

UNITED STATES OF AMERICA  
CONSUMER PRODUCT SAFETY COMMISSION

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|--|--------------------------|
| _____ )                                | CPSC Docket No. 12-1     |
| In the Matter of )                     | CPSC Docket No. 12-2     |
| )                                      | CPSC Docket No. 13-2     |
| MAXFIELD AND OBERTON )                 |                          |
| HOLDINGS, LLC )                        | Hon. Dean C. Metry       |
| and )                                  | Administrative Law Judge |
| CRAIG ZUCKER, individually and as an ) |                          |
| officer of MAXFIELD AND OBERTON )      |                          |
| HOLDINGS, LLC )                        |                          |
| and )                                  |                          |
| ZEN MAGNETS, LLC )                     |                          |
| STAR NETWORKS USA, LLC )               |                          |
| )                                      |                          |
| Respondents. )                         |                          |
| _____ )                                |                          |

**COMPLAINT COUNSEL'S STATUS REPORT**

Pursuant to the Court's April 1 and April 3, 2014, Orders, Complaint Counsel submits the following status report.

Status of Complaint Counsel's Discovery

1. On December 12, 2013, Complaint Counsel filed a Motion for Leave to Take Depositions of five persons<sup>1</sup> as well as each person who Respondents name as expert witnesses. On January 7, 2014, this Court granted Complaint Counsel's motion. Now that Complaint Counsel has received documents in response to its subpoena to the MOH Liquidating Trust, Complaint Counsel plans to confer with Respondents to discuss a schedule for conducting these depositions.<sup>2</sup>

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<sup>1</sup> Complaint Counsel sought to depose Respondent Craig Zucker; Jake Bronstein, Co-Founder and Co-Managing Member of M&O; Shihan Qu, Founder and Owner of Zen Magnets, LLC; Daniel Peykar, Founder and Member/Manager of Star Networks, LLC; and Julie Teicher, Esq., Trustee of M&O's Liquidating Trust.

<sup>2</sup> Complaint Counsel reserves the right to seek leave to take additional depositions if a review of documents produced by the MOH Liquidating Trust or other discovery reveals the need to depose additional persons.

2. On January 21 and February 14, 2014, Complaint Counsel produced to all Respondents a total of about 11,000 pages of documents in response to Mr. Zucker's Request for Production of Documents. In responding to Mr. Zucker's requests, Complaint Counsel identified 44 custodians, including CPSC staff, Commissioners, and assistants to Commissioners that Complaint Counsel reasonably believed would be likely to have relevant information responsive to document requests propounded by Mr. Zucker. Complaint Counsel searched electronic and paper documents in the custody of these custodians dating from January 1, 2009. Complaint Counsel used a set of broad search terms to search for electronic documents, including but not limited to: Magnet, Magnetic, Magnets, Rare Earth, Neodymium, Buckyball, Maxfield, M&O, Zen, Star Networks, Qu, Peykar, and Zucker. After applying these search terms and date restrictions, Complaint Counsel completed a thorough review of the material and provided responsive, relevant, non-privileged information to the Respondents, including but not limited to incident investigative reports, compliance files, and correspondence between Respondents and staff or Commissioners.

3. On February 18, 2014, Complaint Counsel submitted a status report as required by the Court's Order of January 8, 2014.

4. On March 31, 2014, Complaint Counsel filed a motion to compel relating to Mr. Zucker's discovery responses concerning financial documents.

5. On April 4, 2014, Complaint Counsel completed its final supplemental production of documents in response to Mr. Zucker's Request for Production of Documents, for a total production of 11,580 pages of documents produced to Respondents. Complaint Counsel also provided Respondents with a copy of the documents produced to Complaint Counsel by non-

parties MOH Liquidating Trust and Jake Bronstein in response to Complaint Counsel's subpoenas.

6. Complaint Counsel has scheduled a conference call among the parties for April 10, 2014, to meet and confer to discuss issues relating to discovery.

