or Debate Clause; with sample responsive documents containing redactions). Undersigned counsel provided a copy of the House Letter to Complaint Counsel on April 22, and subsequently learned that undersigned counsel already had received a copy of the House Letter (and a second letter sent to counsel for Tiversa, which had not been provided to undersigned counsel) to this Court, but advised LabMD that it is not at this time in the position to withdraw its Motion to Compel Production of Daugherty Affidavit. Accordingly, LabMD respectfully requests that the Court reconsider its April 21 Order, and deny the Motion to Compel in its entirety.

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<sup>&</sup>lt;sup>1</sup> FTC may be judicially estopped from seeking production of the Daugherty Affidavit given its prior reliance on the Speech or Debate Clause to preclude production of responsive FOIA documents. *See, e.g., Moses v. Howard Univ. Hosp.*, 606 F.3d 789, 792 (D.C. Cir. 2010).

<sup>&</sup>lt;sup>2</sup> The law is clear that, as here, motions for reconsideration should be granted upon "the emergence of new material facts." *Intel Corp.*, No. 9341, 2010 WL 2332727, at \*2 (F.T.C. May 28, 2010); *see also Regency Communications, Inc. v. Cleartel Communications, Inc.*, 212 F. Supp. 2d 1, 3 (D.D.C. 2002); 16 C.F.R. § 3.55.

#### **ARGUMENT**

In *Howard v. Office of the Chief Admin. Officer of the United States House of Representatives*, the D.C. Circuit outlined the core protections afforded by the Speech or Debate Clause, including that it "bars a party in a civil suit from '[r]evealing information as to a legislative act" in a way that can be used against a protected party, and "prevents a protected party from being compelled to answer questions about legislative activity or produce legislative materials." 720 F.3d 939, 946 (D.C. Cir. 2013) (citations omitted); *see also United States v. Rayburn House Office Bldg.*, 497 F.3d 654, 666 (D.C. Cir. 2007) (holding that the Executive Branch cannot obtain documents that reflect legislative acts).

With respect to the first protection identified above, the Supreme Court explained that "[r]evealing information as to a legislative act . . . would subject a Member to being 'questioned' in a place other than the House or Senate, thereby violating the explicit prohibition of the Speech or Debate Clause." *United States v. Helstoski*, 442 U.S. 477, 490 (1979). The Supreme Court clarified that "our concern is whether there is mention of a legislative act" (*id.*), which includes the power to investigate and gather information. *See Eastland v. United States Servicemen's Fund*, 421 U.S. 491, 504-05 (1975). Further, the Clause's protections apply to the use of documents by committees and staff members in preparation for legislative activities. *See Howard*, 720 F.3d at 946 (citing *Gravel v. United States*, 408 U.S. 606, 628-29 (1972)); *McSurely v. McClellan*, 553 F.2d 1277, 1286 (D.C. Cir. 1976) (recognizing that "use of the documents by the committee staff in the course of official business is privileged legislative activity").

With respect to the second protection identified above, the Clause operates as a privilege that prevents the compelled disclosure of legislative materials. *See Rayburn House*, 497 F.3d at 660. Legislative materials include documents obtained pursuant to a Congressional investigation

that would reflect legislative acts. *Jewish War Veterans of the United States v. Gates*, 506 F. Supp. 2d 30, 51 (D.D.C. 2007).

Here, according to the House Letter, the Daugherty Affidavit was "requested and received expressly as part of [OGR's] congressional investigation." Ex. 1. Requesting its disclosure unlawfully compels Congress to speak or be "questioned," in a manner inconsistent with the Constitution. Given that Congress has invoked a privilege over the Daugherty Affidavit, and based on the law above, LabMD should not be compelled to produce it to another party and, at this time, LabMD is unable to produce the Daugherty Affidavit to the Court.

## **CONCLUSION**

For the foregoing reasons, LabMD respectfully requests that the Court grant Respondent's Motion to Reconsider, and deny the Motion to Compel.

