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FILED
Superior Court Of California
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JAN 13 2017

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of the Sweetzer Trust and as trustee of the Mooch Investment Trust

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

BC 646882

JOHN C. DEPP, II; and EDWARD L.
WHITE, as trustee of the Sweetzer Trust,
and as trustee of the Mooch Investment
Trust,

Case No. _____

COMPLAINT FOR:

Plaintiffs,

- (1) PROFESSIONAL NEGLIGENCE;
- (2) BREACH OF FIDUCIARY DUTY;
- (3) BREACH OF FIDUCIARY DUTY AS TRUSTEE;
- (4) FRAUD IN THE INDUCEMENT;
- (5) FRAUDULENT CONCEALMENT;
- (6) CONSTRUCTIVE FRAUD;
- (7) NEGLIGENT MISREPRESENTATION;
- (8) UNJUST ENRICHMENT;
- (9) WRONGFUL FORECLOSURE;
- (10) DECLARATORY JUDGMENT and
- (11) ACCOUNTING

vs.

THE MANDEL COMPANY, INC., d/b/a
THE MANAGEMENT GROUP, a
California corporation; JOEL L.
MANDEL, individually and as former
trustee of the Sweetzer Trust; ROBERT
MANDEL; FIRST AMERICAN TITLE
INSURANCE COMPANY, a California
corporation; and DOES 1 through 15,
inclusive,

Defendants.

DEMAND FOR JURY TRIAL

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MANATT, PHELPS &
PHILLIPS, LLP
ATTORNEYS AT LAW
LOS ANGELES

COMPLAINT

1 Plaintiffs JOHN C. DEPP, II ("Mr. Depp") and EDWARD L. WHITE, as trustee of the
 2 Sweetzer Trust and as trustee of the Mooh Investment Trust ("White") (collectively "Plaintiffs"),
 3 by and through their undersigned attorneys, bring this action for professional negligence, breach
 4 of fiduciary duty, breach of fiduciary duty as trustee, fraud in the inducement, fraudulent
 5 concealment, constructive fraud, negligent misrepresentation, unjust enrichment, wrongful
 6 foreclosure, declaratory relief and accounting against defendants THE MANDEL COMPANY,
 7 INC., d/b/a THE MANAGEMENT GROUP ("The Management Group"), JOEL L. MANDEL,
 8 individually and as former trustee of the Sweetzer Trust ("J. Mandel"), ROBERT MANDEL ("R.
 9 Mandel") (collectively "TMG"), FIRST AMERICAN TITLE INSURANCE COMPANY ("First
 10 American"), and DOES 1-15 (collectively "Defendants"), and for causes of action, state:

11 **INTRODUCTION**

12 1. Mr. Depp is one of the most sought after and highly paid actors in the world. He is
 13 also the victim of the gross misconduct of his business managers—The Management Group and
 14 attorneys Joel and Robert Mandel—who collected tens of millions of dollars of contingent fees,
 15 purportedly based on an oral contract, all at Mr. Depp’s expense. Like many successful artists
 16 who depend upon financial professionals to advise them, Mr. Depp trusted and reasonably relied
 17 on TMG to handle his financial and certain legal affairs and to ensure that he and his family
 18 would have a financially secure future, built on the foundation of the substantial moneys Mr.
 19 Depp earned through years of hard work. But instead, as a result of years of gross
 20 mismanagement and, at times, outright fraud, Mr. Depp lost tens of millions of dollars and has
 21 been forced to dispose of significant assets to pay for TMG’s self-dealing and gross misconduct.

22 2. Throughout their relationship, and at the same time TMG was paying themselves
 23 over \$28,000,000 in contingency fees without any written agreement, TMG ignored its most basic
 24 duties to Mr. Depp by consistently failing to file or pay his taxes on time causing him to incur
 25 over \$5,600,000 in penalties and interest on his federal returns alone, failing to properly keep
 26 books and records, “loaning” nearly \$10,000,000 to third parties without Mr. Depp’s required
 27 prior authorization and without proper documentation or requiring repayment, using inflated and
 28 obviously incorrect figures as “loan” offsets, falsely ascribing third parties’ taxable income to Mr.

1 Depp so that he, rather than they, paid the tax, and failing to reduce Mr. Depp's expenditures or
 2 avoid profound financial waste. Further, TMG engaged in multiple self-interested transactions by
 3 investing Mr. Depp's funds in business ventures in which they also had direct ownership
 4 interests—without proper documentation or appropriate disclosures—creating serious conflicts of
 5 interest and entangling TMG's interests directly with Mr. Depp's.

6 3. In essence, TMG treated Mr. Depp's income as their own, available to either TMG
 7 or third parties to draw upon as desired. TMG ignored even a semblance of financial
 8 management and caused Mr. Depp's funds to be expended more quickly than they arrived.
 9 During the course of their relationship with Mr. Depp, TMG caused Mr. Depp to lose tens of
 10 millions of dollars, all without his knowledge or approval, and all while Mr. Depp believed that
 11 TMG was behaving as a loyal fiduciary and prudent steward of his funds and finances.

12 4. Further, also without Mr. Depp's knowledge or approval, TMG took out loans
 13 from banks and a hard-money lender with increasingly unreasonable interest rates and fees, while
 14 using Mr. Depp's various properties or royalties from movies as collateral. Remarkably, TMG
 15 wrote into at least one of these detrimental loan agreements self-serving provisions, which
 16 prioritized their own and others' claims for fees ahead of Mr. Depp's, and which purported to
 17 provide themselves (and others) written economic rights they did not otherwise have. TMG did
 18 all of this without fully disclosing the nature of the transactions to Mr. Depp or advising him to
 19 seek independent counsel. Through this misconduct, TMG hid its mismanagement from Mr.
 20 Depp and created the illusion of financial stability.

21 5. TMG's gross mismanagement and fraud remained undetected, as TMG borrowed
 22 millions of dollars to survive from movie-to-movie. It was only recently, when Mr. Depp
 23 terminated TMG and hired new business management and accounting services, that Mr. Depp
 24 learned the gravity of his financial losses and some, but surely not all, of the underlying facts. As
 25 a result of TMG's gross mismanagement of Mr. Depp's financial affairs, Mr. Depp has suffered
 26 tens of millions of dollars in monetary losses. And adding insult to injury, TMG has now sought
 27 to foreclose on Mr. Depp's primary residence, even though the alleged loan secured by Mr.
 28 Depp's residence was made through TMG's self-dealing and conflicts of interest, and the

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1 purported "default" occurred solely as a result of TMG's own misconduct.

2 6. The fact that both Joel and Robert Mandel are, and act as, attorneys, which they
3 highlighted in their own words as a key functional differentiator in their provision of business
4 management services in at least one self-promotional press account, makes their breach of
5 fiduciary duties and other misconduct all the more egregious. It also makes TMG's purported
6 oral contract voidable at Mr. Depp's discretion.

7 7. By this Complaint, Mr. Depp seeks recompense for the tens of millions of dollars
8 TMG cost him through their gross mismanagement and fraud, as well as disgorgement of the
9 exorbitant fees TMG received during the course of their relationship, and to stop the wrongful
10 foreclosure that TMG inappropriately commenced. Mr. Depp hired TMG to provide faithful
11 service to him and his family. But instead, because of TMG's misconduct, Mr. Depp has lost tens
12 of millions of dollars and has been forced to sell assets as a result. Mr. Depp now seeks to hold
13 TMG accountable for the harm that they caused.

14 **PARTIES**

15 8. Plaintiff Depp is, and at all times material to this Complaint was, a resident of the
16 County of Los Angeles, State of California.

17 9. Plaintiff White is, and at all times material to this Complaint was, a resident of the
18 County of Los Angeles, State of California.

19 10. On March 23, 2016, pursuant to a First Amendment to the Sweetzer Trust, Mr.
20 White became the trustee of the Sweetzer Trust and currently serves as trustee. The Sweetzer
21 Trust was formed by virtue of a Trust Agreement dated August 29, 2005 for the benefit of Mr.
22 Depp. Mr. Depp is the settlor and sole beneficiary of the Sweetzer Trust.

23 11. On January 10, 2017, pursuant to a Third Amendment to the Mooh Investment
24 Trust and Notice of Removal and Appointment of Trustee, Mr. White became the trustee of the
25 Mooh Investment Trust and currently serves as trustee. The Mooh Investment Trust was formed
26 by virtue of a Trust Agreement dated August 4, 1995 for the benefit of Mr. Depp. Mr. Depp is
27 the settlor and sole beneficiary of the Mooh Investment Trust.

28 12. Plaintiffs are informed and believe, and on that basis allege, that defendant The

1 Management Group is a California corporation with its principal place of business in Los
2 Angeles, California. Plaintiffs are informed and believe, and on that basis allege, that The
3 Management Group does business in this judicial district. The Management Group was and is an
4 accounting and business management firm offering, among other services, certified public
5 accounting, taxation, personal business management, advisory and legal services, internal
6 controls, risk management, and business and personal wealth consulting services.

7 13. Plaintiffs are informed and believe, and on that basis allege, that defendant J.
8 Mandel is a resident of the County of Los Angeles, State of California. Plaintiffs are informed
9 and believe, and on that basis allege, that, at all relevant times, J. Mandel was and is one of two
10 co-owners and founders of The Management Group, and he controlled The Management Group's
11 day-to-day operations. J. Mandel is a licensed California attorney. Pursuant to a Trust
12 Agreement dated August 29, 2005, J. Mandel served as trustee of the Sweetzer Trust from August
13 29, 2005 until March 23, 2016.

14 14. Plaintiffs are informed and believe, and on that basis allege, that defendant R.
15 Mandel is a resident of the County of Los Angeles, State of California. Plaintiffs are informed
16 and believe, and on that basis allege, that, at all relevant times, R. Mandel was and is one of two
17 co-owners and founders of The Management Group, and he controlled the Management Group's
18 day-to-day operations. R. Mandel is a licensed California attorney.

19 15. Plaintiffs are informed and believe, and on that basis allege, that defendant First
20 American is a California corporation with offices in the County of Los Angeles, State of
21 California. Plaintiffs are informed and believe, and on that basis allege, that First American does
22 business in this judicial district.

23 16. Plaintiffs are informed and believe, and on that basis allege, that the fictitiously-
24 named Defendants sued herein as Does 1 through 15 ("Doe Defendants"), and each of them, are
25 in some manner responsible or legally liable for the actions, events, transactions and
26 circumstances alleged herein. The true names and capacities of such fictitiously-named
27 Defendants, whether individual, corporate, associate or otherwise, are presently unknown to
28 Plaintiffs, and Plaintiffs will seek leave of Court to amend this Complaint to assert the true names

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1 and capacities of such fictitiously-named Defendants when the same have been ascertained.

2 17. Plaintiffs are informed and believe, and on that basis allege, that each of the
3 individual Defendants, including the Doe Defendants, is and was at all relevant times, the agent,
4 representative and/or employee of The Management Group, and was acting within the course and
5 scope of said agency, representation, and/or employment and with the knowledge and consent of
6 the remaining Defendants aside from First American.

7 **JURISDICTION AND VENUE**

8 18. This Court has jurisdiction over all causes of action asserted herein pursuant to the
9 California Constitution, Article VI, section 10, because this case is a cause not given by statute to
10 other courts.

11 19. This Court has personal jurisdiction over the Defendants who engaged in conduct,
12 and who continue to engage in conduct, giving rise to the claims stated herein at locations within
13 the State of California and Los Angeles County.

14 20. Venue is proper in this Court pursuant to, among other provisions, CCP 395(a) and
15 395.1.

16 **GENERAL ALLEGATIONS**

17 **I. Mr. Depp's Career as an Actor, Producer and Musician**

18 21. Mr. Depp is one of the most highly respected actors in Hollywood. He has
19 appeared in over 50 motion pictures during the past three decades and has gained worldwide
20 critical acclaim for his portrayals of real-life figures, such as screenwriter-director Ed Wood in *Ed*
21 *Wood*, undercover FBI agent Joseph D. Pistone in *Donnie Brasco*, cocaine kingpin George Jung
22 in *Blow*, author J.M. Barrie in *Finding Neverland*, the Depression-era outlaw John Dillinger in
23 *Public Enemies*, and the Boston gangster Whitey Bulger in *Black Mass*. Mr. Depp has also
24 brought some of the most memorable characters to the screen, including Edward in *Edward*
25 *Scissorhands*, journalist Raoul Duke in *Fear and Loathing in Las Vegas*, Captain Jack Sparrow in
26 the *Pirates of the Caribbean* series, Willy Wonka in *Charlie and the Chocolate Factory*, and the
27 Mad Hatter in *Alice in Wonderland*.

