

## **Court Grants Plaintiff's Motion in Libel Suit Against Investors Hub**

*Anti-SLAAP Motion in Case NO. CV11-01315JAK, US District Court, Central District of California, is Continued to June 27, 2011, when the Court will consider whether to continue the hearing to permit pre-hearing discovery*

Los Angeles, CA ([PRWEB](#)) May 21, 2011 -- The Court in the libel case pending against Investorshub.com, Inc., Eade v. Investorshub.com, Inc., Case No. CV11-01315 JAK, in the United States District Court of the Central District of California, has granted the plaintiff's motion to continue the hearing on Investors Hub's special motion to strike the complaint under California Code of Civil Procedure section 425.16 (anti-SLAAP motion), and will consider a further continuance to allow the plaintiff to conduct discovery relative to Investors Hub's claims of immunity under the Communications Decency Act, per the Order of U. S. District Judge John A. Kronstadt on May 12, 2011.

According to a recent article on hotstocked.com this February, "the outcome of this trial has much greater implications on traders, rather than both sides involved in it." The suit alleges that Investors Hub contributes to and transforms defamatory material posted on its bulletin boards, and cannot therefore claim immunity under the Communications Decency Act as a computer interactive service. It also alleges that Investors Hub uses its site as a paid stock promotion tool without proper disclosures under United States securities laws, and earns revenue by trying to manipulate down the prices of penny stocks for its clients who hold short positions in said stocks.

The suit alleges, "Behind iHUB's seemingly noble agenda of 'a free exchange of ideas' is really a stock promotion business, whereby iHUB charges hundreds of thousands of dollars to advertise promoted penny stocks to their audience of largely naïve day traders, who attempt to make money from the swings on the penny stock market. But beneath the layers of this business is a nefarious underworld element, began by iHUB's founder, Matt Brown, a recidivist securities fraud offender. In this undercurrent, iHUB posters and moderators, without disclosing their promotion activities as required by law, tout stocks in penny stock pump and dump schemes, and also do the converse to protect short positions until the penny stock prices implode. It is for this activity that Brown, still employed by iHUB as an administrator, has been convicted and was sentenced to four years in prison on May 19, 2011.

California's anti-SLAAP law provides for an automatic stay of discovery pending the hearing on the motion, but Ninth Circuit Courts have held this to be a conflict with federal procedure, and have allowed pre-hearing discovery. IHUB's SLAAP motion contends that the defendant has immunity under the Communications Decency Act as a computer interactive service. The plaintiff alleges that the defendant actively contributed to the content, suppressed opposing points and view, and displayed the content over a wider area than just its own bulletin board and that these issues require the Court to permit discovery so that they may be developed sufficiently before the hearing.

###



**Contact Information**

**Kenneth Eade**  
(323) 782-8802

**Online Web 2.0 Version**

You can read the online version of this press release [here](#).