Dated: April 23, 2015 Respectfully submitted,

/s/ Prashant K. Khetan

Daniel Z. Epstein

Prashant K. Khetan

Cause of Action

1919 Pennsylvania Ave., NW, Suite 650

Washington, D.C. 20006

Phone: 202.499.4232

Fax: 202.330.5842

Email: daniel.epstein@causeofaction.org

/s/ Reed D. Rubinstein

Reed D. Rubinstein

William A. Sherman, II

Dinsmore & Shohl, L.L.P.

801 Pennsylvania Ave., NW, Suite 610

Washington, D.C. 20006

Telephone: 202.372.9120

Fax: 202.372.9141

Email: reed.rubinstein@dinsmore.com

Counsel for Respondent, LabMD, Inc.

## UNITED STATES OF AMERICA BEFORE THE FEDERAL TRADE COMMISSION OFFICE OF ADMINISTRATIVE LAW JUDGES

In the Matter of	)	
	)	<b>PUBLIC</b>
LabMD, Inc.,	)	
a corporation,	)	Docket No. 9357
Respondent.	)	
	)	
	)	

#### STATEMENT REGARDING MEET AND CONFER

Respondent LabMD, Inc. respectfully submits this Statement pursuant to Additional Provision 4 of the Scheduling Order. Prior to filing the attached Motion to Reconsider, counsel for LabMD (Prashant K. Khetan) met and conferred by telephone on April 22, 2015 and had subsequent communications with Complaint Counsel (Laura Riposo VanDruff and Amanda Koulousias) in a good faith effort to resolve by agreement the issues raised by the Motion.

Despite good faith efforts, LabMD has been unable to reach agreement with Complaint Counsel regarding reconsideration of the Court's April 21, 2015 Order granting in part Complaint Counsel's Motion to Compel Production of Daugherty Affidavit.

Dated: April 23, 2015 Respectfully submitted,

/s/ <u>Prashant K. Khetan</u>
Daniel Z. Epstein
Prashant K. Khetan
Cause of Action
1919 Pennsylvania Ave., NW, Suite 650
Washington, D.C. 20006

Phone: 202.499.4232 Fax: 202.330.5842

Email: daniel.epstein@causeofaction.org

Counsel for Respondent, LabMD, Inc.

## UNITED STATES OF AMERICA BEFORE THE FEDERAL TRADE COMMISSION OFFICE OF ADMINISTRATIVE LAW JUDGES

In the Matter of	)	PUBLIC
LabMD, Inc.,	)	Docket No. 9357
a corporation,	)	
Respondent.	)	
	)	
ORDER GRAN	NTING IN PART	G MOTION TO RECONSIDER C COMPLAINT COUNSEL'S ON OF DAUGHERTY AFFIDAVIT
Upon consideration of Ro	espondent's Motio	on to Reconsider Order Granting in Part
Complaint Counsel's Motion to	Compel Production	on of Daugherty Affidavit, and any opposition
thereto:		
IT IS HEREBY ORDER	ED that Responde	ent's Motion is GRANTED.
IT IS HEREBY ORDER	ED that Complain	nt Counsel's Motion to Compel Production of
Daugherty Affidavit is DENIED	•	
ORDERED:		
		lichael Chappell f Administrative Law Judge
Date:		

## **CERTIFICATE OF SERVICE**

I hereby certify that on April 23, 2015, I filed the foregoing document electronically using the FTC's E-Filing System, which will send notification of such filing to:

Donald S. Clark, Esq. Secretary Federal Trade Commission 600 Pennsylvania Ave., NW, Rm. H-113 Washington, DC 20580

I also certify that I delivered via electronic mail and caused to be delivered via overnight mail a copy of the foregoing document to:

The Honorable D. Michael Chappell Chief Administrative Law Judge Federal Trade Commission 600 Pennsylvania Ave., NW, Rm. H-110 Washington, DC 20580

I further certify that I delivered via electronic mail a copy of the foregoing document to:

Alain Sheer, Esq.
Laura Riposo VanDruff
Megan Cox
Ryan Mehm
John Krebs
Jarad Brown
Division of Privacy and Identity Protection
Federal Trade Commission
600 Pennsylvania Ave., N.W.
Mail Stop NJ-8122
Washington, D.C. 20580

Dated: April 23, 2015 By: /s/ Patrick J. Massari

## **CERTIFICATE OF ELECTRONIC FILING**

I certify that the electronic copy sent to the Secretary of the Commission is a true and correct copy of the paper original and that I possess a paper original of the signed document that is available for review by the parties and the adjudicator.