28 22. Mr. Depp has been nominated for numerous major acting awards, including three

1 Oscar nominations for Best Actor in a Leading Role, five nominations from Critics' Choice
 2 Movie Awards, 10 nominations from the Golden Globe Awards, and three nominations from the
 3 Screen Actors Guild Awards. Mr. Depp won the Golden Globe Award for Best Actor—Motion
 4 Picture Musical or Comedy for his role in *Sweeney Todd: the Demon Barber of Fleet Street*, and
 5 he won the Screen Actors Guild Award for Outstanding Performance by a Male Actor in a
 6 Leading Role for his work in *Pirates of the Caribbean: The Curse of the Black Pearl*. He has
 7 won awards at the People's Choice Awards 12 times, including Actor of the Decade in 2010, and
 8 was inducted as a Disney Legend in 2015.

9 23. In addition to his critical acclaim, Mr. Depp is one of the most financially
 10 successful actors in Hollywood. Films featuring Mr. Depp have grossed over \$3.1 billion at the
 11 United States box office and over \$7.6 billion worldwide. His *Pirates of the Caribbean* films
 12 have grossed over \$3 billion; *Alice in Wonderland* grossed approximately \$1 billion; *Charlie and*
 13 *the Chocolate Factory* grossed approximately \$474 million; and *The Tourist* grossed
 14 approximately \$278 million worldwide. All told, Mr. Depp earned hundreds of millions of
 15 dollars during his career. He continues to actively make movies and is poised to star in some of
 16 the most intriguing roles in Hollywood.

17 **II. Mr. Depp's Retention of TMG to Manage His Personal and Business Affairs**

18 24. Despite Mr. Depp's professional success, he, like many artists, had no training of
 19 any kind in law, accounting, finance, or business management. In addition, given his demanding
 20 professional schedule, which often required Mr. Depp to travel to remote locations to film or
 21 promote his movies, Mr. Depp frequently was unable to focus on many of the personal and
 22 financial aspects of his life. As such, throughout his career, Mr. Depp retained advisors to act on
 23 his behalf with respect to the management of his personal, legal, and business-related affairs. Mr.
 24 Depp relied on these advisors to use their judgment and expertise and to make the best decisions
 25 for him and his family (rather than for themselves) in all areas of his personal, legal, and
 26 business-related matters.

27 25. In or about September 1999, well after Mr. Depp had become a critically
 28 acclaimed and enormously successful actor, Mr. Depp was introduced to J. Mandel and R.

1 Mandel, and after speaking with them, retained TMG as his new legal, business, tax, and
2 accounting advisors.

3 26. As his legal, business, tax, and accounting advisors, TMG agreed to take
4 responsibility for all aspects of Mr. Depp's personal and financial life, including *inter alia*, paying
5 Mr. Depp's personal and business-related bills; drafting, negotiating, or reviewing contracts for a
6 wide variety of services and matters; managing his personal and business finances; acquiring,
7 selling, and maintaining his properties; seeking and repaying credit in Mr. Depp's name; forming
8 and managing business entities for Mr. Depp; making investments; obtaining insurance; arranging
9 travel and accommodations; preparing, timely filing, and paying Mr. Depp's federal and state
10 income taxes; and providing myriad other services to facilitate Mr. Depp's professional activities.
11 Based on what Mr. Depp believed to be TMG's ethics, experience and expertise, Mr. Depp gave
12 TMG full control over his finances and a wide swath of matters, and relied on them to behave
13 ethically, prudently and always in his best interests.

14 27. In order to enable TMG to provide these services, and based on TMG's
15 representations that they would act as fiduciaries and with Mr. Depp's best interests at heart, Mr.
16 Depp granted TMG broad control over his financial affairs, including access to his bank accounts
17 and the accounts of his business entities and trusts. Mr. Depp appointed J. Mandel as trustee of
18 the Sweetzer Trust and made him manager of most of his various entities.

19 28. Mr. Depp trusted and relied upon TMG, as his advisors, to manage his finances
20 prudently and to keep him fully informed of his financial status. Because J. Mandel represented
21 himself as a transactional attorney and R. Mandel represented himself as a tax attorney, Mr. Depp
22 also relied upon TMG, among his other counsel, to review and prepare corporate documents, and
23 to consider legal issues that arose from time to time with respect to his professional activities.
24 Although Mr. Depp trusted TMG to make day-to-day decisions about his affairs, on major
25 transactions and investments, Mr. Depp expected that TMG would consult with Mr. Depp and to
26 obtain his prior approval before proceeding.

27 29. TMG did not enter into any written agreement with Mr. Depp for the provision of
28 these services, whereby they paid themselves over \$28,000,000 in contingency fees based on Mr.

1 Depp's earnings. TMG took a 5% commission of Mr. Depp's gross income, in some cases
2 regardless of whether Mr. Depp actually received any net income himself or not. This
3 commission-based compensation structure was not subject to any annual cap or other form of
4 limitation. Separate and apart from being voidable as a matter of law, the alleged agreement was
5 exorbitant, excessive, and far outstripped the actual value of services TMG would be performing
6 for Mr. Depp.

7 30. TMG imposed this alleged arrangement on Mr. Depp without negotiation or
8 review of any terms by either Mr. Depp or any independent counsel.

9 **III. TMG "Managed" Mr. Depp's Personal and Financial Affairs for Well Over a**
10 **Decade, Taking Tens of Millions of Dollars in Commissions**

11 31. TMG acted as Mr. Depp's legal, business, tax, and accounting advisors from
12 approximately September 1999 until mid-March 2016. TMG managed Mr. Depp's affairs in part
13 through two trusts, of which Mr. Depp was the trustor and beneficiary. One trust is the Sweetzer
14 Trust; the other is the Mooh Investment Trust. J. Mandel was the trustee of the Sweetzer Trust
15 until TMG's termination as business manager. J. Mandel, as trustee of the Sweetzer Trust, owned
16 four properties in trust that had been purchased by Mr. Depp in Los Angeles, California. The
17 Mooh Investment Trust owned another property in trust that had been purchased by Mr. Depp,
18 also in Los Angeles (collectively, the "Sweetzer Properties"). Mr. Depp used the Sweetzer
19 Properties as his primary personal residence.

20 32. Each of the trusts has an account with City National Bank.

21 33. In addition to the trusts' City National Bank accounts, TMG maintained at least
22 twenty-five (25) other accounts at City National Bank in the names of various business entities
23 Mr. Depp wholly owns. Each of these entities was wholly or primarily owned by Mr. Depp and
24 was set up for his benefit. TMG prepared most of the corporate documents for these entities as
25 needed and routinely filed them with the California Secretary of State.

26 34. TMG further maintained two City National Bank accounts in Mr. Depp's name
27 individually, and three accounts for other family members.

28 35. TMG, principally through J. Mandel, had unrestricted access to these accounts,

1 either because he was trustee to the trusts or an officer or agent of the various legal entities that he
2 formed, or because he had general and broad control over Mr. Depp's finances.

3 36. Over the years, as TMG managed Mr. Depp's personal life and financial affairs,
4 Mr. Depp trusted TMG with the management of his affairs. Mr. Depp placed TMG in a position
5 of trust and loyalty with respect to the management of his finances, and, as a result, relied entirely
6 on TMG to monitor and grow his wealth.

7 37. TMG rarely consulted with Mr. Depp regarding any financial transactions, legal or
8 tax matters, or investments. Indeed, when TMG required Mr. Depp's signature, often he would
9 be presented with only a signature page to sign rather than a full document. Mr. Depp signed
10 such documents because he fully trusted that TMG was acting competently and to further only his
11 best interests, as TMG has previously represented. When Mr. Depp did speak to TMG, they
12 assured him that he was in excellent financial condition.

13 38. During this approximately 16-year period, Mr. Depp earned hundreds of millions
14 of dollars from salaries and royalties on movies and endorsements. Mr. Depp believed that
15 everything was going according to "plan," that he was saving millions of dollars, investing
16 smartly (through TMG), and that he was financially sound. But as explained below, nothing
17 could have been further from the truth.

18 39. During the same time period, TMG paid themselves over \$28,000,000.00 in
19 contingent fees from Mr. Depp's gross earnings.

20 **IV. TMG's Gross Mismanagement of Mr. Depp's Financial Affairs**

21 40. Unbeknownst to Mr. Depp, TMG failed to provide even the most basic guidance to
22 Mr. Depp in the management of his affairs. To the contrary, TMG engaged in years of gross
23 mismanagement, self-dealing, and at times, actual fraud, in mishandling Mr. Depp's affairs.
24 TMG abdicated their most basic duties to Mr. Depp while at the same time making millions of
25 dollars in unauthorized and undocumented disbursements to third parties. Upon information and
26 belief, in doing so, it was TMG's goal to keep everyone close to Mr. Depp happy and complacent
27 so that TMG could continue to receive its exorbitant fees without resistance.

28 41. Upon information and belief, TMG, on behalf of Mr. Depp, took out loan after

1 loan—with increasingly higher interest rates and fees and collateralized by Mr. Depp’s properties
2 and movie royalties—and sold certain of Mr. Depp’s assets in order to hide their misconduct.
3 TMG actively concealed the true state of Mr. Depp’s finances while driving him deeper and
4 deeper into financial distress.

5 **A. TMG Failed to Competently Maintain Mr. Depp’s Books and Records**

6 42. Over the course of their representation of Mr. Depp, TMG failed to maintain a
7 proper set of detailed accounting records for Mr. Depp, personally, and for each business entity
8 he owned. For example, in contravention of established accounting and business management
9 industry standards, TMG kept only sporadic and incomplete records of Mr. Depp’s finances,
10 accounts, and business transactions. Further, TMG made numerous loans without proper
11 disclosure or backup, and without any apparent agreements memorializing their terms. There are
12 also numerous instances of significant transactions that are not reasonably supported by proper
13 documentation. In addition, TMG kept files for Mr. Depp’s various corporate entities without
14 key documents related to corporate formation and without sufficient documentation to track the
15 investments or other activities of the corporate entities. TMG further failed to obtain and
16 maintain written agreements with critical service providers, including, but not limited to, a written
17 agreement with Mr. Depp’s entertainment attorneys who were paid tens of millions of dollars in
18 contingent fees without the statutorily prescribed written contract or agreement.

19 43. TMG also failed to maintain a complete set of electronic records for Mr. Depp’s
20 accounts and failed to keep a current accounting of Mr. Depp’s finances, accounts, and business
21 transactions as they were occurring. Notably, when Mr. Depp retained new business managers in
22 March 2016, TMG advised the new firm that it did not have a schedule of Mr. Depp’s accounts
23 payable – a basic accounting schedule required to assess what bills were due and owing. It also
24 appears that TMG undertook to simulate a proper accounting system by loading and backdating
25 transactional data after the fact, including a large volume of transactional data in April 2016, as
26 TMG was transferring books and records to EWC.

27 **B. TMG Failed to Keep Mr. Depp Informed of His Finances**

28 44. TMG failed to conduct thorough monthly planning, tracking or record-keeping

1 with respect to Mr. Depp's personal expenses and his business enterprises, and failed to
2 sufficiently discuss and provide written reports regarding income, expenses and financial
3 condition with Mr. Depp, as required by accounting and business management industry standards.

4 45. Throughout TMG's representation of Mr. Depp, TMG failed to sufficiently and
5 consistently report to Mr. Depp the current state of his finances. In particular, TMG failed to
6 prepare and provide Mr. Depp with periodic detailed reports of cash receipts and disbursements,
7 personal financial statements or statements of net worth, revenue and expense for Mr. Depp
8 personally. TMG further failed to prepare and provide to Mr. Depp periodic financial statements,
9 including balance sheets, statements of operations and statements of cash flows for each of Mr.
10 Depp's business entities. Nor did TMG prepare written budgets for Mr. Depp personally or for
11 his business enterprises.