7. By April 14, 2014, Complaint Counsel will file a response to Mr. Zucker's Application for Leave to Take Depositions as provided by 16 C.F.R. § 1025.23(c).

8. By April 18, 2014, Complaint Counsel will file responses to Mr. Zucker's Motions to Compel, as required by this Court's Order of April 3, 2014.

Status of Respondent's Discovery and Non-Parties' Responses to Subpoenas

9. On March 4, 2014, Complaint Counsel received an initial production of documents from the MOH Liquidating Trust, consisting of about 700,000 pages of documents. Complaint Counsel began converting and uploading these documents into a reviewable format in Complaint Counsel's document review system.

10. On March 21, 2014, Respondent Craig Zucker produced his First Production of Documents, consisting of 129 pages of documents in response to Complaint Counsel's August 8, 2013, First Set of Requests for Production of Documents and Things to Craig Zucker.

11. On March 26, 2014, Complaint Counsel received a flash drive containing a supplemental document production of about 68,000 pages of documents from the MOH Liquidating Trust. Complaint Counsel began converting and uploading these documents into a reviewable format in Complaint Counsel's document review system.

12. On March 31, 2014, counsel for Mr. Zucker filed motions to compel relating to Complaint Counsel's discovery responses.

13. On April 2, 2014, Mr. Zucker filed an Application for Leave to Take Depositions and attached an exhibit of topic areas to be covered by the depositions. Complaint Counsel sent a letter that same day to counsel for Mr. Zucker stating that Complaint Counsel agreed to provide three witnesses responsive to many of the topic areas proposed by Mr. Zucker, and stating that Complaint Counsel believed that several topic areas contained no issues relevant to the proceedings. Complaint Counsel will attempt to meet and confer with counsel for Mr. Zucker concerning his request for depositions.

14. By April 2, 2014, Complaint Counsel completed uploading the 768,000 pages of documents produced by the Trust into Complaint Counsel's document review system. Complaint Counsel has begun reviewing those documents.

15. On April 3, 2014, Complaint Counsel received from counsel for non-party Jake Bronstein an initial document production consisting of about 50,000 e-mails in response to Complaint Counsel's subpoena to Mr. Bronstein. Counsel for Mr. Bronstein has advised Complaint Counsel that all remaining documents responsive to the subpoena will be produced by April 11, 2014. Complaint Counsel will produce copies of these documents to the Respondents.

16. On April 4, 2014, Counsel for the Trust stated that it had produced all documents responsive to Complaint Counsel's subpoena except for Quickbooks accounts containing financial records. Counsel for the Trust stated that he was working to produce those documents but that he was unable to provide a specific date by which those documents would be produced. When those documents are produced to Complaint Counsel, then Complaint Counsel will produce copies of those documents to the Respondents.

17. Complaint Counsel estimates that it will complete review of the 818,000 pages of documents provided by the Trust and by Mr. Bronstein, and the remaining documents still to be produced by the Trust and by Mr. Bronstein, by May 23, 2014.

Dated: April 7, 2014



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**CERTIFICATE OF SERVICE**

I certify that I have provided on this date, April 7, 2014, Complaint Counsel's Status Report upon the Secretary, the Presiding Officer, and all parties and participants of record in these proceedings in the following manner:

Original and three copies by hand delivery to the Secretary of the U.S. Consumer Product Safety Commission: Todd A. Stevenson.

One copy by electronic mail to the Presiding Officer for *In the Matter of Maxfield and Oberton Holdings, LLC*, CPSC Docket No. 12-1, *In the Matter of Zen Magnets, LLC*, CPSC Docket No. 12-2, and *In the Matter of Star Networks USA, LLC*, CPSC Docket No. 13-2:

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One copy by electronic mail to counsel for Respondents Zen Magnets, LLC and Star Networks USA, LLC:

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Daniel Vice