Dated: April 23, 2015 By: /s/ Patrick J. Massari

## **PUBLIC**

Exhibit 1

KERRY W KIRCHER GENERAL COUNSEL

WILLIAM PITTARD DEPUTY GENERAL COUNSEL

## U.S. HOUSE OF REPRESENTATIVES OFFICE OF GENERAL COUNSEL

219 CANNON HOUSE OFFICE BUILDING WASHINGTON, DC 20515-6532 (202) 225-9700 FAX: (202) 226-1360

April 21, 2015

TODD B. TATELMAN SENIOR ASSISTANT COUNSEL

ELENI M. ROUMEL ASSISTANT COUNSEL

ISAAC B, ROSENBERG ASSISTANT COUNSEL

KIMBERLY HAMM ASSISTANT COUNSEL

KYLE T. JONES STAFF ATTORNEY

SARAH E. CLOUSE STAFF ATTORNEY

## BY FIRST CLASS MAIL & EMAIL (mross@taylorenglish.com)

Michael E. Ross, Esq. Taylor English Duma LLP 1600 Parkwood Circle Suite 400 Atlanta, GA 30339

> LabMD, Inc. v. Tiversa Holding Corp., No. 2:15-cv-00092 (W.D. Pa.) Re:

Dear Mr. Ross:

I write on behalf of the Committee on Oversight and Government Reform of the U.S. House of Representatives concerning an affidavit authored by LabMD. Inc.'s Chief Executive Officer, which the Committee had requested and received expressly as part of its congressional investigation into Tiversa Holding Corp.'s business practices ("Affidavit").

Please be advised that the Committee regards the Affidavit as a legislative document subject to the protections of the Speech or Debate Clause of the Constitution, U.S. Const. art. I, § 6, cl. 1, including, in particular, the Clause's absolute protections against compelled disclosure. See, e.g., Gravel v. United States, 408 U.S. 606 (1972); United States v. Rayburn House Office Bldg., 497 F.3d 654 (D.C. Cir. 2007); Brown & Williamson Tobacco Corp. v. Williams, 62 F.3d 408 (D.C. Cir. 1995); MINPECO, S.A. v. Conticommodity Servs., Inc., 844 F.2d 856 (D.C. Cir. 1988); Tavoulareas v. Piro, 93 F.R.D. 11 (D.D.C. 1981).

Accordingly, please advise me if anyone or any entity seeks to compel LabMD, Inc. to produce the Affidavit. Thank you for your attention to this matter.

Sincerely,

Eleni M. Roumel

Assistant Counsel

Honorable Jason Chaffetz, Chairman Committee on Oversight and Government Reform

cc:

## **PUBLIC**

Exhibit 2



## United States of America FEDERAL TRADE COMMISSION WASHINGTON, D.C. 20580

FEB 1 0 2015

Patrick Massari Cause of Action 1919 Pennsylvania Ave NW, Suite 650 Washington, DC 20006

Re:

FOIA-2015-00110 OCR communications

Dear Mr. Massari:

This letter serves as our second and final response to your request dated October 30, 2014, under the Freedom of Information Act seeking access to communications to or from staff in the Office of Congressional Relations (1) regarding Margaret Lassack or Alain Sheer; or (2) reflecting communications with the House Committee on Oversight and Government Reform regarding the matter *In re: LabMD, Inc,* from August 28, 2013 to present. In accordance with the FOIA and agency policy, we have searched our records as of October 30, 2014, the date we received your request in our FOIA office.

We have located an additional 1.5GB of responsive records. I am granting partial access to the accessible records. Portions of these pages fall within the exemptions to the FOIA's disclosure requirements, as explained below.