12 46. In addition, TMG failed to create or implement any long term strategic investment
13 plan for preservation and growth of Mr. Depp's wealth. TMG did not review Mr. Depp's existing
14 assets to determine their value or whether they constituted a good investment. Nor did TMG
15 advise Mr. Depp regarding the investment value of any future assets he purchased. TMG also
16 failed to purchase or maintain adequate insurance for Mr. Depp or his business entities.

17 47. Moreover, TMG failed to report information to Mr. Depp in any consistent or
18 meaningful manner and failed to implement sufficient mechanisms to obtain Mr. Depp's approval
19 of standard or non-standard expenses on a regular basis. TMG routinely made financial decisions
20 without Mr. Depp's knowledge or approval, and often sent him signature pages for him to sign
21 without the corresponding documents. And when TMG did speak to Mr. Depp, they intentionally
22 concealed the true state of Mr. Depp's overall finances and falsely represented to Mr. Depp that
23 he was in excellent financial condition.

24 **C. Estate Tax, Gift and Income Tax Anomalies Caused by TMG**

25 48. Throughout the course of their representation of Mr. Depp, and despite the fact
26 that R. Mandel held himself out as a tax lawyer, remarkably, TMG never once timely filed Mr.
27 Depp's income tax returns or timely paid Mr. Depp's income tax. Instead, upon information and
28 belief, TMG left Mr. Depp's taxes in the hands of a CPA in training, who consistently failed to

1 act in accordance with industry standards for tax and accounting professionals. This created
2 numerous estate tax, gift and income tax anomalies that Mr. Depp's new business managers have
3 been resolving since being retained in 2016.

4 49. TMG engaged in a pattern of insufficient estimated tax payments preceding the
5 return date; paying a lump sum of estimated tax payments on or around October 15, rather than
6 by the April 15 due date; filing the actual return days or weeks beyond the extended due date; and
7 catching up on payments, assessed interest, and penalties thereafter.

8 50. Even though this is currently being corrected by Mr. Depp's new business
9 managers, TMG's failure to make sufficient estimated tax payments, file returns, and make timely
10 tax payments cost Mr. Depp approximately \$5,690,549.00 in easily avoidable penalties and
11 interest for Mr. Depp's federal income tax obligations alone. Because of the consistent failure to
12 timely file returns for or pay his federal income taxes, Mr. Depp is informed and believes, and on
13 that basis alleges that he also incurred significant penalties and interest based on the same
14 deficiencies in his state and foreign income tax filings during the same period.

15 **D. TMG Improperly "Loaned" Money to Third Parties Without Mr. Depp's**
16 **Knowledge or Prior Authorization**

17 51. Over the years, at varying times in diverse amounts, TMG disbursed nearly
18 \$10,000,000 to third parties close to or who worked for Mr. Depp without Mr. Depp's knowledge
19 or prior authorization. In providing these funds, TMG recorded them as "loans," but, for the vast
20 majority, TMG did not prepare any contracts or other notes to memorialize the disbursements, did
21 not include terms of repayment or default provisions, and did not require any security or charge
22 any interest. Further, TMG did not make any efforts to seek repayment of the "loans" and, to
23 date, the vast majority remain unpaid.

24 52. On information and belief, these disbursements were made without consideration
25 of Mr. Depp's best interests, without any legitimate intention of preserving or increasing Mr.
26 Depp's wealth or assets, and without actually expecting that the "loans" would ever be repaid.
27 Instead, upon information and belief, TMG made these disbursements in order to curry favor with
28 those close to Mr. Depp, thereby consolidating their own position as his advisors. By keeping

1 everyone close to Mr. Depp oblivious and content, TMG minimized any risk of those individuals
2 questioning TMG's competency or advising Mr. Depp to scrutinize TMG more closely.

3 53. For example, at various times and in various amounts, TMG disbursed millions of
4 dollars to a third party close to Mr. Depp without requiring any contract or note, terms of
5 repayment, interest, default provisions, or any security. Instead, TMG simply disbursed the
6 requested funds to the individual while making a notation in their ledger. From 2009 to 2016
7 alone, these disbursements totaled over \$7,000,000, the vast majority of which have not been
8 repaid. TMG did not disclose these disbursements to Mr. Depp or ask him whether he approved
9 them.

10 54. TMG also disbursed funds to another individual in the currently outstanding
11 amount of \$736,887.83. Again, no formal loan documentation exists regarding these
12 disbursements. Instead, the books and records contain informal documentation, such as a
13 November 18, 2013 email from the individual to J. Mandel's assistant forwarding a proposal to
14 renovate the individual's kitchen. The individual explained, "I have to ask as [I] was hoping to be
15 able to pay for the kitchen by myself, i have paid the deposit, but they now need another 50%
16 £12,490 . . . sorry and thank you." TMG never informed Mr. Depp that it had disbursed over
17 \$700,000 to this individual, and it never sought his approval for the vast majority of these
18 disbursements. To date, this individual has not repaid this "loan."

19 55. These disbursements to third parties close to Mr. Depp—made without Mr. Depp's
20 knowledge or authorization, without any terms, methods of repayment, or back up sufficient to
21 justify the disbursements and expenditures, and with unexplained and obviously incorrect
22 "credits" made to reduce the loan amount—show gross mismanagement of Mr. Depp's accounts
23 and a total disregard for standard—and minimal—accounting principles. In total, this misconduct
24 cost Mr. Depp over \$8,000,000 in funds without any apparent ability to recoup the loans and
25 without any information as to how much, if any, has been repaid.

26 **E. TMG Mismanaged Mr. Depp's Expenses and Engaged in Financial Waste**

27 56. Throughout their representation of Mr. Depp, TMG routinely failed to properly
28 manage and advise on expenses. TMG failed to properly budget for expenses and failed to create

1 and implement sufficient financial and cash management controls for Mr. Depp, which are
 2 standard in the industry. Further, when TMG itself expended money on behalf of Mr. Depp, it
 3 failed to conduct due diligence, failed to seek out the best, or even reasonable, prices for services
 4 and goods, and failed to monitor ongoing expenses to ensure they were commensurate with Mr.
 5 Depp's then-current financial condition and overall needs. TMG also failed to negotiate on
 6 behalf of Mr. Depp or to seek written agreements from important service advisors, such as Mr.
 7 Depp's entertainment lawyers, who TMG allowed to obtain enormous fees from Mr. Depp
 8 without any reasonable maximum or cap. TMG's gross mismanagement of Mr. Depp's expenses
 9 and inexcusable financial waste caused Mr. Depp millions, if not tens of millions, of dollars in
 10 excess costs over the years.

11 57. As one of numerous examples of financial waste, when Mr. Depp's mother was
 12 seriously ill, TMG rented a house to serve as potential hospice for her at a cost of \$35,000 per
 13 month. Once it became clear that Mr. Depp's mother would recover, Mr. Depp instructed TMG
 14 to move her out of the house and back home, and to terminate the lease. When the issue of the
 15 lease came up again by chance approximately eight months later, TMG acknowledged that "they
 16 forgot" to terminate the lease, which also contained a lengthy termination notice period. TMG's
 17 error cost Mr. Depp approximately \$350,000, which TMG never offset against the tens of
 18 millions of dollars in fees that TMG paid itself from Mr. Depp's earnings.

19 58. Similarly, TMG retained Premier Group International ("PGI") to provide security
 20 services for Mr. Depp at a variety of locations. The cost of PGI's security services was not only
 21 exorbitant, but also well above what Mr. Depp should have been paying given his financial
 22 condition (as caused by TMG's mismanagement). TMG did not keep Mr. Depp apprised of the
 23 cost of his security, did not question whether Mr. Depp had more security that was necessary, and
 24 did not discuss with Mr. Depp whether there were other options available to reduce the cost of his
 25 security. Between 2012 and 2015, TMG spent over \$8 million on security services, whereas a
 26 reasonable business manager and financial advisor could have obtained acceptable security
 27 services for a fraction of that cost.

28 59. As another example of TMG's mismanagement, in or around July 2007, an issue

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1 arose regarding a set of drain lines and retaining/wing wall constructed on the eastern boundary of
 2 Mr. Depp's residence on Sweetzer Avenue. Mr. Depp's neighbor from an adjacent property
 3 argued that this retaining wall extended one and a half to two feet onto her property. In
 4 responding to this situation, TMG did not conduct a formal survey of the land. Nor did they seek
 5 to move the retaining wall onto Mr. Depp's property. Instead, TMG caused Mr. Depp, through
 6 the Sweetzer Trust, to enter into a lease agreement with the neighbor, whereby the neighbor
 7 would be paid \$3,000.00 per month indefinitely, retroactively to April 1, 2007. To date, based on
 8 TMG's deal, the Sweetzer Trust has paid over \$320,000.00 in rent to the neighbor, rather than
 9 first confirming that an issue even existed or simply moving the retaining wall.

10 **F. TMG Recklessly Borrowed Money on Mr. Depp's Behalf**

11 60. While TMG was (a) disbursing close to \$10,000,000 of Mr. Depp's funds for
 12 undisclosed, unauthorized, and undocumented "loans" to third parties and (b) spending millions
 13 of dollars of Mr. Depp's funds on exorbitant and unnecessary expenses, they also—at the same
 14 time—caused Mr. Depp, and various business entities under his control, to borrow tens of
 15 millions of dollars at unreasonably high interest rates and fees, and caused key assets of Mr. Depp
 16 to be pledged as collateral or used for repayment. TMG attempted to use at least one of these
 17 loans as a vehicle to provide themselves, and other of Mr. Depp's advisors, contractual rights that
 18 they did not previously possess, including contingency payments on Mr. Depp's earnings and
 19 priorities on such payments superior to Mr. Depp. All of this was done without proper
 20 disclosures to Mr. Depp and in violation of well-established standards in the business
 21 management profession. On information and belief, had TMG properly executed its duties to Mr.
 22 Depp as a responsible business manager and retained the tens of millions of dollars they spent on
 23 unauthorized disbursements and exorbitant expenses, Mr. Depp would not have had any need for
 24 these loans and would never have incurred the interest and fees they engendered.

25 (i) **TMG Borrows over \$20 million from City National Bank from 2006-2012**

26 61. As early as February 2006, TMG began taking out loans from various banks to
 27 make up for its egregious expenditures and mismanagement. In or around February 2006, TMG
 28 took out a \$3,000,000 loan in Mr. Depp's name from City National Bank and secured it with

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1 property owned by Mr. Depp. Then, in or around October 2008, TMG took out a \$10,000,000
 2 line of credit in Mr. Depp's name and secured that with four of the Sweetzer Properties. In or
 3 around June 2010, TMG took out another \$4,000,000 loan in Mr. Depp's name and, again,
 4 secured that loan with the Sweetzer Properties. In or around March and April 2012, TMG caused
 5 Mr. Depp to draw another \$5,000,000 from an unsecured line of credit with City National Bank.
 6 In total, between 2006 and 2012, TMG caused Mr. Depp to borrow approximately \$22,000,000
 7 from City National Bank.

8 62. In causing these loans to be made, TMG did not make adequate disclosures to Mr.
 9 Depp, provide complete loan documents to Mr. Depp, or explain the purposes of the loans or the
 10 reasons why they were necessary. Instead, based on TMG's position of trust and loyalty with
 11 respect to Mr. Depp's finances, Mr. Depp trusted TMG to act in Mr. Depp's best interest and to
 12 make the best decisions for him. As a result, Mr. Depp did not inquire into these loans or have
 13 any meaningful understanding as to the amount being borrowed.

14 (ii) TMG Improperly Secures a Hard Money Loan with High Interest and Fees

15 63. In or around August 2014, due to its mismanagement, TMG once again faced the
 16 prospect of being unable to meet Mr. Depp's then-current obligations. Instead of finally
 17 disclosing its incompetence and mismanagement to Mr. Depp, or obtaining a commercial loan
 18 from another bank, TMG sought a large loan on behalf of Mr. Depp from a hard money lender,
 19 Tryon Management Services, Ltd. ("Tryon"). The loan was orchestrated by a specialty finance
 20 company, Grosvenor Park Media, and a third party, Fintage Collection Account Management,
 21 B.V. ("Fintage"), acted as collection agent.

