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Honorable Mike K. Nakagawa United States Bankruptcy Judge

3	Honorable Mike K. Nakagawa United States Bankruptcy Judge	
4	Entered on Docket September 21, 2021	ALCT OF NO
5	UNITED STATES BANKRUPTCY COURT	
6	DISTRICT OF NEVADA	
7	* * * * *	
8	In re:	Case No.: 19-14796-MKN Chapter 11
9	GYPSUM RESOURCES MATERIALS, LLC,	-
10	☐ Affects Gypsum Resources Materials, LLC)	Jointly Administered with Case No.: 19-14799-MKN
11	✓ Affects Gypsum Resources, LLC✓ Affects All Debtors)	
12	Debtor.	
13	Debtor.)	
14	GYPSUM RESOURCES, LLC, a Nevada) limited liability company,)	Adv. Proc. No. 19-01105-MKN
15		D
16	Plaintiff,)	Date: September 15, 2021 Time: 9:30 a.m.
17	vs.	
18	CLARK COUNTY, a political subdivision of)	
19	the State of Nevada; and CLARK COUNTY) BOARD OF COMMISSIONERS,)	
20	Defendants.	
21	Defendants.	
22	CLARK COUNTY, a political subdivision of) the State of Nevada; and CLARK COUNTY)	
23	BOARD OF COMMISSIONERS,	
24	Counter-Claimants,	
25	vs.	
26	GYPSUM RESOURCES, LLC, a Nevada)	
27	limited liability company,)	
28	Counter-Defendant.)	
	/	

ORDER ON GYPSUM RESOURCES, LLC'S AMENDED MOTION TO COMPEL (1) A FULL AND COMPLETE RESPONSE TO THE SUBPOENAS DUCES TECUM TO JUSTIN JONES AND JONES LOVELOCK, AND (2) A FORENSIC IMAGE OF JUSTIN JONES' CELL PHONE AND ICLOUD ACCOUNT¹

On September 15, 2021, the court heard Gypsum Resources, LLC's Amended Motion to Compel (1) a Full and Complete Response to the Subpoenas Duces Tecum to Justin Jones and Jones Lovelock, and (2) a Forensic Image of Justin Jones' Cell Phone and iCloud Account ("Amended Motion"). The appearances of counsel were noted on the record. After arguments were presented, the matter was taken under submission.

BACKGROUND²

On May 17, 2019, Gypsum Resources, LLC ("Debtor") filed a civil complaint against Clark County ("County") and the Clark County Board of Commissioners ("Board"), collectively referred to as the "Defendants." The face of the civil complaint as well as the prayer included a jury demand. The Complaint was filed in the United States District Court for the District of Nevada ("USDC") and denominated Case No. 2:19-cv-00850-GMN-EJY ("USDC Case").³ (Dkt. 1; AECF No. 1).⁴

¹ In this Order, all references to "AECF" are to the numbers assigned to the documents filed in the above-captioned adversary proceeding. All references to "ECF No." are to the number assigned to the documents filed in the above-captioned bankruptcy case as they appear on the docket maintained by the clerk of court. All references to "Bankruptcy Rule" are to the Federal Rules of Bankruptcy Procedure. All references to "Civil Rule" are to the Federal Rules of Civil Procedure. All references to "Local Rule" are to the Local Rules of Bankruptcy Practice for the District of Nevada. All references to "FRE" are to the Federal Rules of Evidence.

² Pursuant to FRE 201(b), the court takes judicial notice of all materials appearing on the dockets in the above-captioned adversary proceeding and Case No. 2:19-cv-00850-GMN-EJY filed in the United States District Court for the District of Nevada. See U.S. v. Wilson, 631 F.2d 118, 119 (9th Cir. 1980); Lawson v. Klondex Mines Ltd., 2020 WL 1557468, at *5 (D. Nev. March 31, 2020); Bank of Am., N.A. v. CD-04, Inc. (In re Owner Mgmt. Serv., LLC Trustee Corps.), 530 B.R. 711, 717 (Bankr. C.D. Cal. 2015).

³ All references to "Dkt." are to the documents filed in the USDC Case.

⁴ Neither the pleadings filed in connection with this action, nor the representations of any parties or their counsel, have suggested that the Debtor seeks damages or other relief against any individuals.

On July 26, 2019, Debtor filed a voluntary Chapter 11 petition in this bankruptcy court. (ECF No. 1).⁵

On September 4, 2019, Debtor filed a motion in the USDC asking that the USDC Case be referred to this bankruptcy court ("Referral Motion"). (Dkt. 17; AECF No. 1).

On November 7, 2019, the USDC entered an order granting in part and denying in part the Referral Motion ("USDC Referral Order"). (Dkt. 28; AECF Nos. 1 and 11). The USDC determined that the claims alleged in the USDC Case were at least "related to" this Chapter 11 proceeding and therefore referred it to this bankruptcy court. The USDC also dismissed as moot the pending motions filed by the County and the Board. The USDC also concluded that it is for the bankruptcy court to decide whether the claims are core or non-core matters within the meaning of 28 U.S.C. § 157(a), citing Exec. Benefits Ins. Agency v. Arkison, 573 U.S. 25, 33 (2014). See USDC Referral Order at 1:17-19.6

On February 10, 2020, Defendants filed in the bankruptcy court a motion seeking a judgment on the pleadings under Civil Rule 12(c) ("12(c) Motion"). (AECF No. 20).

On June 19, 2020, an order was entered by the bankruptcy court denying the 12(c) Motion ("12(c) Order"). (AECF No. 48).

On July 6, 2020, Debtor filed a Second Amended Complaint for Damages; Petition for Writ of Mandamus, and Damages ("SAC"), including a jury demand. (AECF No. 61).⁷ A copy

⁵ A related Chapter 11 proceeding was commenced by Gypsum Resources Materials, LLC, denominated Case No. 19-14796-MKN. The two proceedings are jointly administered with the latter proceeding designated as the lead case.