Portions of the responsive records are protected from disclosure under Article I, § 6, cl.1 of the Constitution, otherwise known as the Speech and Debate Clause. This clause protects information that would directly interfere with the legislative process by interfering with an ongoing activity by Congress. See Paisley v. CIA, 712 F.2d 686, 696 (D.C. Cir. 1983), citing Eastland v. United States Servicemen's Fund, 421 U.S. 491, 510 n. 16 (1975). This information is awarded additional protection under FOIA Exemption 7(A), 5 U.S.C. § 552(b)(7)(A), which exempts from disclosure material could reasonably be expected to interfere with ongoing law enforcement activities. See Robbins Tire & Rubber Co. v. NLRB, 437 U.S. 214 (1978).

Some responsive records are exempt from disclosure under FOIA Exemption 3, 5 U.S.C. § 552(b)(3), because they are exempt from disclosure by another statute. Specifically, Section 21(f) of the FTC Act provides that information obtained by the Commission in a law enforcement investigation, whether through compulsory process, or voluntarily in lieu of such process, is exempt from disclosure under the FOIA. 15 U.S.C.§ 57b-2(f), see Kathleen McDermott v. FTC, 1981-1 Trade Cas. (CCH) ¶ 63964 (D.D.C. April 13, 1981).

Some responsive records contain staff analyses, opinions, and recommendations. Those portions are deliberative and pre-decisional and are an integral part of the agency's decision making process. They are exempt from the FOIA's disclosure requirements by FOIA Exemption 5.5 U.S.C. § 552(b)(5). See NLRB v. Sears, Roebuck & Co., 421 U.S. 132 (1975).

Some records are exempt from disclosure under FOIA Exemption 7(A), 5 U.S.C. § 552(b)(7)(A), because disclosure of that material could reasonably be expected to interfere with the conduct of the Commission's law enforcement activities. See Robbins Tire & Rubber Co. v. NLRB, 437 U.S. 214 (1978).

Some of the records contain personal identifying information compiled for law enforcement purposes. This information is exempt for release under FOIA Exemptions 6, 5 U.S.C. § 552(b)(6), and 7(C), 5 U.S.C. § 552(b)(7)(C), because individuals' right to privacy outweighs the general public's interest in seeing personal identifying information.

Some information is exempt from disclosure under FOIA Exemption 7(E), 5 U.S.C. § 552(b)(7)(E). Exemption 7(E) protects information that would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law. See Foster v. DOJ, 933 F. Supp. 687(E.D. Mich. 1996).

Based on the fee provisions of the FOIA, 5 U.S.C. § 552(a)(4)(A), and the Commission's Rules of Practice, 16 CFR § 4.8 et seq., as amended, I am also enclosing an invoice for the charges we incurred throughout the processing of your request. Failure to pay this bill promptly will result in our refusal to provide copies of accessible documents in response to future requests. If not paid within 30 days, this bill will accrue interest penalties as provided by Federal Claims Collection Standards, 31 C.F.R. § 900-904, as amended.

Please make checks payable to U.S. Treasury and send payment to:

Financial Management Office, H-790 Federal Trade Commission 600 Pennsylvania Avenue, NW Washington, DC 20580

If you are not satisfied with this response to your request, you may appeal by writing to Freedom of Information Act Appeal, Office of the General Counsel, Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington D.C. 20580, within 30 days of the date of this letter. Please enclose a copy of your original request and a copy of this response. If you believe that we should choose to disclose additional materials beyond what the FOIA requires, please explain why this would be in the public interest.

If you have any questions about the way we handled your request or about the FOIA regulations or procedures, please contact Andrea Kelly at (202) 326-2836.

Sincerely,

Sarah Mackey

Associate General Counsel

callact

## Kelly, Andrea

From:

Shonka, David C.

Sent: To: Friday, October 31, 2014 11:34 AM Bumpus, Jeanne; Vandecar, Kim

Cc:

Oxford, Clinton P.

Subject:

RE: INC000000128353

I'll stop by in about 15 minutes -- after I finish reviewing a draft memo.