22 64. In or around October 2014, Tryon made a loan of \$12,500,00.00 to one of Mr.
 23 Depp's business entities at an above-market initial interest rate of 10.00%, which later increased
 24 to 10.25%. The loan was subject to high fees, and its repayment terms provided that accrued
 25 interest would be capitalized monthly and added to the principal. The loan also contained a buy-
 26 out clause, which has made it financially unfeasible to repay the loan prior to its termination date.

27 65. While Mr. Depp signed some of the loan documents, he was not provided
 28 complete loan documents; the terms of the loans were not adequately disclosed to him, and he did

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1 not have any meaningful discussions with TMG regarding the need for the loan or its impact
2 moving forward. Instead, based on the position of trust and loyalty TMG held with Mr. Depp,
3 Mr. Depp simply followed TMG's advice without hesitation and signed the documents as
4 requested.

5 66. The terms of the loan required that repayment would be made from and secured by
6 residuals owed to Mr. Depp for the films *Pirates of the Caribbean I* through *IV*, *Alice in*
7 *Wonderland*, and *Into the Woods* (collectively, the "Films"). Although accrued interest was
8 capitalized monthly, Mr. Depp's business entity received Film residuals less frequently, resulting
9 in significant additions to the outstanding principal in between each repayment.

10 67. Under the terms of the loan, each time Mr. Depp's business entity received a
11 residual payment from one of the Films, that payment would be used to pay back a portion of the
12 interest and principal of the loan, to pay the large amounts of fees charged by Tryon, Fintage, and
13 related entities, and to put a certain amount of money in a tax reserve to pay tax payments on the
14 residuals. Another portion of the residual would be used to pay in full TMG's and Mr. Depp's
15 other entertainment lawyers' and talent agent's fees. Thus, TMG guaranteed that it and other
16 advisors would obtain their full commission on Mr. Depp's residuals regardless whether Mr.
17 Depp actually retained any of that money. This provided TMG and other advisors with a right to
18 receive fees superior to Mr. Depp's own, to which they were not entitled and which created
19 serious conflicts of interest.

20 68. Further, if any residuals remained after these payments were disbursed, the
21 remainder also went to repay the loan, *not* to Mr. Depp. Thus, even though TMG earned its full
22 fee for each residual, Mr. Depp would not actually receive a penny from his earnings on these
23 Films until the entire loan was repaid.

24 69. Despite these unreasonable and unfavorable terms, TMG caused Mr. Depp's
25 entities to take out a further advance from Tryon in or around August 2015 in the amount of
26 \$6,500,000.00. This brought the total amount borrowed from Tryon to \$19,000,000.00.

27 70. Over the short two-year period since this loan was initiated, Mr. Depp should have
28 received a total of approximately \$25,722,467.00 in residuals from the Films. Instead, neither he

1 nor any of his businesses entities received a penny of that money. Moreover, Tryon asserts that
2 Mr. Depp still owes approximately \$8,521,056.00 on the Tryon loan, which continues to
3 capitalize unreasonable interest at unreasonable rates and to charge unreasonable fees in
4 collecting on the loan. Even accounting for contractually required payments to Mr. Depp's
5 representatives and tax payments for these residuals, this loan has cost Mr. Depp millions of
6 dollars in interest and fees to date. In contrast, TMG received \$917,564.00 in fees from the film
7 residuals alone during that same period.

8 71. On information and belief, TMG caused Mr. Depp to incur over \$40 million in
9 debt since 2006—and millions of dollars in unnecessary interest and fees as a result—to cover for
10 its own mismanagement and fraud.

11 **G. TMG's Conflicts of Interest and Self-Dealing in Loaning \$5,000,000 Directly**
12 **to Mr. Depp and Servicing That Loan on His Behalf**

13 (i) TMG's Conflicts of Interest in Loaning \$5,000,000 Directly to Mr. Depp

14 72. In or around March or April 2012, as referenced above, TMG caused Mr. Depp to
15 obtain a \$5,000,000 unsecured line of credit from City National Bank. In or around late 2012,
16 TMG, on behalf of Mr. Depp, failed to meet the payment obligations of this line of credit. As
17 such, the Bank accelerated a promissory note signed by Mr. Depp, which required payment of
18 \$5,000,000 by December 1, 2012. On information and belief, this default would not have
19 occurred but for TMG's expenditure of millions of dollars in unauthorized disbursements and
20 exorbitant expenses during the same time period.

21 73. Rather than explain the situation to Mr. Depp, TMG obtained a separate
22 \$5,000,000 loan from City National Bank *in their own name*, and lent that money to Mr. Depp.

23 74. Even though the particular City National Bank promissory note representing
24 TMG's loan was unsecured, TMG required Mr. Depp to execute a Lending Agreement and a
25 Promissory Note ("Promissory Note" or "Note") to TMG secured by deeds of trust (the "Trust
26 Deeds") on the five Sweetzer Properties that formed Mr. Depp's primary residence. Thus, TMG
27 caused Mr. Depp to exchange an uncollateralized debt for one secured by Mr. Depp's own
28 primary residence. TMG also added terms to the Promissory Note enabling them to declare a

1 default if Mr. Depp ever terminated TMG, regardless of what was in Mr. Depp's best interests.

2 75. Before making this loan, neither TMG nor J. Mandel had any discussions with Mr.
3 Depp regarding alternate means of satisfying Mr. Depp's existing indebtedness, such as selling
4 assets, reducing spending, or obtaining a bridge loan to be satisfied by anticipated future income.
5 Nor did they have any meaningful discussions with Mr. Depp regarding his financial status or the
6 need to reduce expenditures in order to create a self-sustaining financial model.

7 76. On its face, the Lending Agreement between Mr. Depp and TMG sought to
8 disclaim TMG's fiduciary duties to Mr. Depp for purposes of the transaction, and gave Mr. Depp
9 the opportunity to seek independent counsel. In reality, however, neither TMG nor J. Mandel
10 actually informed Mr. Depp of his right to independent counsel to review the Lending Agreement
11 and Promissory Note. They did not explain the documents or their purpose. They did not explain
12 that TMG would be loaning \$5,000,000 directly to Mr. Depp or why such extreme and unusual
13 action was required. They did not explain that they were causing Mr. Depp's primary residence
14 to be pledged as collateral for the loan even though his previous loan had been unsecured, or that
15 Mr. Depp might lose his home if he failed to pay the loan back.

16 77. Based on the position of trust and loyalty that TMG occupied with respect to the
17 management of Mr. Depp's finances, Mr. Depp did as they asked and signed the documents.
18 Based on their position as Mr. Depp's business managers, Mr. Depp trusted TMG to act in his
19 best interest and to make financially responsible decisions for him.

20 (ii) TMG's Conflicts of Interest in Servicing Their Loan to Mr. Depp

21 78. The Lending Agreement between Mr. Depp and TMG provides that "the Parties
22 shall be considered to be entirely independent respecting all matters herein described including,
23 without limitation ... the creation, operation and *repayment* of the TMG/Depp Note and the
24 execution and potential enforcement of the Deeds of Trust." (emphasis added).

25 79. In reality, however, TMG—as Mr. Depp's business managers and financial
26 advisors—had full practical responsibility for paying back the loan. They controlled Mr. Depp's
27 accounts and paid all of his debts. As such, TMG was responsible for complying with the terms
28 of the loan, just as they were for every other debt owed by Mr. Depp.

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1 80. In undertaking to service the Note on behalf of Mr. Depp, TMG violated industry
2 standards applicable to business managers and financial advisors in a number of ways.

3 81. First, despite holding themselves out as independent to Mr. Depp in the Lending
4 Agreement, TMG undertook to service the loan in their capacity as Mr. Depp's business
5 managers and financial advisors. This created an unavoidable conflict of interest by requiring
6 TMG to effectively make payments to themselves, entangling TMG's own interests with those of
7 Mr. Depp.

8 82. Second, in undertaking to service the loan on behalf of Mr. Depp, TMG failed to
9 follow their own repayment terms as provided in the Promissory Note, and, in fact, did not pay
10 down the Note at all until *after* it should have been satisfied in full. This failure to repay even a
11 single dollar of their own debt during the expressed lifetime of the Note allowed TMG to later
12 declare the present default. Thus, TMG's own failures in repaying the loan led directly to putting
13 TMG in a position to foreclose on the Sweetzer Properties.

14 83. Third, after failing to repay the Promissory Note by the express deadline, TMG
15 created a Loan Amortization Schedule in April 2014, which purported to set a new 15-year
16 repayment schedule for Mr. Depp, but also included an interest rate far higher than the rate set
17 forth in the original Promissory Note. Immediately after creating this Schedule, however, TMG
18 failed to follow it, making only sporadic payments over the next two years that varied widely
19 from the Schedule's terms. By failing to pay in accordance with the Loan Amortization Schedule
20 (and at times paying more than the Schedule prescribed), TMG tied up funds which might have
21 been used by Mr. Depp to meet other obligations. It also presumably subjected Mr. Depp to an
22 interest rate far higher than that stated in the Promissory Note.

23 84. Finally, by creating the Loan Amortization Schedule after Mr. Depp should have
24 previously satisfied the loan, TMG effectively amended the terms of the loan to allow repayment
25 over the next 15 years. Nevertheless, after TMG was dismissed as Mr. Depp's business manager,
26 TMG effectively repudiated the Loan Amortization Schedule by declaring a default and
27 demanding repayment in full of the remaining balance. Given its fiduciary relationship to Mr.
28 Depp, TMG could not, on the one hand, create a payment schedule through which Mr. Depp was

1 allowed to repay the loan while TMG remained Mr. Depp's business manager, but then
2 unilaterally ignore that payment schedule once Mr. Depp replaced TMG with a new business
3 manager. TMG's refusal to honor the Loan Amortization Schedule once Mr. Depp removed
4 TMG as his business manager further highlights the significant conflicts of interest present
5 throughout their relationship.

6 **H. TMG's Other Conflicts of Interest and Self-Dealing**

7 85. As early as 2004, J. Mandel used his position as trustee of one of Mr. Depp's trusts
8 to invest millions of dollars in various entities in which either J. Mandel, TMG, or J. Mandel's
9 immediate family members also had a direct ownership interest. J. Mandel did this without
10 notifying Mr. Depp, as the beneficiary of the trust and as a client of TMG, that he intended to use
11 his position as trustee to invest Mr. Depp's money in entities that J. Mandel either partially owned
12 or controlled. Nor did J. Mandel seek authorization or obtain written waivers of the conflicts of
13 interest that had been created by his and TMG's actions.

14 86. For example, in or about September 1, 2004, a company called Lionheart, L.P.
15 ("Lionheart") made an offering for an aggregate amount of \$50,000,000 in limited partnership
16 interests. J. Mandel and R. Mandel possessed ownership interests in Lionheart as members of
17 Lionheart's sole general partner. The two brothers were also separately listed as directors of
18 Lionheart. Yet despite this direct ownership interest, J. Mandel caused Mr. Depp's trust to invest
19 over \$2,000,000 in Lionheart over a period of years.

20 87. Similarly, TMG caused Mr. Depp's trust to invest hundreds of thousands of dollars
21 in two companies, Matar, LLC ("Matar"), and Matar II, LLC ("Matar II"), two entities in which
22 both TMG and multiple TMG employees possess ownership interests. Currently, Mr. Depp's
23 trust owns 21.80% of Matar and 23.000% of Matar II, while TMG owns 20.00% of the former
24 and 16.667% of the latter. Other TMG employees also own substantial percentages of both
25 companies.

26 88. TMG never disclosed any of these investments to Mr. Depp or sought
27 authorization from Mr. Depp before causing them to occur. Nor did TMG seek any waiver of the
28 conflicts of interest they engendered.

V. Mr. Depp Learns for the First Time That He Suffered Significant Financial Losses Due to TMG's Gross Mismanagement, and Promptly Terminates TMG

89. Mr. Depp placed TMG in a position of trust and loyalty with respect to the management of his finances and personal life, and, as a result, relied entirely on TMG to manage his finances and grow his wealth. Mr. Depp is informed and believes, and on that basis alleges, that TMG knew that Mr. Depp relied entirely on them with respect to the management of his finances.

90. Yet in reality, as discussed above, TMG's gross mismanagement of almost every aspect of Mr. Depp's affairs caused Mr. Depp to lose tens of millions of dollars. TMG then sought to hide its losses from Mr. Depp by creating the illusion of wealth and financial stability, making improper disbursements to Mr. Depp's friends and acquaintances, and causing Mr. Depp to take out tens of millions of dollars in exorbitant and undisclosed loans.