⁶ According to a civil minute entry on November 16, 2019, the USDC Case has been stayed subject to periodic status reports. (Dkt. 29).

⁷ The SAC asserts claims based on the eight legal theories alleged in the preceding complaint, but addresses the deficiencies raised in the 12(c) Order with respect to the equal protection and injunctive relief theories. The eight claims asserted by the Debtor now consist of: (1) Petition for Writ of Mandamus, (2) Equal Protection Violation, (3) Violation of 42 U.S.C. §1983, (4) Injunctive Relief, (5) Breach of Contract, (6) Breach of the Implied Covenant of Good Faith and Fair Dealing, (7) Inverse Condemnation, and (8) Pre-Condemnation Damages. The claims for breach of contract and breach of good faith and fair dealing are based on an alleged breach of a prior Stipulation and Settlement Agreement Pursuant to Court Ordered Settlement Conference ("Settlement Agreement"). The Settlement Agreement itself arose from a prior

of the prior Settlement Agreement is attached to the SAC. As discussed in note 7, <u>supra</u>, Debtor seeks mandamus, declaratory and injunctive relief, as well as various forms of damages, interest, attorneys' fees, and costs, arising from the Settlement Agreement.

On July 20, 2020, Defendants filed an answer to the SAC, which included a jury demand following the prayer. (AECF No. 64).

On August 10, 2020, Defendants filed a motion for leave to file a counterclaim. (AECF No. 66).

On September 18, 2020, an order was entered approving a second revised stipulated discovery plan and scheduling order. (AECF No. 88). The revised discovery plan stated, *inter alia*, that a demand for jury trial had been made and that the Debtor does not consent to a jury trial before the bankruptcy judge under 28 U.S.C. §157(e). It further stated that <u>all parties do not consent</u> to the bankruptcy court entering a final judgment. Additionally, it stated that the case should be ready for trial by approximately September 2021 and the trial should take approximately ten days.

On October 5, 2020, a Stipulated Confidentiality and Protective Order was entered. (AECF No. 89).

On November 23, 2020, an order was entered granting on an unopposed basis the Defendant's motion for leave to file a counterclaim.⁸ (AECF No. 90).

On November 30, 2020, Defendants filed a Counter-Claim Against Plaintiff Gypsum Resources, LLC ("Counterclaim"). (AECF No. 93).⁹

lawsuit commenced in the USDC on May 10, 2005, entitled <u>Gypsum Resources</u>, <u>LLC v. Masto</u>, <u>et al.</u>, denominated Case No. CV-S-05-0583-RCJ-LRL. A copy of the Settlement Agreement is attached as Exhibit "1" to the SAC. An order approving the Settlement Agreement was entered by the USDC on May 18, 2010.

⁸ Because the filing of a counterclaim was specifically requested and granted by the bankruptcy court, relief from the automatic stay was not required.

⁹ The prayer of the Counterclaim seeks an award of compensatory and special damages, pre-judgment and post-judgment interest, other legal expenses, attorneys' fees, and costs of suit. Defendants' general factual allegations are set forth in paragraphs 5 through 120 of their Counterclaim. Paragraphs 12 through 67 sets forth the Defendants' description of the Settlement

On December 23, 2020, Debtor filed an answer to the Counterclaim. (AECF No. 105).

On April 15, 2021, an order was entered approving a stipulation to extend discovery deadlines, setting a bar date of August 19, 2021, for discovery to be completed, a bar date of September 20, 2021 for dispositive motions to be filed, and October 20, 2021 for a proposed pretrial order to be submitted. (AECF No. 109).

On April 23, 2021, Debtor filed a Motion to Compel Production of Documents Improperly Withheld for Privilege ("Compel Motion") (AECF No. 114).

On May 7, 2021, Defendants filed an opposition that included a countermotion seeking a protective order from the discovery sought by the Debtor ("Protective Motion"). (AECF No. 120).

On June 18, 2021, a response to the Compel Motion was filed by counsel on behalf of Clark County Commissioner Justin Jones ("Commissioner Jones") who is a material witness to all of the claims but not a named party to any claims alleged in the USDC Case. (AECF No. 166).

On June 23, 2021, Debtor filed a response to the document filed by Commissioner Jones. (AECF No. 173).

On June 24, 2021, a hearing was conducted on both the Compel Motion and the Protective Motion.

On June 30, 2021, a memorandum decision was entered addressing both the Compel Motion and the Protective Motion ("Combined Decision").¹⁰ (AECF No. 190).

Agreement between the parties. Based on the various additional allegations, Defendants assert two claims against the Debtor: breach of contract and breach of implied covenant of good faith and fair dealing with respect to the same Settlement Agreement. In other words, Defendants' claims based on their interpretation of the facts underlying Debtor's claims, and assert the same legal theories.

¹⁰ The Combined Decision includes a more detailed discussion of the procedural history of the USDC Case as it has progressed through this adversary proceeding. Equally or perhaps more important, the Combined Decision and resulting orders address the bankruptcy court's ruling with respect to discovery and testimony for which Defendants have asserted a limitation under the legislative immunity doctrine. Separate orders based on the Combined Decision were

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On July 15, 2021, Defendants filed a Motion (1) for Determination That The Claims at Issue Are Not Core Matters For Which The Bankruptcy Court May Issue Final Relief; (2) for Determination of Right to Jury Trial on Defendants' Counterclaim; and (3) to Return The Case to District Court For Final Adjudication ("Core and Jury Motion"). (AECF No. 202). Defendants seek, in part, to have the USDC Case return to the USDC for completion of the remainder of the litigation.

On August 4, 2021, Debtor filed an opposition to the Core and Jury Motion. (AECF No. 208).