-----Original Message-----From: Bumpus, Jeanne

Sent: Friday, October 31, 2014 11:32 AM To: Shonka, David C.; Vandecar, Kim

Cc: Oxford, Clinton P.

Subject: RE: INC00000128353

Thanks Dave. I've suggested to Chairman Issa's staff that we talk at 2:30 and I'll scheduler once I hear back from them. Please come on by bf 1:30 or I'm happy to come up if that's easiest.

----Original Message-----From: Shonka, David C.

Sent: Friday, October 31, 2014 11:28 AM

To: Vandecar, Kim

Cc: Bumpus, Jeanne; Oxford, Clinton P. Subject: RE: INC000000128353



am free to discuss between now and 1:30. Let me know if you would like me to drop by. Thanks,

----Original Message-----From: Vandecar, Kim

Sent: Friday, October 31, 2014 10:14 AM

To: Shonka, David C.

Cc: Bumpus, Jeanne; Oxford, Clinton P. Subject: Re: INC00000128353



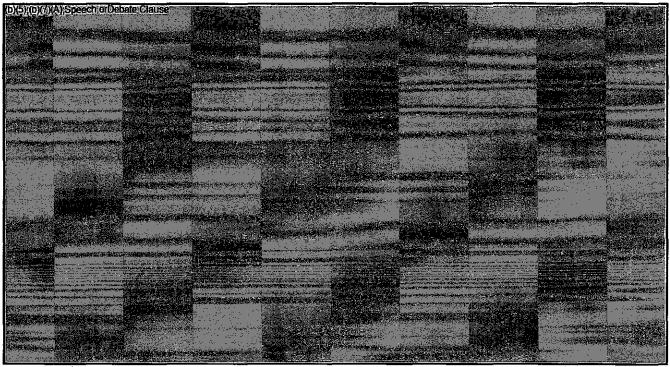
---- Original Message -----From: Shonka, David C.

Sent: Friday, October 31, 2014 09:57 AM

To: Vandecar, Kim

Cc: Bumpus, Jeanne; Oxford, Clinton P.

Subject: RE: INC000000128353



----Original Message----From: Vandecar, Kim

Sent: Thursday, October 30, 2014 12:11 PM

To: Shonka, David C.

Cc: Bumpus, Jeanne; Oxford, Clinton P. Subject: FW: INCO00000128353

Hi Dave,



Kim

From: Smith, Matthew

Sent: Thursday, August 28, 2014 5:01 PM

To: Shonka, David C.

Cc: Vandecar, Kim; Schoshinski, Robert; Havens, Kevin

Subject: FW: INC00000128353

Good afternoon Dave,

Checking in to ensure you have access to the folder noted below. Please let me know if you do not. Best, Matt Folder: Matthew Smith Division of Privacy and Identity, Protection, **Federal Trade Commission** 400 7th Street SW Washington, DC 20001 Mail Stop -- CC 8232 Direct: (202)326-2693 Fax: (202)326-3062

This email message and any attachments are confidential and may be privileged. If you are not the intended recipient, please delete the email and notify the sender.

----Original Message-----From: Havens, Kevin

Email: msmith4@ftc.gov

Sent: Tuesday, July 29, 2014 12:37 PM To: Shonka, David C.; Smith, Matthew Subject: FW: INCO00000128353 Let me know if there are any access issues. You will need to log off and back on the pc.

----Original Message-----

From: FTCRemedy [mailto:FTCRemedy@ftc.gov <mailto:FTCRemedy@ftc.gov>]

Sent: Friday, July 25, 2014 1:48 PM

To: Havens, Kevin

Subject: INC000000128353.

Kevin,

Per request INC000000128353. I have taken the following actions.



The customer will need to log out of and back into Windows 7 to access the folder.

If you have any questions, please contact the Enterprise Service Desk.

Edward Chism, (CTR)

FTC Enterprise Service Desk

202-326-3500

helpdesk@ftc.gov < mailto:helpdesk@ftc.gov>

(URS Federal Services)

"Please send all inquiries and replies regarding this matter to Helpdesk@ftc.gov < mailto: Helpdesk@ftc.gov > mailbox, which is monitored continuously."