91. Eventually, TMG informed Mr. Depp that he would need to sell a large piece of property in France in order to remain financially solvent. In light of his earnings over the years and the supposed management of his affairs by TMG, Mr. Depp could not imagine that he could be required to sell one of his properties in order to pay his debts. Later that fall, Mr. Depp's talent agent wrote to Mandel: "Did you tell [J]ohnny . . . he needs to make 25 million by the end of the year????? What are you doing?????"

92. Mr. Depp ultimately decided to terminate his relationship with TMG and to retain a new business manager and accountant, Edward White & Co., LLP ("EWC"). Mr. Depp retained EWC in March of 2016, and, as part of their representation, EWC engaged in a full review of Mr. Depp's financial situation. It was only after this review (which is ongoing) that Mr. Depp learned of TMG's misconduct and began to understand the financial harm TMG had caused Mr. Depp to suffer. Because of TMG's concealment of Mr. Depp's true financial situation, as well as their sole possession of his books and records, Mr. Depp did not know of TMG's acts of concealment until this time, nor did he have a reasonable opportunity to discover such acts of concealment before that time.

93. Since its engagement, EWC has done everything in its power to correct Mr.

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1 Depp's financial situation. EWC has caused Mr. Depp to substantially reduce unnecessary
2 expenses, sell real and personal property, and has carefully monitored income and outflow to
3 stabilize Mr. Depp's fiscal condition.

4 94. EWC has worked to mitigate TMG's mismanagement. By way of example, EWC
5 has cut off unauthorized disbursements to Mr. Depp's friends and family and is correcting his
6 federal income taxes. In addition, EWC has reduced many of Mr. Depp's unnecessary
7 expenditures, such as the security services procured by TMG. Now, through EWC, Mr. Depp has
8 secured adequate security services for a fraction of what he previously paid. EWC is also
9 currently working to move the retaining wall onto Mr. Depp's property so that Mr. Depp can
10 terminate the easement payments.

11 95. EWC has been unable to resolve other issues caused by TMG. For example, EWC
12 is still repaying many of the loans taken out by TMG, and is seeking to protect the various
13 properties of Mr. Depp that TMG caused to be pledged as collateral. EWC also continues to
14 service the Tryon loan, despite its horrible terms, because of the loan's high pre-payment
15 penalties. This has made it economically infeasible to find other financing to satisfy the loan until
16 the prepayment penalty is reduced over time, despite the millions of dollars in unreasonably high
17 interest and fees Mr. Depp is still incurring.

18 96. All told, TMG's gross mismanagement and fraud with respect to Mr. Depp's
19 affairs has resulted in tens of millions of dollars of losses to Mr. Depp that have been discovered
20 to date, and given the disarray in the books and records provided by TMG to EWC, additional
21 losses are sure to be discovered.

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FIRST CAUSE OF ACTION

(PROFESSIONAL NEGLIGENCE)

(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R. MANDEL AND DOES 1 THROUGH 10)

97. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

98. TMG agreed to, and did in fact, act as Mr. Depp's business managers, accountants, and financial advisors from in or around September 1999 to March 2016 and continued to render some services thereafter.

99. As Mr. Depp's business managers, accountants, and financial advisors, TMG owed Mr. Depp duties of professional care to use such skill, care, and diligence as other business managers, accountants, and financial advisors commonly possess and exercise on behalf of high net worth individuals under similar circumstances in similar communities.

100. Specifically, among other duties, business management industry standards required TMG to: (1) discharge their responsibilities with integrity, objectivity, due professional care and a genuine interest in serving their clients; (2) remain free of conflicts of interest; (3) perform their professional services to the best of their ability with concern for the best interest of Mr. Depp and consistent with Defendants' responsibilities to the public; (4) maintain accurate books of account, including cash receipts, cash disbursements, and general ledgers and journals; (5) compile statements of assets and liabilities and related statements of receipts and disbursements at least quarterly on a cash basis; (6) timely and accurately prepare and file income tax returns and provide overall tax planning services in connection with all personal and business activities; (7) ensure that comprehensive financial planning is formulated, implemented, monitored, and revised, including monthly and annual budgeting and longer term wealth planning; (8) take primary responsibility for collecting, properly categorizing and analyzing financial information related to a client's financial activities, including income received, processing disbursements and reconciling books of account and banking records; (9) ensure that a system of internal control procedures is planned, developed, and implemented to safeguard the client's assets and promote the accuracy and reliability of the financial information being

1 processed and reported; (10) provide investment advice and analyze potential investments,
 2 including the risks involved; (11) review insurance coverage and consult with insurance advisors
 3 to ensure adequate coverage; (12) timely prepare accurate and meaningful financial reports to the
 4 client; and (13) actively and truthfully engage in dialogue with the client regarding his or her
 5 financial situation, including written and verbal professional communications and comprehensive
 6 written reports containing financial, accounting and tax related planning and compliance
 7 information.

8 101. Despite the duties of professional care owed to Mr. Depp, TMG failed to use such
 9 degree of professional care, competence, and skill commonly possessed and exercised by
 10 business managers, accountants, and financial advisors under similar circumstances in similar
 11 communities. TMG negligently, carelessly, and recklessly rendered the services for which they
 12 were retained by, among other things: (1) failing to properly keep Mr. Depp's books and records
 13 and commingling funds between business entities without proper agreements or documentation;
 14 (2) failing to keep Mr. Depp informed of material information regarding Mr. Depp's finances and
 15 business affairs; (3) failing to inform Mr. Depp of and seek his authorization for major
 16 transactions, disbursements or expenses that cost Mr. Depp millions of dollars; (4) failing to
 17 invest Mr. Depp's earnings in stocks, funds, or other similar plans and failing to create or
 18 implement any strategic long-term investment plan to maximize Mr. Depp's wealth; (5) failing to
 19 file Mr. Depp's taxes in a timely manner, resulting in millions of dollars of penalties, interest, and
 20 fees; (6) disbursing close to ten million dollars to third parties close to Mr. Depp without proper
 21 disclosures, interest, or terms of repayment; (7) failing to manage almost every aspect of Mr.
 22 Depp's expenses, including failing to budget for expenses, failing to implement proper
 23 mechanisms for approving and controlling expenses, and failing to advise on the financial
 24 consequences of excessive expenses, as well as Defendants personally engaging in millions of
 25 dollars of financial mismanagement; (8) causing trusts for which Mr. Depp was the beneficiary to
 26 invest millions of dollars in ventures in which both TMG and the Mandels had direct ownership
 27 interests, thereby creating serious conflicts of interest; (9) borrowing over \$40,000,000 from
 28 various banks and a hard money lender at increasingly unreasonable interest rates and fees while

1 using Mr. Depp's properties and movie royalties as collateral in order to make up for the tens of
 2 millions of dollars in losses caused by Defendants' unauthorized disbursements and exorbitant
 3 expenses; (10) loaning Mr. Depp an additional \$5,000,000 directly and securing that loan with
 4 Mr. Depp's primary residence, all without making proper disclosures or attempting to find
 5 alternative methods to secure the needed financing; (11) servicing the loan Defendants made to
 6 Mr. Depp but failing to adequately repay the loan and unilaterally changing the payment terms as
 7 Defendants saw fit, thereby enabling Defendants to seek to foreclose on Mr. Depp's primary
 8 residence; and (12) providing Mr. Depp with legal services without a written retainer agreement
 9 and requiring 5% of Mr. Depp's gross revenue without any written agreement and despite the fact
 10 that Defendants' services were worth far less than the amount received.

11 102. These breaches of TMG's duties to use the professional care, competence, and
 12 skill commonly possessed and exercised by business managers, accountants, and financial
 13 advisors under similar circumstances in similar communities involved both the want of even scant
 14 care by TMG and represent an extreme departure from the ordinary standard of conduct
 15 applicable in such situations. As such, TMG's mismanagement of Mr. Depp's financial affairs
 16 also rises to the level of gross negligence.

17 103. In that TMG was solely and exclusively in possession of Mr. Depp's financial
 18 books and records, Mr. Depp did not discover, and could not have reasonably discovered, the
 19 facts underlying TMG's mismanagement and gross negligence until 2016, after Mr. Depp
 20 retained a new business management firm. TMG's numerous acts of mismanagement constituted
 21 continuing wrongs throughout their relationship with Mr. Depp that did not cease until Mr. Depp
 22 retained a new business management firm in 2016.

23 104. As a direct and proximate result of the aforesaid gross negligence,
 24 mismanagement, and professional negligence, Plaintiffs have been damaged in an amount that
 25 has not yet been fully ascertained but which is believed to be in excess of twenty-five million
 26 dollars (\$25,000,000).

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SECOND CAUSE OF ACTION

(BREACH OF FIDUCIARY DUTY)

(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R. MANDEL, AND DOES 1 THROUGH 10)

105. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

106. At all relevant times herein, by virtue of the professional relationships that existed between Mr. Depp and TMG, wherein TMG acted as Mr. Depp's business managers, accountants and financial advisors from 1999 until 2016, where Mr. Depp placed trust and confidence in the fidelity and integrity of TMG and entrusted TMG with Mr. Depp's financial well-being, and where TMG assumed control over Mr. Depp's business and financial affairs and property, a fiduciary duty existed between Mr. Depp and TMG. At all relevant times, Mr. Depp reasonably relied upon TMG's superior knowledge and expertise, and trusted that TMG would conduct themselves in his best interest and not in their own self-interest.

107. This fiduciary duty required TMG to treat Mr. Depp with complete fairness and the highest duty of loyalty, and to disclose to Mr. Depp all material facts concerning his business and financial affairs, the services rendered by TMG in connection therewith, and the fees charged by TMG for such services. This fiduciary duty further required TMG to truthfully and completely disclose all relevant information to Mr. Depp and to not misrepresent or conceal any facts in connection with any of the aforementioned services that TMG provided to Mr. Depp. Furthermore, TMG owed Mr. Depp a duty to refrain from conducting themselves in any manner that was in conflict with the best interests of Mr. Depp. TMG further owed Mr. Depp a fiduciary duty to refrain from fraud, bad faith, concealment or nondisclosure of material facts, gross misconduct, gross mismanagement, self-dealing, engaging in conflicts of interest, and failing to follow instructions of the principal. In addition, TMG owed Mr. Depp a duty of due diligence that required TMG to verify the legitimacy and soundness of the business, accounting, tax and/or financial and investment advice they offered to Mr. Depp.

108. TMG breached their fiduciary duties to Mr. Depp by, among other things: (1) misrepresenting facts in connection with Mr. Depp's finances and business affairs; (2) concealing

1 material facts concerning the true financial condition of Mr. Depp; (3) failing to properly keep
 2 Mr. Depp's books and records and commingling funds between business entities without proper
 3 agreements or documentation; (4) failing to inform Mr. Depp of and seek his authorization for
 4 major transactions, disbursements or expenses that cost Mr. Depp millions of dollars; (5) failing
 5 to invest Mr. Depp's earnings in stocks, funds, or other similar plans and failing to create or
 6 implement any strategic long-term investment plan to maximize Mr. Depp's wealth; (6) failing to
 7 file Mr. Depp's taxes in a timely manner, resulting in millions of dollars of penalties, interest, and
 8 fees; (7) disbursing close to ten million dollars to third parties close to Mr. Depp without proper
 9 disclosures, interest, or terms of repayment; (8) failing to manage almost every aspect of Mr.
 10 Depp's expenses, including failing to budget for expenses, failing to implement proper
 11 mechanisms for approving and controlling expenses, and failing to advise on the financial
 12 consequences of excessive expenses, as well as Defendants personally engaging in millions of
 13 dollars of financial mismanagement and waste; (9) causing trusts for which Mr. Depp was the
 14 beneficiary to invest millions of dollars in ventures in which both TMG and the Mandels had
 15 direct ownership interests, thereby creating serious conflicts of interest; (10) borrowing over
 16 \$40,000,000 from various banks and hard money lenders at increasingly unreasonable interest
 17 rates and fees while using Mr. Depp's properties and movie royalties as collateral, all to create the
 18 illusion of financial health and to make up for the tens of millions of dollars in losses caused by
 19 Defendants' unauthorized disbursements and exorbitant expenses; (11) loaning Mr. Depp an
 20 additional \$5,000,000 directly, inserting improper default terms, and securing that loan with Mr.
 21 Depp's primary residence, all without making proper disclosures or attempting to find alternative
 22 methods to secure the needed financing; (12) servicing the loan Defendants made to Mr. Depp but
 23 failing to adequately repay the loan and unilaterally changing the payment terms as Defendants
 24 saw fit, thereby enabling Defendants to seek to foreclose on Mr. Depp's primary residence; (13)
 25 providing Mr. Depp with legal services without a written retainer agreement and requiring 5% of
 26 Mr. Depp's gross revenue without any written agreement and despite the fact that Defendants'
 27 services were worth far less than the amount received; and (14) continuing to misrepresent and
 28 conceal Mr. Depp's true financial condition so as to avoid discovery of Defendants' wrongdoing

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1 and mismanagement and to continue making millions of dollars in exorbitant fees despite their
2 malfeasance.