On August 11, 2021, Defendants filed a reply and a declaration in support of their Core and Jury Motion. (AECF Nos. 210 and 211).

On August 12, 2021, Debtor filed the instant Amended Motion along with the Declaration of Emily A. Buchwald, Esq. ("First Buchwald Declaration"). 11 (AECF Nos. 218 and

entered contemporaneously. (AECF Nos. 191 and 192). The Combined Decision is incorporated by reference in the instant Order.

¹¹ Attached to the First Buchwald Declaration are thirty exhibits ("Debtor's Exhibits"). No objections have been raised to the authenticity or the court's consideration of these exhibits in connection with the instant Amended Motion. Exhibit 1 is a copy of the Jones Subpoena. Exhibit 2 is a copy of the Law Firm Subpoena. Exhibit 3 is a printout of an email exchange between counsel from July 12, 2021through July 26, 2021. Exhibit 4 is a copy of the Jones Subpoena indicating service by hand delivery. Exhibit 5 is a copy of the Law Firm Subpoena indicating service by hand delivery. Exhibit 6 a copy of a response to the Jones Subpoena transmitted by letter dated May 14, 2021. Exhibit 7 is a copy of a response to the Law Firm Subpoena transmitted by letter dated May 14, 2021. Exhibit 8 is a copy of a letter from the Law Firm dated June 8, 2021, apparently transmitting a thumb drive of various documents produced in response to the Jones Subpoena. Exhibit 9 is a copy of a letter from the Law Firm dated June 8, 2021, apparently transmitting a thumb drive of various documents produced in response to the Law Firm Subpoena. Exhibit 10 is a copy of printouts of email exchanges between counsel from May 12, 2021 through June 24, 2021. Exhibit 11 is a copy of printouts of email exchanges between counsel from June 25, 2021, June 28, 2021, and June 29, 2021, that included various attached documents. Exhibit 12 is a copy of a letter dated June 29, 2021, from counsel for Commissioner Jones that also included copies of documents that were not previously produced. Exhibit 13 is a copy of a letter dated July 2, 2021, from counsel for Commissioner Jones that references a privilege log with respect to documents encompassed by the Jones Subpoena. Exhibit 14 is a copy of the transmittal letter dated July 12, 2021, from the Law Firm regarding additional documents in response to the Law Firm Subpoena that references an updated privilege log. Exhibit 15 is a copy of the transmittal letter dated July 14, 2021, from the Law Firm regarding additional documents and an updated privilege log. Exhibit 16 is a copy of a printout

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219). Debtor seeks an order compelling two non-parties, attorney and Clark County

2 | Commissioner Jones, as well as his law firm, Jones Lovelock, PLLC ("Law Firm"), to provide

further responses to separate subpoenas issued pursuant to Civil Rule 45. For purposes of this

Order, the separate subpoenas are referred to as the Jones Subpoena and Law Firm Subpoena.

Although Commissioner Jones and the Law Firm are not parties named in the USDC Case,

Commissioner Jones is a material witness with respect to all of the claims asserted. 13

On August 18, 2021, the Core and Jury Motion was heard and taken under submission.

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of email messages between counsel from June 21, 2021 and June 22, 2021. Exhibit 17 is a copy of a letter dated June 22, 2021, from the Law Firm transmitting copies of various additional email messages. Exhibit 18 is a copy of printouts of various email exchanges between November 26, 2018, and November 29, 2018, between various non-parties. Exhibit 19 is a copy of printouts of various email exchanges between October 16, 2018, and October 17, 2018, between various non-parties. Exhibit 20 is a copy of a printout of emails dated October 17, 2018. Exhibit 21 is a copy of a printout of another email dated October 18, 2018. Exhibit 22 is a copy of a printout of an email dated October 22, 2018, between various non-parties. Exhibit 23 is a copy of excerpts of the deposition of Susan Brager taken on June 30, 2021. Exhibit 24 is a copy of excerpts of the deposition of Marilyn Kirkpatrick taken on July 16, 2021. Exhibit 25 is a copy of excerpts of the deposition of Michael Naft taken on July 26, 2021. Exhibit 26 is a copy of printouts of various instant messages from April 23, 2019 to August 22, 2019, between various non-parties. Exhibit 27 is a copy of excerpts of the deposition of Justin Jones taken on April 23, 2021. Exhibit 28 is a copy of printouts of various instant messages on October 25, 2018 between various non-parties. Exhibit 29 is a copy of printouts of various text messages commencing sometime in 2018 between various non-parties. Exhibit 30 is a copy of printouts of text messages or screen shots of text exchanges that occurred sometime in 2018.

¹² On the same day it filed the Amended Motion, Debtor also requested an order shortening time so that the Amended Motion could be heard prior to an August 19, 2021 discovery deadline. (AECF No. 220). On August 13, 2021, the court denied the request for order shortening time without prejudice. (AECF No. 222). Thereafter, the parties stipulated to extensions of time to complete certain discovery. (AECF Nos. 225 and 234).

13 The court is mindful of the many roles occupied by the respondents. There is no dispute that Commissioner Jones is a significant witness in connection with all of the claims asserted in the USDC Case but is not a named party. There is no dispute that Commissioner Jones also is a successful political candidate who was elected as a member of one of the Defendants named in the case. There is no dispute that Commissioner Jones was an attorney when he ran for office and remains an attorney. There is no dispute that Commissioner Jones also is a founder and principal of the Law Firm. There is no dispute that the Law Firm and Commissioner Jones also have other clients to which they have professional responsibilities including the duty of confidentiality. There is no dispute that the Law Firm represented both Commissioner Jones as well as the Law Firm itself in responding to the subpoenas.