Email Attachment:

## Kelly, Andrea

From:

Shonka, David C.

Sent:

Friday, October 31, 2014 11:03 AM

To:

Vandecar, Kim

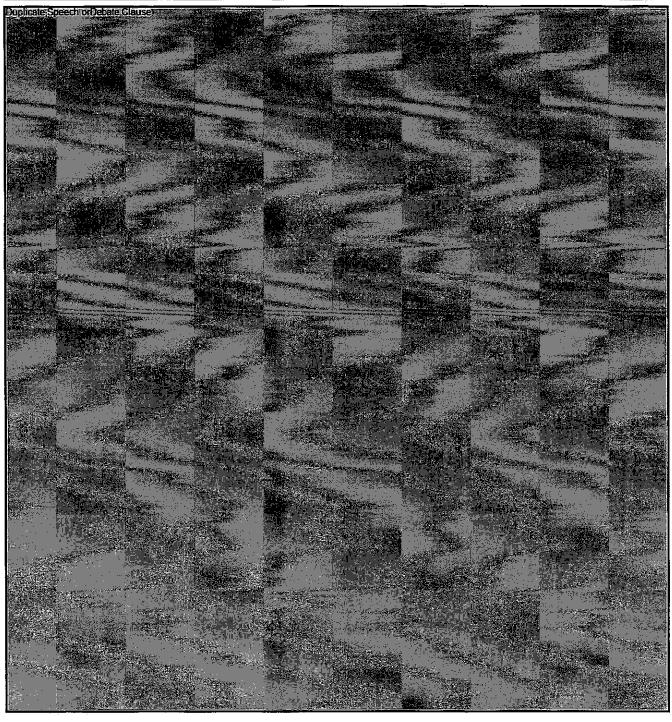
Cc:

Bumpus, Jeanne; Oxford, Clinton P.

Subject:

RE: INC000000128353





## Notice of Electronic Service

I hereby certify that on April 23, 2015, I filed via hand a paper original and electronic copy of the foregoing Respondent LabMD, Inc.'s Motion to Reconsider Order Granting in Part Complaint Counsel's Motion to Compel Production of Daugherty Affidavit, with:

D. Michael Chappell Chief Administrative Law Judge 600 Pennsylvania Ave., NW Suite 110 Washington, DC, 20580

Donald Clark 600 Pennsylvania Ave., NW Suite 172 Washington, DC, 20580

I hereby certify that on April 23, 2015, I filed via E-Service of the foregoing Respondent LabMD, Inc.'s Motion to Reconsider Order Granting in Part Complaint Counsel's Motion to Compel Production of Daugherty Affidavit, with:

John Krebs Attorney Federal Trade Commission jkrebs@ftc.gov Complaint

Jarad Brown Attorney Federal Trade Commission jbrown4@ftc.gov Complaint

Sunni Harris Esq. Dinsmore & Shohl LLP sunni.harris@dinsmore.com Respondent

Daniel Epstein
Cause of Action
daniel.epstein@causeofaction.org
Respondent

Patrick Massari Counsel Cause of Action patrick.massari@causeofaction.org Respondent

Prashant Khetan Senior Counsel Cause of Action prashant.khetan@causeofaction.org Respondent

Alain Sheer Federal Trade Commission asheer@ftc.gov

## Complaint

Laura Riposo VanDruff Federal Trade Commission lvandruff@ftc.gov Complaint

Megan Cox Federal Trade Commission mcox1@ftc.gov Complaint

Ryan Mehm Federal Trade Commission rmehm@ftc.gov Complaint

I hereby certify that on April 23, 2015, I filed via other means, as provided in 4.4(b) of the foregoing Respondent LabMD, Inc.'s Motion to Reconsider Order Granting in Part Complaint Counsel's Motion to Compel Production of Daugherty Affidavit, with:

William Sherman, II Attorney Dinsmore & Shohl, LLP william.sherman@dinsmore.com Respondent

> Patrick Massari Attorney