3 109. In that TMG was solely and exclusively in possession of Mr. Depp's financial
4 books and records and actively worked to conceal their misconduct from Mr. Depp, Mr. Depp did
5 not discover, and could not have reasonably discovered, the facts underlying TMG's breaches of
6 fiduciary duties until 2016, after Mr. Depp retained a new business management firm. TMG's
7 numerous breaches of fiduciary duty constituted continuing wrongs throughout their relationship
8 with Mr. Depp that did not cease until Mr. Depp retained a new business management firm in
9 2016.

10 110. As a direct and proximate result of the aforesaid breaches of TMG's fiduciary
11 duties, Plaintiffs have been damaged in an amount that has not yet been fully ascertained, but
12 which is believed to be in excess of twenty-five million dollars (\$25,000,000). Plaintiffs are also
13 entitled to disgorgement of all sums paid to TMG while these breaches of duty occurred.

14 111. In doing the things herein alleged, TMG acted with malice, oppression and/or
15 fraud pursuant to California Code of Civil Procedure Section 3294(c), and acted willfully and
16 with the intent to cause injury to Mr. Depp. As such, TMG are therefore guilty of malice,
17 oppression and/or fraud, and Mr. Depp is entitled to recover an award of exemplary and/or
18 punitive damages.

19 **THIRD CAUSE OF ACTION**

20 **(BREACH OF FIDUCIARY DUTY AS TRUSTEE)**

21 **(BY ALL PLAINTIFFS AGAINST J. MANDEL AND DOES 13 THROUGH 15)**

22 112. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

23 113. From 2005 until 2016, by serving as trustee of the Sweetzer Trust, which was
24 created for the benefit of Mr. Depp, a fiduciary duty existed between Mr. Depp, as beneficiary,
25 and J. Mandel, as trustee. At all relevant times, Mr. Depp reasonably relied upon J. Mandel's
26 superior knowledge and expertise, and trusted that J. Mandel would conduct himself in the best
27 interests of Mr. Depp and not in his own self-interest in administering the Sweetzer Trust.

28 114. This fiduciary duty included, among others, a duty of loyalty, requiring the trustee

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1 to administer the trust solely in the interest of Mr. Depp, a duty not to use trust property for the
 2 trustee's own profit or for any other purpose unconnected with the trust, and a duty to exercise
 3 reasonable care, skill, and prudence in administering the trust, including a duty to diversify
 4 investments unless it is not prudent to do so. J. Mandel's fiduciary duties required him to
 5 truthfully and completely disclose all relevant information to Mr. Depp and to not misrepresent
 6 any or conceal any facts in connection with any of the services that J. Mandel provided as trustee
 7 of the Sweetzer Trust. Furthermore, J. Mandel owed Mr. Depp a fiduciary duty to refrain from
 8 fraud, bad faith, concealment or nondisclosure of material facts, gross misconduct, gross
 9 mismanagement, self-dealing, and engaging in conflicts of interest in administering the Sweetzer
 10 Trust.

11 115. In violation of the relationship of trust, confidence and loyalty between Mr. Depp
 12 and J. Mandel, J. Mandel breached his fiduciary duties as trustee by, among other things: (1)
 13 misrepresenting facts in connection with the Sweetzer Trust's finances and business affairs; (2)
 14 concealing material facts concerning the true financial condition of the Sweetzer Trust; (3) failing
 15 to properly keep the Sweetzer Trust's books and records and commingling funds between the
 16 Trust and other business entities without proper agreements or documentation; (4) failing to
 17 manage the Sweetzer Trust's expenses, including failing to budget for expenses, failing to
 18 implement proper mechanisms for approving and controlling expenses, and failing to advise on
 19 the financial consequences of excessive expenses, as well as Defendants personally engaging in
 20 numerous examples of financial mismanagement and waste; (5) causing the Sweetzer Trust to
 21 invest millions of dollars in ventures in which both TMG and the Mandels had direct ownership
 22 interests, thereby creating serious conflicts of interest; (6) borrowing tens of millions of dollars
 23 using the Sweetzer Trust's properties as collateral in order to create the illusion of financial health
 24 and to make up for the tens of millions of dollars in losses caused by Defendants' unauthorized
 25 disbursements and exorbitant expenses; (7) loaning Mr. Depp an additional \$5,000,000 directly,
 26 inserting improper default terms, and securing that loan with properties owned by the Sweetzer
 27 Trust, all without making proper disclosures or attempting to find alternative methods to secure
 28 the needed financing; (8) servicing the loan Defendants made to Mr. Depp and the Sweetzer Trust

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1 but failing to adequately repay the loan and unilaterally changing the payment terms as
2 Defendants saw fit, thereby enabling Defendants to seek to foreclose on Mr. Depp's primary
3 residence; and (9) continuing to misrepresent and conceal the Sweetzer Trust's true financial
4 condition so as to avoid discovery of Defendants' wrongdoing and mismanagement and to
5 continue making millions of dollars in exorbitant fees as Mr. Depp's business manager.

6 116. In that J. Mandel was solely and exclusively in possession of the Sweetzer Trust's
7 financial books and records and actively worked to conceal his misconduct from Mr. Depp, Mr.
8 Depp and Mr. White did not discover, and could not have reasonably discovered the facts
9 underlying J. Mandel's breaches of fiduciary duties until 2016, after Mr. Depp retained a new
10 business management firm. J. Mandel's numerous breaches of fiduciary duty constituted
11 continuing wrongs throughout his time as trustee that did not cease until Mr. Depp retained a new
12 business management firm in 2016.

13 117. As a direct and proximate result of the aforesaid breaches of J. Mandel's fiduciary
14 duties, Plaintiffs have been damaged in an amount that has not yet been fully ascertained, but
15 which is believed to be in excess of twenty-five million dollars (\$25,000,000). Plaintiffs are also
16 entitled to disgorgement of all sums paid to Defendants while these breaches of fiduciary duty
17 occurred.

18 118. In doing the things herein alleged, J. Mandel acted with malice, oppression and/or
19 fraud pursuant to California Code of Civil Procedure Section 3294(c), and acted willfully and
20 with the intent to cause injury to Mr. Depp. As such, J. Mandel is therefore guilty of malice,
21 oppression and/or fraud, and Mr. Depp is entitled to recover an award of exemplary and/or
22 punitive damages.

23 **FOURTH CAUSE OF ACTION**
24 **(FRAUD IN THE INDUCEMENT)**

25 **(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R.**
26 **MANDEL, AND DOES 1 THROUGH 10)**

27 119. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

28 120. As discussed above, in or around March or April 2012, TMG caused Mr. Depp to

1 obtain a \$5,000,000 unsecured line of credit from City National Bank. In or around late 2012,
2 TMG, on behalf of Mr. Depp, failed to meet the payment obligations of this line of credit, and
3 City National Bank accelerated a Promissory Note requiring payment of \$5,000,000 by December
4 1, 2012. To satisfy this obligation, TMG decided to loan the funds directly to Mr. Depp.

5 121. In doing so, TMG provided Mr. Depp with a Lending Agreement and Promissory
6 Note that (a) contained broad disclaimers of TMG's fiduciary duties to Mr. Depp for the purposes
7 of the transaction, (b) waived the conflicts of interest this transaction created, (c) purported to
8 give Mr. Depp the opportunity to seek independent counsel, and (d) secured the loan with the
9 Sweetzer Properties, which constitute Mr. Depp's primary residence, even though the \$5,000,000
10 loan being satisfied had been unsecured.

11 122. TMG did not disclose any of these facts to Mr. Depp, however. Instead, Mr. Depp
12 was told to sign the documents, just like he would do for other transactions. Prior to signing the
13 documents, TMG failed to disclose that (a) this was a self-interested transaction that created
14 serious conflicts of interest between TMG and their fiduciary, Mr. Depp; or (b) TMG had
15 collateralized what had previously been an unsecured debt with Mr. Depp's primary residence.
16 These constituted misrepresentations or omissions of material fact to Mr. Depp.

17 123. TMG was aware of the existence of their material omissions and the falsity of their
18 actions, and TMG further intended Mr. Depp to rely on their misrepresentations and omissions by
19 signing the loan documents without any meaningful review. In fact, on information and belief,
20 TMG took such actions in order to avoid disclosing the true state of Mr. Depp's financial affairs,
21 as caused by TMG's own actions.

22 124. Mr. Depp justifiably relied on TMG's material misrepresentations and omissions.
23 Based on TMG's representations regarding the nature of the transaction and their failure to notify
24 Mr. Depp of (a) the conflicts of interest the transaction created and (b) the collateralization of his
25 primary residence as a result, Mr. Depp signed the loan agreements without review by
26 independent counsel or any attempt to understand the consequences of his entering into the loan.
27 Mr. Depp would not have entered into this loan but for TMG's material misrepresentations and
28 omissions, which in fact prevented Mr. Depp from discovering the true state of his financial

1 affairs.

2 125. As a direct and proximate result of TMG's material misrepresentations and
3 omissions, Plaintiffs have been damaged, both by virtue of the interest payments on the loan
4 currently sought by TMG, and because TMG are currently seeking to foreclose on the Sweetzer
5 Properties. As a direct and proximate result of TMG's fraud in the inducement, Plaintiffs are
6 entitled to void the loan contract that resulted from that fraud.

7 126. In doing the things herein alleged, TMG acted with malice, oppression and/or
8 fraud pursuant to California Code of Civil Procedure Section 3294(c), and acted willfully and
9 with the intent to cause injury to Plaintiffs. As such, TMG is therefore guilty of malice,
10 oppression and/or fraud, and Plaintiffs are entitled to recover an award of exemplary and/or
11 punitive damages.

12 **FIFTH CAUSE OF ACTION**

13 **(FRAUDULENT CONCEALMENT)**

14 **(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R.**

15 **MANDEL, AND DOES 1 THROUGH 10)**

16 127. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

17 128. Throughout TMG's employment as Mr. Depp's business managers, accountants,
18 and financial advisors, TMG failed to disclose to Mr. Depp material facts regarding TMG's gross
19 mismanagement of Mr. Depp's personal and financial affairs and the true state of Mr. Depp's
20 financial condition.

21 129. For example, TMG concealed, among countless of other examples, the following
22 material facts from Mr. Depp, which they were duty-bound to disclose:

23 (a) Between October 3, 2014, and October 7, 2014, Defendants caused \$410,000
24 of Mr. Depp's funds to be transferred to an individual close to Mr. Depp without any loan
25 documents, contracts, or notes memorializing this disbursement or any terms of repayment. TMG
26 never disclosed to Mr. Depp that they had made this disbursement.

27 (b) Between July 14, 2015 and August 4, 2015, TMG caused \$50,000 of Mr.
28 Depp's funds to be transferred to an individual close to Mr. Depp without any loan documents,

1 contracts, or notes memorializing this disbursement or any terms of repayment. TMG never
2 disclosed to Mr. Depp that they had made this disbursement.

3 (c) Between October 1, 2015 through March 31, 2016, TMG caused a total of
4 \$226,500.00 of Mr. Depp's funds to be transferred to an individual close to Mr. Depp without any
5 loan documents, contracts, or notes memorializing this disbursement or any terms of repayment.
6 TMG never disclosed to Mr. Depp that they had made this disbursement.