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On September 1, 2021, Commissioner Jones filed an opposition to the Amended Motion ("Jones Opposition")¹⁴ that included a Declaration of Justin Jones ("Jones Declaration") and a Declaration of Nichole E. Lovelock, Esq. ("First Lovelock Declaration").¹⁵ (AECF No. 230).¹⁶

On September 1, 2021, an opposition to the Amended Motion also was filed by the Law Firm ("Law Firm Opposition") along with a separate Declaration of Nicole E. Lovelock, Esq. ("Second Lovelock Declaration").¹⁷ (AECF Nos. 232 and 233).¹⁸

¹⁴ The Jones Opposition was filed by the Marquis Aurbach Coffing law firm as cocounsel for Commissioner Jones. Presumably the other co-counsel is the Jones Lovelock law firm.

¹⁵ Although the Law Firm apparently represented Commissioner Jones in responding to the Jones Subpoena, the First Lovelock Declaration addresses only Commissioner Jones' response to the instant Amended Motion.

¹⁶ Attached to the First Lovelock Declaration are Exhibits B-1 through B-11 ("Jones Exhibits"). Exhibit B-1 is a copy of the Law Firm Subpoena. Exhibit B-2 is a copy of the Jones Subpoena. Exhibit B-3 a copy of a response to the Jones Subpoena transmitted by letter dated May 14, 2021. Exhibit B-4 is a copy of a letter from the Law Firm dated June 8, 2021, apparently transmitting a thumb drive of various documents produced in response to the Jones Subpoena. Exhibit B-5 is a copy of a printout of an email exchange between counsel dated June 25, 2021. Exhibit B-6 is a copy of a letter dated June 29, 2021, from counsel for Commissioner Jones that also included copies of documents that were not previously produced. Exhibit B-7 is a copy of a letter dated July 2, 2021, from counsel for Commissioner Jones that includes a 185page privilege log with respect to documents encompassed by the Jones Subpoena. Exhibit B-8 is a copy of a letter dated July 14, 2021, from counsel for Commissioner Jones transmitting an updated, 45-page privilege log that was reduced after consultation with counsel for a party identified as Save Red Rock. Exhibit B-9 is a printout of an email exchange between counsel from July 12, 2021, through July 22, 2021, which includes copies of various text messages obtained from other non-party witnesses. Exhibit B-10 is a printout of an email exchange between counsel from July 12, 2021, through July 26, 2021. Exhibit B-11 is a printout of an email exchange between counsel from July 12, 2021, through July 26, 2021. No objections have been raised to the authenticity or the court's consideration of these exhibits in connection with the instant Amended Motion.

¹⁷ Although the Law Firm apparently represented Commissioner Jones in responding to the Jones Subpoena, the Second Lovelock Declaration addresses only the Law Firm's response to the instant Amended Motion.

¹⁸ Attached to the Second Lovelock Declaration are Exhibits 1 through 15 ("Law Firm Exhibits"). Exhibit 1 is a copy of the Law Firm Subpoena and Exhibit 2 is a copy of the Jones Subpoena. Exhibit 3 is a copy of a response to the Law Firm Subpoena transmitted by letter dated May 14, 2021. Exhibit 4 is a printout of various email exchanges among counsel between

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On September 8, 2021, Debtor filed a reply in support of its Amended Motion ("Reply") that included an additional Declaration of Emily A. Buchwald ("Second Buchwald Declaration").19 (AECF No. 236).20

DISCUSSION

Civil Rule 45 applies in this adversary proceeding pursuant to Bankruptcy Rule 9016. For subpoenas commanding the production of documents, electronically stored information, or tangible things, Civil Rule 45(1)(D) "requires the responding person to permit inspection, copying, testing, or sampling of the materials." Counsel issuing and serving a subpoena "must take reasonable steps to avoid imposing undue burden or expense" on the responding party. See Fed.R.Civ. P. 45(d)(1). The responding party may timely object to a document subpoena. Id. at

May 12, 2021 and June 7, 2021. Exhibit 5 is a copy of a letter from the Law Firm dated June 8, 2021, apparently transmitting a thumb drive of various documents produced in response to the Law Firm Subpoena. Exhibit 6 is a copy of an initial, 180-page privilege log provided by the Law Firm with respect to documents encompassed by the Law Firm Subpoena. Exhibit 7 is a copy of a printout of an email exchange between counsel for the Debtors and Commissioner Jones dated June 21, 2021. Exhibit 8 is a copy of a letter dated June 22, 2021, from the Law Firm transmitting copies of various additional email messages. Exhibit 9 is a copy of a printout of an email exchange dated June 25, 2021, between counsel. Exhibit 10 is a printout of an email exchange between counsel from June 29, 2021 to July 2, 2021. Exhibit 11 is a copy of the transmittal letter dated July 12, 2021, from the Law Firm regarding additional documents and an updated, 156-page privilege log. Exhibit 12 is a printout of an email exchange between counsel from July 12, 2021 to July 13, 2021. Exhibit 13 is a printout of an email exchange between counsel from July 12, 2021 to July 22, 2021. Exhibit 14 is a printout of an email exchange between counsel from July 12, 2021 to July 26, 2021. Exhibit 15 is a printout of an email exchange between counsel from August 10, 2021 to August 11, 2021. No objections have been raised to the authenticity or the court's consideration of these exhibits in connection with the instant Amended Motion.

¹⁹ Attached to the Second Buchwald Declaration are Exhibits 31, 32, 33, 34, and 35, consisting of copies of printouts of various email exchanges. Attached as Exhibit 36 is a copy of portions of a deposition transcript of Commissioner Jones taken on April 23, 2021. Attached as Exhibit 37 is a copy of a letter from Commissioner Jones to Clark County. Attached as Exhibit 38 is a copy of a declaration dated August 31, 2021, from John H. Evans ("Evans Declaration"). No objections have been raised to the authenticity or the court's consideration of these exhibits in connection with the instant Amended Motion.

²⁰ Defendants named in the USDC Case have not filed or presented any opposition or objection to the Amended Motion.

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45(d)(2)(B). If there is a timely objection to a document subpoena, issuing counsel may move for an order compelling production. <u>Id.</u> at 45(d)(2)(B). The motion for an order compelling production may be brought "[a]t any time, on notice to the commanded person." <u>Id.</u> at 45(d)(2)(B)(i). An order compelling production "<u>must protect a person who is neither a party</u> nor a party's officer from significant expense resulting from compliance." Id. at 45(d)(2)(B)(ii).

A responding person who timely objects to a subpoena also may timely move to quash or modify the subpoena. <u>Id.</u> at 45(d)(3)(A). An order quashing or modifying a subpoena is required in various circumstances, <u>id.</u> at 45(d)(3)(A)(i through iv),²¹ and <u>permitted</u> in various other circumstances. <u>Id.</u> at 45(d)(3)(B).²² In the latter event, the court alternatively may condition compliance rather than quash or modify the subpoena, under certain circumstances. <u>Id.</u> at 45(d)(3)(C).²³ <u>See, e.g., In re Rhodes Companies, LLC</u>, 475 B.R. 733 (D. Nev. 2012) (denying motion to quash subpoena for lack of standing).

Absent relief from a properly served subpoena, the responding party has specific obligations with respect to documents, see Fed.R.Civ.P 45(e)(1)A), as well as specific obligations with respect to electronically stored information. Id. at 45(e)(1)(B and C). Civil Rule 45(e)(1)(A) provides that the responding party "must produce" the requested documents "as they are kept in the ordinary course of business or must organize and label them to correspond to the categories in the demand." Civil Rule 45(e)(1)(B) provides that the responding party "must produce" electronically stored information "in a form or forms in which it is ordinarily maintained or in a reasonably usable form." Civil Rule 45(g) provides that a person who fails to

²¹ Quashing or modifying a subpoena is <u>required</u> where it does not allow a reasonable time to comply, requires compliance beyond the geographic limits permitted by Civil Rule 45(c), requires disclosure of privileged or protected matter, or subjects the responding party to undue burden.

²² Quashing or modifying a subpoena is <u>permitted</u> where compliance with the subpoena requires disclosure of trade secrets or other confidential information, or, requires disclosure of unretained expert opinion or information.

²³ Imposing specific conditions on a production subpoena is permitted if the serving party shows both a substantial need for material that otherwise cannot be met without undue hardship, and, that the responding party will be reasonably compensated.

obey a subpoena without adequate excuse may be held in contempt. If the responding party asserts that electronically stored information is not reasonably accessible, the responding party "must show that the information is not reasonably accessible because of undue burden or cost." <u>Id.</u> at 45(e)(1)(D).

In this instance, Commissioner Jones did not file a motion to quash or modify the Jones Subpoena as permitted by Civil Rule 45(d)(3)(A). Likewise, the Law Firm did not file a motion under that Civil Rule to quash or modify the Law Firm Subpoena. Absent relief from the command of the subject subpoenas, both Commissioner Jones and the Law Firm were required by Civil Rule 45(e)(1)(A) to produce the subpoenaed documents as they are kept in the ordinary course of business or to organize and label them in the categories demanded. Likewise, both Commissioner Jones and the Law Firm were required by Civil Rule 45(e)(1)(B) to produce electronically stored information in the form in which it is ordinarily maintained or in a reasonably usable form.

In this instance, Commissioner Jones did serve an objection to the Jones Subpoena as permitted by Civil Rule 45(d)(2)(B). Likewise, the Law Firm served an objection under that Civil Rule to the Law Firm. In response to those objections, Debtor has filed at "any time" the instant Amended Motion for an order compelling production of the requested materials as permitted by Civil Rule 45(d)(2)(B)(i). Any order compelling production must protect Commissioner Jones and the Law Firm from significant expense pursuant to Civil Rule 45(d)(2)(B)(ii) inasmuch as neither is a party or an officer of a party in the above-captioned adversary proceeding.

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²⁴ The instant Amended Motion focuses primarily on electronically stored information that may be accessible through the cellular devices of various individuals who are not named as parties in the USDC Case. In response to the instant Amended Motion, Commissioner Jones attests, *inter alia*, that he does not have a landline at his home and apparently uses his cell phone as his preferred means of telephonic communications with his clients, and the same cell phone also contains email and text messages with his clients. See Jones Declaration at ¶4.

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Discovery motions filed in adversary proceedings under Civil Rule 37 and Civil Rule 26 are governed by Local Rule 7037.²⁵ Parties to discovery motions are required to meet and confer before seeking court intervention.²⁶ The record reflects numerous exchanges between counsel, by email messages and ordinary correspondence, prior to the filing of the Amended Motion. The adequacy of the responses to both subpoenas was challenged as early as May 27, 2021, see Debtor's Exhibit 10 and Jones Exhibit 4, and remains disputed. Debtor's request to conduct a forensic audit of electronically stored information was raised as early as June 25, 2021, see Debtor's Exhibit 12 and Law Firm Exhibit B-5,²⁷ and remains contested. That counsel for the

Bankruptcy Rule 9016 incorporates the subpoena provision of Civil Rule 45. For both motions to compel compliance, and motions to quash or modify a subpoena, Civil Rule 45(d)(2) and 45(d)(3) do <u>not</u> include a meet and confer requirement before either motion is brought. Local Rule 9016 addresses service of subpoenas and preserves a respondent's right to object under Civil Rule 45(d)(2) or seek to quash under Civil Rule 45(d)(3), but does <u>not</u> include a meet and confer requirement before a motion to compel compliance or to quash a subpoena is filed.