7 (d) Between February 2006 and April 2012, as described in paragraphs 61-62,
8 TMG caused Mr. Depp to borrow approximately \$22,000,000 from City National Bank to make
9 up for their gross mismanagement of Mr. Depp's financial affairs, without making proper
10 disclosures to Mr. Depp or explaining the reasons for the loans.

11 (e) In or around October 2014 as described in paragraphs 63-68, TMG borrowed
12 \$12,500,000 from Tryon at unreasonable interest rates and high fees and promised Mr. Depp's
13 royalty payments from the Films to pay back the loan. In doing so, TMG did not provide Mr.
14 Depp with complete loan documents, did not disclose the terms of the loan to him, and did not
15 have any meaningful discussions with Mr. Depp regarding the need for the loan or its
16 consequences on Mr. Depp's financial situation.

17 (f) In or around August 2015 as described in paragraph 69, TMG borrowed
18 another \$6,500,000 from Tryon at the same unreasonable and exorbitant terms. In doing so,
19 TMG did not provide Mr. Depp with complete loan documents, did not disclose the terms of the
20 loan to him, and did not have any meaningful discussions with Mr. Depp regarding the need for
21 the loan or its consequences on Mr. Depp's financial situation.

22 130. TMG suppressed and failed to disclose information for the purpose of concealing
23 their negligence and wrongdoing from Mr. Depp. TMG intended that Mr. Depp act in reliance on
24 their misrepresentations and omissions by retaining TMG as Mr. Depp's business managers,
25 accountants, and financial advisors, so that they could continue to pay themselves exorbitant
26 commissions from Mr. Depp.

27 131. Based on their relationship of trust and confidence and the many years TMG spent
28 as Mr. Depp's business managers, Mr. Depp reasonably relied on TMG's misrepresentations and

1 omissions. Mr. Depp did not understand his true financial situation and believed that he was in
2 excellent financial health, that he had saved millions of dollars, and that he had funds at his
3 disposal to spend as needed. Had Mr. Depp been aware of TMG's concealment and wrongful
4 conduct, Mr. Depp would not have continued to incur the loans that he did and would have
5 terminated TMG as his business managers.

6 132. Instead, in reliance on TMG's material misrepresentations and omissions, Mr.
7 Depp was induced to and did continue to incur excessive and unnecessary expenses and
8 continued to pay tens of millions of dollars to TMG in exorbitant fees.

9 133. Because of TMG's intentional concealment, as well as their sole possession of his
10 books and records, Mr. Depp did not know of TMG's acts of intentional concealment until in or
11 after March 2016 when he retained new business managers, nor did he have a reasonable
12 opportunity to discover such acts of concealment before that time. TMG's numerous acts of
13 fraud throughout their relationship with Mr. Depp constituted continuing wrongs that did not
14 cease until Mr. Depp retained a new business management firm in 2016.

15 134. As a direct and proximate result of TMG's fraud and concealment, Plaintiffs have
16 been damaged in an amount that has not yet been fully ascertained, but which is believed to be in
17 excess of twenty-five million dollars (\$25,000,000).

18 135. In doing the things herein alleged, TMG acted with malice, oppression and/or
19 fraud pursuant to California Code of Civil Procedure Section 3294(c), and acted willfully and
20 with the intent to cause injury to Mr. Depp. As such, TMG is therefore guilty of malice,
21 oppression and/or fraud, and Plaintiffs are entitled to recover an award of exemplary and/or
22 punitive damages.

23 **SIXTH CAUSE OF ACTION**
24 **(CONSTRUCTIVE FRAUD)**

25 **(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R.**
26 **MANDEL, AND DOES 1 THROUGH 10)**

27 136. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

28 137. As Mr. Depp's business managers, accountants, and financial advisors, TMG

1 owed Mr. Depp a fiduciary duty to act with the utmost good faith and in his best interests.

2 138. As set forth above, TMG breached their fiduciary duties and concealed material
3 facts from Mr. Depp.

4 139. TMG misrepresented facts in connection with Mr. Depp's finances and business
5 affairs and concealed material facts concerning his true financial condition. TMG made close to
6 ten million dollars in unauthorized disbursements in order to curry favor and solidify their
7 position with Mr. Depp, borrowed tens of millions of dollars without proper disclosures to Mr.
8 Depp at increasingly unreasonable terms, and continually misrepresented Mr. Depp's financial
9 health, all to hide their years of gross misconduct, negligence, and waste in almost every aspect of
10 their business management and accounting services.

11 140. TMG concealed the truth behind these matters with the intent to deceive and
12 defraud Mr. Depp and to prevent Mr. Depp from learning the true facts, and to induce Mr. Depp
13 to act in reliance on TMG's acts and omissions, or with the expectation that Mr. Depp would act
14 in reliance on that information.

15 141. Mr. Depp justifiably relied on the fact that TMG was fulfilling their fiduciary
16 duties to Mr. Depp and not concealing their gross mismanagement of Mr. Depp's financial
17 affairs.

18 142. TMG gained an advantage as a result of their breach of fiduciary duty and
19 deception in that Mr. Depp retained TMG as his business managers, accountants, and financial
20 advisors, where otherwise they would surely have been terminated. As a result, TMG earned tens
21 of millions of dollars in exorbitant commissions.

22 143. By virtue of the breaches of fiduciary duties and obligations owed by TMG to Mr.
23 Depp as alleged herein, TMG has engaged in constructive fraud pursuant to California Civil Code
24 Section 1573 and other applicable California law.

25 144. As a direct and proximate result of TMG's constructive fraud, Plaintiffs have been
26 damaged in an amount that has not yet been fully ascertained, but which is believed to be in
27 excess of twenty-five million dollars (\$25,000,000).

28 145. In doing the things herein alleged, TMG acted with malice, oppression and/or

1 fraud pursuant to California Code of Civil Procedure Section 3294(c), and acted willfully and
2 with the intent to cause injury to Plaintiffs. As such, TMG is therefore guilty of malice,
3 oppression and/or fraud, and Plaintiffs are entitled to recover an award of exemplary and/or
4 punitive damages.

5 **SEVENTH CAUSE OF ACTION**

6 **(NEGLIGENT MISREPRESENTATION)**

7 **(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, and R.**
8 **MANDEL, AND DOES 1 THROUGH 10)**

9 146. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

10 147. As set forth herein, throughout the course of their relationship, TMG made myriad
11 representations of past or existing material facts regarding Mr. Depp's financial condition,
12 investments, expenditures, and rendering of services in conformity with their fiduciary duties.

13 148. Many of these representations, such as Mr. Depp's financial condition being
14 healthy and sustainable, were not true, and TMG made them without reasonable grounds for
15 believing them to be true.

16 149. TMG intended to induce Mr. Depp to rely on their representations.

17 150. As trusted fiduciaries, Mr. Depp reasonably relied upon TMG's representations,
18 which reliance, over time, has resulted in millions of dollars of damages, including undisclosed
19 disbursements to third parties, and the payment of commissions to which TMG was not entitled
20 as a result of their misfeasance.

21 151. Because of TMG's negligent misrepresentation of Mr. Depp's true financial
22 situation, as well as their sole possession of his books and records, Mr. Depp did not know of, or
23 have a reasonable opportunity to discover, TMG's wrongful acts until in or after March 2016
24 when he retained new business managers. TMG's negligent misrepresentations throughout their
25 relationship with Mr. Depp constituted continuing wrongs that did not cease until Mr. Depp
26 retained a new business management firm in 2016.

27 152. As a direct and proximate result of TMG's negligent misrepresentation, Plaintiffs
28 have been damaged in an amount that has not yet been fully ascertained, but which is believed to

1 be in excess of twenty-five million dollars (\$25,000,000).

2 **EIGHTH CAUSE OF ACTION**

3 **(UNJUST ENRICHMENT)**

4 **(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R.**
5 **MANDEL, AND DOES 1 THROUGH 10)**

6 153. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

7 154. Mr. Depp paid TMG undeserved and exorbitant commissions for their services,
8 despite their gross mismanagement of almost every aspect of Mr. Depp's finances, and their
9 fraudulent misconduct taken to conceal the true nature of Mr. Depp's financial condition. TMG
10 entirely abdicated their responsibilities to Mr. Depp and cost him tens of millions of dollars
11 before Mr. Depp finally discovered their misconduct and negligence and terminated them. Mr.
12 Depp's payment of these commissions provided TMG with an unlawful benefit at Mr. Depp's
13 expense, to which TMG had no right.

14 155. TMG would not have received the unlawful benefit but for their wrongful conduct.

15 156. Plaintiffs suffered compensatory injury as a proximate result of Defendants'
16 unlawful conduct.

17 157. Accordingly, Plaintiffs are entitled to restitution from Defendants, in addition to all
18 monetary damages due, in an amount to be determined according to proof at trial.

19 **NINTH CAUSE OF ACTION**

20 **(INJUNCTION AGAINST WRONGFUL FORECLOSURE IN VIOLATION OF**
21 **CALIFORNIA CIVIL CODE)**

22 **(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R.**
23 **MANDEL, FIRST AMERICAN, AND DOES 1 THROUGH 12)**

24 158. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

25 159. On or about October 27, 2016, defendant First American, as trustee under the
26 Trust Deeds, recorded with the County Recorder for the County of Los Angeles two Notices of
27 Default and Election to Sell Under Deed of Trust ("Notices of Default"), which initiated non-
28 judicial foreclosure proceedings on the Sweetzer Properties under the Trust Deeds, as collateral

1 for the Note.

2 160. The said foreclosure proceedings are improper in that, among other things: (A)
 3 the Note, being secured by the Trust Deeds, is the result of TMG's breaches of fiduciary duty as
 4 alleged above and are therefore void and invalid; (B) as a result of the improper and fraudulent
 5 acts of TMG as herein alleged, TMG are indebted to Mr. Depp in a sum far exceeding any sums
 6 which may allegedly be owing under the Note. Mr. Depp therefore has setoffs against the Note
 7 that reduce its balance to \$0, and there is no indebtedness to be secured by the Trust Deeds; (C)
 8 the Notices of Default materially overstate the balance owing under the Note, and such Notices
 9 are therefore deficient under California Civil Code § 2924; and (D) even if there were a balance
 10 owing under the Note, the Note is not in default and is therefore not due. The "default" relied
 11 upon by TMG and First American was self-manufactured by TMG. TMG, in a further breach of
 12 their fiduciary duty, inserted a provision in the Note providing for a default in the event that
 13 TMG's services as Mr. Depp's business manager were terminated. TMG, by their wrongful
 14 conduct, have compelled Mr. Depp to terminate their services as business manager. TMG are
 15 attempting to take advantage of their own wrongful conduct by using that termination as a pretext
 16 to foreclose, in violation of Cal. Civ. Code § 3517.

17 161. Defendants have threatened to proceed with the foreclosure sale of the Sweetzer
 18 Properties, and unless enjoined, will proceed with such a sale improperly and in violation of the
 19 rights of Plaintiffs.

20 **TENTH CAUSE OF ACTION**

21 **(DECLARATORY JUDGMENT)**

22 **(BY ALL PLAINTIFFS AGAINST THE MANAGEMENT GROUP, J. MANDEL, R.**
 23 **MANDEL, AND DOES 1 THROUGH 10)**

24 162. Plaintiffs incorporate all of the foregoing allegations as if fully set forth herein.

25 163. California Business and Professional Code § 6147 requires contingency fee
 26 arrangements with attorneys to be documented in a written agreement, which must further contain
 27 a host of statutorily mandated disclosures. Section 6147 governs all such agreements, whether in
 28 the litigation context or otherwise. *See Arnall v. Superior Court*, 190 Cal. App. 4th 360, 367

1 (2010). In the absence of a writing that complies with the requirements of section 6147, a
2 contingency fee arrangement with an attorney is voidable at the client's election, in which case,
3 the attorney is only "entitled to collect a reasonable fee." Cal. Bus. & Prof. Code § 6147(b).

4 164. Moreover, when an attorney serves a single client both as an attorney and one who
5 renders non-legal services, he or she must conform to the Rules of Professional Conduct in the
6 provision of all services. *Kelly v. State Bar*, 53 Cal. 3d 509, 517 (1991). California Rule of
7 Professional Conduct 3-300 requires that "[a] member shall not enter into a business transaction
8 with a client . . . unless . . . the transaction . . . and its terms are . . . fully disclosed and transmitted
9 in writing to the client[.]" Further, California Rule of Professional Conduct 3-310 prohibits
10 representations imbued with conflicts of interest.