While the scope of information sought through a subpoena under Civil Rule 45 is the same as the scope of discovery sought under Civil Rule 26(b)(1), see, e.g., Freedom Mortgage Corp. v. Kent as Trustee of 6221 Red Pine Trust, 2021 WL 601605, at *3 (D. Nev. Feb. 16, 2021), the method for enforcing a subpoena is not dictated by the discovery rules. Under these circumstances, it does not appear that a meet and confer requirement even exists under Civil Rule 45 because the subpoena itself is an enforceable command rather than a request.

²⁵ Bankruptcy Rule 7026 incorporates the general discovery requirements of Civil Rule 26. Civil Rule 26(c)(1) imposes a meet and confer requirement before a motion for protective order is filed. Local Rule 7026 does <u>not</u> extend a meet and confer requirement for other discovery disputes, including motions to compel discovery. Bankruptcy Rule 7037 incorporates the discovery sanctions provisions of Civil Rule 37 that applies to parties. Civil Rule 37(d)(1)(B) includes a meet and confer requirement when a party fails to attend its own deposition, answer interrogatories, or provide inspection of documents. There do not appear to be any other meet and confer requirements in Civil Rule 37 for other discovery failures by a party. Local Rule 7037(a) does include a meet and confer requirement in adversary proceeding before any <u>discovery</u> dispute is brought before the bankruptcy court.

²⁶ When seeking court intervention in a discovery dispute between parties to litigation, they are required to follow the assigned judge's procedure for resolving discovery disputes. None of the bankruptcy judges in this district have adopted particular procedures for presenting discovery disputes.

²⁷ Commissioner Jones attests that he conducted a detailed search of his emails, text messages, iCloud account, and social media posting from January 1, 2021, to September 1, 2021. See Jones Declaration at ¶7. He also attests that he "produced hundreds of documents from multiple email accounts, multiple social media accounts and collected from multiple devices

parties to this Amended Motion continue to disagree is not surprising, but applicable meet and confer requirements, if any, were met in these circumstances.²⁸

There is no dispute that both Commissioner Jones and the Law Firm timely objected to both subpoenas. There is no dispute that neither Commissioner Jones nor the Law Firm filed a motion to quash or modify either of the subpoenas. There also is no dispute that both Commissioner Jones and the Law Firm provided information in response to both subpoenas. There is no dispute that both Commissioner Jones and the Law Firm have provided privilege logs and revised privilege logs when providing responsive information. The instant Amended Motion does not seek resolution of the privilege claims.

Debtor does dispute the adequacy of the information disclosed in light of the information received from other non-parties that appears to have been shared with Commissioner Jones.

There is no dispute that such information was provided by other non-parties. See First Buchwald Declaration at ¶¶ 9 through 21; Debtor's Exhibits 18, 19, 20, 21, 22, 26, 28, 29, 30; and Debtor's

over a span of more than a decade, from 2010 to present." <u>Id.</u> at ¶ 2010. <u>See also</u> First Lovelock Declaration at ¶¶ 9 and 11. Jones Exhibit B-6 to the First Lovelock Declaration is a copy of a June 29, 2021 letter by the Law Firm in response to the Jones Subpoena. Footnote 1 to that correspondence provides as follows: "iMessages are not accessible nor searchable via the icloud.com portal. *See* Apple Support, "Use Messages in iCloud," https://support.apple.com/en-us/HT208532 ("You can use Messages in iCloud on your iPhone, iPad, iPod touch, Apple Watch, and Mac. For your privacy, Messages in iCloud is end-to-end encrypted, which means you can't view or access Messages online via browser." The information in the footnote apparently was provided by Commissioner Jones. <u>See</u> Jones Declaration at 3:21-26; Jones Opposition at 5:10-14. Commissioner Jones also attests that he "purchased his current iPhone 12...in or about October 2019" and that he "traded in my prior iPhone at that time and did not retain it." <u>See</u> Jones Declaration at 2:13-15. Debtor argues, however, that the iPhone 12 model was not released until a year later, which raises a question concerning the adequacy of the search conducted by Commissioner Jones. See Reply at 8:1-9 & n.3.

²⁸ In connection with the Law Firm Subpoena, the Law Firm maintains that the Debtor failed to sufficiently meet and confer under Civil Rule 37(a)(1) and Rule 26-7(c) [sic] of the USDC local rules before filing the Amended Motion. See Law Firm Opposition at 12:5 to 13:17. As previously discussed at note 25, supra, the Amended Motion is brought under Civil Rule 45 rather than Civil Rule 37. Moreover, because the Law Firm appears to allow Commissioner Jones to use the same cell phone for personal as well as firm-related communications, see note 24, supra, the Amended Motion is required to be brought against the Law Firm as well as Commissioner Jones.

Exhibits 23, 24, and 25. See also Second Buchwald Declaration at ¶¶ 3 through 10; Debtor's Exhibits 31, 32, 33, 34, 35, 36, and 37; and Debtor's Exhibit 38. There also appears to be no dispute that Commissioner Jones as well as the Law Firm expended significant time in searching for responsive information. See Jones Declaration at ¶9; Second Lovelock Declaration at ¶35. It is unnecessary to delve into the rancor between the Debtor on one hand, and Commissioner Jones and the Law Firm on the other. It also is unnecessary to even consider the professional rancor that may be developing between counsel.²⁹ The record before the court adequately establishes, however, that additional relevant information may be available that has yet to be accessed and produced by both Commissioner Jones and the Law Firm.

Because it is undisputed that such information exists, Debtor requests entry of "an order requiring that Jones' iPhone be forensically imaged and any iCloud backups restored to ensure that Jones has produced all texts and iMessage responsive to Gypsum's subpoenas duces tecum." Amended Motion at 14:24 to 15:2.³⁰ No evidence has been offered as to the efficacy of a forensic audit to reveal the existence of additional and relevant information,³¹ but neither

²⁹ For example, accusations of intentional concealment and comments regarding the professional fees paid to counsel are unnecessary. <u>See</u> Debtor's Exhibit 3; Law Firm Exhibit 14.

³⁰ Neither the Debtor nor Commissioner Jones dispute that a forensic audit may be ordered in unusual circumstances, but they do dispute whether such an audit is appropriate on the current record. See Amended Motion at 13:18 to 14:4; Jones Opposition at 13:7-23. The Debtor, Commissioner Jones and the Law Firm discuss a recent decision of the USDC in V5 Technologies v. Switch, Ltd., 332 F.R.D. 356 (D. Nev. 2019), where the court granted the plaintiff's motion to compel a nonparty to produce electronically stored information. The court required the objecting nonparty to search personal and business email accounts and text messages using specific search terms for communications covering an eight year period. A sworn declaration detailing each of the searches also was required, in addition to the production of all nonprivileged responsive documents. Id. at 367. The court did not order the search to be conducted by a "third-party e-discovery vendor" because the request was made by the Plaintiff only in its reply brief. Id. at 367 n.12, citing, e.g., Bazuaye v. I.N.S., 79 F.3d 118, 120 (9th Cir. 1996). In the present case, Debtor's request for a forensic audit was made as early as June 25, 2021, and was included at the inception of the instant Amended Motion.

³¹ Debtor has submitted the Evans Declaration, however, who is a digital forensics consultant at a law firm who described the extraction of data from an iPhone used by another non-party witness in connection with the USDC Case. It appears that email messages dated after December 31, 2009 could be collected from the subject phone. See Evans Declaration at ¶ 13. It

Commissioner Jones nor the Law Firm dispute that a forensic audit would be effective.³² Both Commissioner Jones and the Law Firm, however, object to the expense of such an audit, see Jones Opposition at 13:7-9, and also suggest that additional production might jeopardize the confidentiality that both respondents owe to other clients and former clients of their law practice. See Law Firm Opposition at 15:9-21.

Debtor has offered to bear the cost of a forensic audit thereby mitigating any expense that would be borne by Commissioner Jones and the Law Firm. Debtor also suggests that the results of a forensic audit would remain confidential until both Commissioner Jones and the Law Firm can review the results in order to assert claims of privilege. That the parties to this Amended Motion already have cooperated in asserting and modifying claims of privilege is evident from the record. See Jones Exhibits B-4, B-5, B-6, B-7, and B-8; Law Firm Exhibits 5, 6, 8, and 11. On this record, the relief proposed by the Debtor is workable and prejudice to the respondents and their clients can be avoided.³³

Both Commissioner Jones and the Law Firm apparently maintain, however, that a forensic audit of Commissioner Jones' cell phone and account is particularly intrusive for a practicing attorney and a law firm. At the hearing on the Amended Motion, they argued that an

also appears that the recovery of text message data from the iCloud account of the cell phone owner also may be available. Id. at ¶¶ 16 and 17.

³² Commissioner Jones maintains that additional messages exchanged through his cell phone may not be accessible according to a passage quoted from the manufacturer's website. See Jones Opposition at 14:4-12. The record is inconsistent, however, as to whether the cited information from the manufacturer's website even applies to the cell phone model used by Commissioner Jones. See discussion at note 27, supra.

³³ In its written argument addressing an order compelling use of a forensic audit of electronically stored information, Debtor cites <u>American Indus., Inc. v. Liberman</u>, 2006 WL 3825291, at *4 (E.D. Mo. Feb. 23, 2007), as amended on clarification, 2007 WL 685623 (E.D. Mo. Feb. 23, 2007); <u>Simon Prop. Group L.P. v. mySimon, Inc.</u>, 194 F.R.D. 639, 641 (S.D. Ind. 2000); and <u>Measured Wealth Private Client Group, LLC v. Foster</u>, 2021 WL 1215218, at *2 (S.D. Fla. Mar. 31, 2021). <u>See</u> Amended Motion at 13-14. Commissioner Jones additionally cites <u>Memry Corp. v. Kentucky Oil Tech, N.V.</u>, 2007 WL 832937 (N.D. Cal. Mar. 9, 2007) and <u>Powers v. Thomas M. Cooley Law School</u>, 2006 WL 2711512 (W.D. Mich. Sep. 21, 2006). <u>See</u> Jones Opposition at 13.

audit would jeopardize the confidences owed by attorneys and law practices to their clients.³⁴ The court shares this concern, but any jeopardy may be largely of the respondents' own making. See note 13, supra. The court has balanced the relevance and need for the requested information against the cost and prejudice created.³⁵ The cost is ameliorated by Debtor's payment of the full costs of a forensic audit. The potential prejudice to clients of Commissioner Jones and the Law Firm is ameliorated by requiring the forensic audit results to be kept confidential pending

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Commissioner Jones.

³⁴ While it is no doubt common for individuals to use private email accounts to communicate regarding non-private matters, e.g., governmental, business, or other professional activities, there certainly is a risk involved. Potentially serious consequences from government officials conducting government business using their private email accounts are well known. Individuals also may use their private cellular devices to communicate regarding non-private matters. Commissioner Jones does not have a landline at his home and apparently uses his cell phone as his preferred means of telephonic communications with his clients, and the same cell phone also contains email and test messages with his clients. See Jones Declaration at ¶4. This too carries a risk and might well be common. Individuals usually have a social responsibility to keep confidential matters confidential. Professionals, however, have a legal responsibility to keep confidential matters confidential. Attorneys know this and so do their clients. Thus, when attorneys use their professional email accounts and professional cellular accounts to conduct non-professional activities, there is a known risk created. An even greater risk may exist for "dual purpose" communications by an attorney. See In re Grand Jury, 2021 WL 4143102, at *2-5 (9th Cir. Sep. 13, 2021) (applying primary purpose test to the assertion of attorney-client privilege in connection with legal advice and business advice). While it also may be inconvenient and costly, these known risks can be minimized by using separate cell phone devices and maintaining separate communication accounts. The same applies to "cloud" services that store private and non-private information.

³⁵ Included in this balance is the undisputed evidence that communications in which

Commissioner Jones apparently participated were produced by other nonparty witnesses, but not revealed in the search conducted personally by Commissioner Jones. In V5 Technologies, the

USDC observed: "Moreover, Plaintiff has identified documents obtained elsewhere that should

have been included in any production from Ms. Folino arising from a search of her business email account...The existence of such documents produced from other sources raises significant

concern about the completeness of the search conducted with respect to Ms. Folino's business email account." 332 F.R.D. at 367 (emphasis added). In this instance, Commissioner Jones

attests that he personally conducted an extensive search of his electronically stored information

from January 1, 2021, through the date of his declaration, see note 26, supra, but that he also produced documents from 2010 to the date of his declaration. Id. The evidence offered by the

communications after 2010 that would not have been included in the search conducted by

Debtors and Commissioner Jones therefore suggest that there were other electronic

resolution of any claims of privilege, if any, or any other reason to prevent disclosure.³⁶ Moreover and as a practical matter, completion of a forensic audit may limit or entirely eliminate any further suggestion that Commissioner Jones and the Law Firm somehow have intentionally concealed relevant electronically stored information that is reasonably accessible.

Under these circumstances, the court will order that a forensic audit be conducted of the cell phone of Commissioner Jones. No later than October 4, 2021, a qualified independent forensic auditor must be agreed upon by respective counsel for the Debtor and Commissioner Jones, with the entire amount of the fees charged by the auditor to be paid by the Debtor. In the event that counsel cannot agree on an auditor, counsel shall submit the names of alternative proposed auditors and the court will decide. Debtor shall pay the entire amount of the fees charged by an auditor chosen by the court. Additionally, during any appreciable time in which Commissioner Jones' cell phone is in the possession of the auditor, Debtor shall provide to

³⁶ The cases cited by both the Debtor and Commissioner Jones, <u>see</u> note 33, <u>supra</u>, are instructive but not binding. The Ameriwood Industries decision permitted forensic examination

of the computers of named party defendants pursuant to a Civil Rule 34 request for production of

documents and information. A detailed protocol was established to ensure the confidentiality of the forensic expert's report. See 2006 WL 3825291, at *5-6; 2007 WL 685623, at *2. The court

in <u>Simon Property Group</u> allowed access under Civil Rule 34 to the computers used by a named defendant's employees to determine if files were deleted. A protocol was established for an

F.R.D. at 641-44. The <u>Measured Wealth</u> court allowed a forensic audit of a named defendant's cell phone under Civil Rule 34 for text messages and iMessages on a "strong showing that

additional relevant text messages and iMessages may be recovered from Defendant's phone..." 2021 WL 1215218, at *2. Protocols were established for the appointment of an expert as an

officer of the court and to preserve the confidentiality of the audit results. Id. at *3-4. The court

in <u>Memry Corporation</u> denied a request under Civil Rule 34 for an independent examination of a named defendant's computer hard drives because the request was made after discovery had

closed and was made shortly before commencement of trial. 2007 WL 832937, at *4. The

expert appointed as an officer of the court to access and copy the available information. 194

<u>Powers</u> decision denied a plaintiff's request under Civil Rule 34 to compel a forensic audit on the named defendant's computer system in light of the defendant's production of sufficient paper copies of the requested information. 2006 WL 2711512, at *5. In all of the cases, a forensic audit was considered with respect to discovery from a party or employee of a party named in the civil litigation. In contrast, the Amended Motion seeks to compel a forensic audit for electronically stored information of a non-party individual under Civil Rule 45, but who may be the most significant witness regarding the claims alleged by all parties in the USDC Case.

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Commissioner Jones a comparable substitute device for his use during that time and shall bear the entire expense of doing so.

In cooperation with the chosen auditor, counsel for the Debtor and Commissioner Jones must agree on the deadline for the auditor's forensic search results to be reported to counsel. The auditor's search results must be accompanied by a report or declaration attesting, at a minimum, to the search terms used, the range of dates searched, and the results obtained. In no event may the audit seek electronically stored information prior to the 2010 date of the information and records previously produced by Commissioner Jones.³⁷ Additionally, counsel must agree on a deadline for Commissioner Jones and the Law Firm to assert claims of privilege along with a privilege log, or any other basis for objection. By the latter deadline, all non-privileged information revealed by the auditor's search must be produced. In the event counsel cannot agree on the deadline for the auditor's search report to be provided and the deadline for Commissioner Jones and the Law Firm to assert claims of privilege or other objections, counsel shall submit proposed alternative deadlines to the court and the court will decide. Counsel are, of course, encouraged to cooperate.

IT IS THEREFORE ORDERED that the Gypsum Resources, LLC's Amended Motion to Compel (1) a Full and Complete Response to the Subpoenas Duces Tecum to Justin Jones and Jones Lovelock, and (2) a Forensic Image of Justin Jones' Cell Phone and iCloud Account, Adversary Docket No. 218, be, and the same hereby is, GRANTED AS PROVIDED ABOVE.

Copy sent via CM/ECF ELECTRONIC FILING

Copies sent via BNC to:

GYPSUM RESOURCES, LLC

ATTN: OFFICER/MANAGING AGENT

8212 SPANISH RIDGE AVENUE, #200

LAS VEGAS, NV 89148

³⁷ At the hearing, counsel who appeared for Commissioner Jones expressed a willingness to discuss completion of this process, perhaps even the scope of the forensic audit. Counsel, of course, still may stipulate to such matters.

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