11 165. The California Rules of Professional Conduct embody the public policy of
12 California. *Shepard, Mullin, Richter & Hampton, LLP v. J-M Mfg. Co., Inc.*, 198 Cal. Rptr. 3d
13 253, 265 (2016). The violation of public policies central to the attorney-client relationship render
14 any agreement – whether written or unwritten – unenforceable and entitles the injured party to
15 disgorgement of fees paid. *See id.* at 270-71.

16 166. Thus, had TMG, J. Mandel and R. Mandel provided their legal services free of
17 conflicts of interest, which they did not, then, in the absence of a written agreement that complies
18 with Cal. Bus. & Prof. Code § 6147, they could be entitled, at Mr. Depp's election, to retain only
19 a "reasonable fee" for their legal services. But The Management Group, J. Mandel and R.
20 Mandel not only provided legal services without the statutorily mandated written contingency fee
21 arrangement, they also repeatedly violated the public policy of California by failing to fully
22 disclose and transmit in writing to Mr. Depp the terms of their non-legal business relationship and
23 by creating a host of conflicts of interest through their self-dealing.

24 167. At all relevant times, J. Mandel and R. Mandel were members in good standing of
25 the Bar of California.

26 168. At all relevant times, The Management Group, J. Mandel and R. Mandel, on the
27 one hand, and Mr. Depp, on the other, were in an attorney-client relationship and identified
28 themselves as lawyers and business managers to both Mr. Depp and the outside world.

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1 Throughout the course of TMG’s relationship with Mr. Depp, they provided legal advice and
2 services including, among other things, drafting corporate documents and negotiating and
3 reviewing various contracts related to both Mr. Depp’s personal life and his business entities.

4 169. J. Mandel and R. Mandel also held themselves out as lawyers to the outside world
5 and used this fact to distinguish themselves from other business managers. In an interview with
6 Aish.com, J. Mandel and R. Mandel noted when asked how they “distinguish from other business
7 managers,” that “I [Robert Mandel] was a practicing tax lawyer and Joel was a practicing
8 transaction lawyer, and with that background we have been successful in helping our clients with
9 a broad spectrum of issues – tax, transactional, etc.” When asked “more specifically about your
10 role as a business manager,” R. Mandel replied: “[A] business manager is a hybrid of personal
11 assistant, bookkeeper, accountant and attorney....we help negotiate their contracts.”

12 170. In exchange for their legal and other services, TMG paid themselves 5% of Mr.
13 Depp’s gross earnings during the course of their relationship.

14 171. Despite collecting over \$28,000,000 over the course of their relationship with Mr.
15 Depp, TMG had no written agreement with Mr. Depp for the provision of legal services, failed to
16 document the terms of their non-legal business transactions with Mr. Depp, and through their
17 self-dealing, polluted their entire relationship with Mr. Depp with conflicts of interest.

18 172. An actual controversy relating to the legal rights and duties of the parties exists;
19 namely: (a) whether, in the absence of violations of the California Rules of Professional Conduct
20 TMG, at Mr. Depp’s election, are entitled to anything more than a “reasonable fee;” (b) whether
21 the California Rules of Professional Conduct apply to all of TMG’s services, both legal and non-
22 legal; and (c) whether, in light of TMG’s self-dealing, conflicts of interest, and failure to
23 document the terms of their business transactions with Mr. Depp, the agreement between TMG
24 and Mr. Depp is invalid and unenforceable, entitling Mr. Depp to disgorgement of all fees he has
25 paid to Defendants.

26 173. Accordingly, Mr. Depp seeks a declaration that the agreement between him and
27 TMG is invalid and unenforceable, that he is entitled to disgorgement and restitution of all fees
28 paid to TMG, and that TMG is not entitled to a “reasonable fee” for legal services as a result of

01/13/2017

1 their violations of the California Rules of Professional Conduct. In addition, Mr. Depp seeks a
2 judgment of the Court awarding him monetary relief against TMG in the amount of all contingent
3 fees he paid to TMG, plus interest at the legal rate.

4 **ELEVENTH CAUSE OF ACTION**

5 **(ACCOUNTING)**

6 **(BY DEPP AGAINST THE MANAGEMENT GROUP, J. MANDEL, R. MANDEL, AND**
7 **DOES 1 THROUGH 10)**

8 174. Plaintiffs incorporate the foregoing allegations as if fully set forth herein.

9 175. As alleged herein, TMG, as Mr. Depp's business managers, accountants, and
10 investment advisors, had and continue to have a fiduciary duty to Mr. Depp requiring TMG to act
11 only in Mr. Depp's best interest and to not engage in any acts or omissions which would cause
12 Mr. Depp to suffer any harm or damages.

13 176. As further alleged above, during the period of time that TMG rendered accounting
14 and business management services to Mr. Depp, TMG solely controlled and maintained Mr.
15 Depp's financial books and records. Mr. Depp is unaware of the full amounts TMG paid
16 themselves or otherwise misappropriated from Mr. Depp's accounts.

17 177. Accordingly, Mr. Depp is entitled to a full and complete accounting to all amounts
18 TMG paid themselves, misappropriated from Mr. Depp's accounts, secreted, misplaced, or
19 otherwise used to or paid without Mr. Depp's informed consent. Wherefore, the full amount
20 owed and becoming due to Mr. Depp can only be determined pursuant to a full and accurate
21 accounting of all books and records of TMG.

22 **PRAYER FOR RELIEF**

23 **WHEREFORE**, Plaintiffs pray for judgment in their favor and against the Defendants,
24 and each of them, jointly and severally, as follows:

25 **On All Causes of Action Except the Ninth Cause of Action:**

26 A. For compensatory damages in an amount subject to proof at trial, in an amount in
27 excess of twenty-five million dollars (\$25,000,000);

28 B. For restitution and disgorgement of all gains and profits by Defendants The

01/13/2017
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1 Management Group, J. Mandel and R. Mandel as a result of their wrongful and unlawful conduct;

2 C. For rescission of the Lending Agreement and Promissory Note lending \$5,000,000
3 directly to Mr. Depp by TMG, and of the corresponding Deeds of Trust, through which TMG
4 currently seeks to foreclose on the Sweetzer Properties;

5 D. For setoff of any amounts allegedly owed to Defendants against amounts
6 Defendants owe Plaintiffs;

7 E. For punitive and exemplary damages in an amount subject to proof; and

8 F. For interest and prejudgment interest.

9 On the Ninth Cause of Action:

10 G. For a temporary restraining order, and preliminary and permanent injunction
11 enjoining Defendants from proceeding with the foreclosure of the Sweetzer Properties.

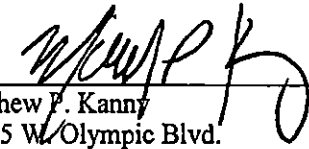
12 On All Causes of Action:

13 H. An award of attorneys' fees and costs, except as to Defendant First American; and

14 I. For such other and further relief as deemed just and proper.

15
16 RESPECTFULLY SUBMITTED this 13th day of January 2017.

17
18 MANATT, PHELPS & PHILLIPS, LLP

19
20 By 
21 Matthew F. Kanny
22 11355 W. Olympic Blvd.
23 Los Angeles, California 90064

24 and
25 MANATT, PHELPS & PHILLIPS, LLP
26 Benjamin G. Chew
27 Rory E. Adams
28 Joshua N. Drian
1050 Connecticut Avenue NW, Suite 600
Washington, DC 20036

and

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THE ENDEAVOR LAW FIRM, P.C.
Adam R. Waldman
1775 Pennsylvania Avenue NW, Suite 350
Washington, DC 20006

*Counsel for Plaintiffs John C. Depp, II and Edward
L. White as trustee for the Sweetzer Trust and as
trustee for the Mooh Investment Trust*

Deadline

01/12/2017

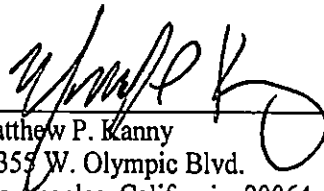
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DEMAND FOR JURY TRIAL

Plaintiffs hereby demand trial by jury for this matter.

Dated: January 13, 2017

MANATT, PHELPS & PHILLIPS, LLP

By 
Matthew P. Kanny
11355 W. Olympic Blvd.
Los Angeles, California 90064

and

MANATT, PHELPS & PHILLIPS, LLP
Benjamin G. Chew
Rory E. Adams
Joshua N. Drian
1050 Connecticut Avenue NW, Suite 600
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and

THE ENDEAVOR LAW FIRM, P.C.
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*Counsel for Plaintiffs John C. Depp, II and Edward
L. White as trustee for the Sweetzer Trust and as
trustee for the Mooch Investment Trust*

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MANATT, PHELPS &
PHILLIPS, LLP
ATTORNEYS AT LAW
LOS ANGELES

COMPLAINT

CM-010

ORIGINAL

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address):
 Matthew P. Kanny, Esq (SBN 167118)
 Manatt, Phelps & Phillips LLP
 11355 W. Olympic Blvd.
 Los Angeles CA 90064
 TELEPHONE NO.: 310-312-4000 FAX NO.: 310-312-4224
 ATTORNEY FOR (Name): JOHN C. DEPP, II and EDWARD L. WHITE, as trustee of the
 Sweetzer Trust, and as trustee of the Moch Investment Trust

FOR COURT USE ONLY

FILED
 Superior Court Of California
 County Of Los Angeles

JAN 13 2017

Sherril R. Carter, Executive Officer/Clerk
 By Cristina M. Minerva, Deputy
 Christina Crispino

SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles

STREET ADDRESS: 111 North Hill Street
 MAILING ADDRESS: 111 North Hill Street
 CITY AND ZIP CODE: Los Angeles, CA 90012
 BRANCH NAME: Stanley Mosk Courthouse

CASE NAME: JOHN C. DEPP, II et al. v. THE MANDEL COMPANY, INC. et al.

CIVIL CASE COVER SHEET

Unlimited (Amount demanded exceeds \$25,000) Limited (Amount demanded is \$25,000 or less)

Complex Case Designation

Counter Joinder

Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)

CASE NUMBER: **BC 6 4 6 8 8 2**

JUDGE:

DEPT:

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:
- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Auto Tort</p> <p><input type="checkbox"/> Auto (22)</p> <p><input type="checkbox"/> Uninsured motorist (46)</p> <p>Other P/IPD/AWD (Personal Injury/Property Damage/Wrongful Death) Tort</p> <p><input type="checkbox"/> Asbestos (04)</p> <p><input type="checkbox"/> Product liability (24)</p> <p><input type="checkbox"/> Medical malpractice (45)</p> <p><input type="checkbox"/> Other P/IPD/AWD (23)</p> <p>Non-P/IPD/AWD (Other) Tort</p> <p><input type="checkbox"/> Business tort/unfair business practice (07)</p> <p><input type="checkbox"/> Civil rights (08)</p> <p><input type="checkbox"/> Defamation (13)</p> <p><input type="checkbox"/> Fraud (16)</p> <p><input type="checkbox"/> Intellectual property (19)</p> <p><input checked="" type="checkbox"/> Professional negligence (25)</p> <p><input type="checkbox"/> Other non-P/IPD/AWD tort (35)</p> <p>Employment</p> <p><input type="checkbox"/> Wrongful termination (36)</p> <p><input type="checkbox"/> Other employment (15)</p> | <p>Contract</p> <p><input type="checkbox"/> Breach of contract/warranty (06)</p> <p><input type="checkbox"/> Rule 3.740 collections (09)</p> <p><input type="checkbox"/> Other collections (09)</p> <p><input type="checkbox"/> Insurance coverage (18)</p> <p><input type="checkbox"/> Other contract (37)</p> <p>Real Property</p> <p><input type="checkbox"/> Eminent domain/Inverse condemnation (14)</p> <p><input type="checkbox"/> Wrongful eviction (33)</p> <p><input type="checkbox"/> Other real property (26)</p> <p>Unlawful Detainer</p> <p><input type="checkbox"/> Commercial (31)</p> <p><input type="checkbox"/> Residential (32)</p> <p><input type="checkbox"/> Drugs (38)</p> <p>Judicial Review</p> <p><input type="checkbox"/> Asset forfeiture (05)</p> <p><input type="checkbox"/> Petition re: arbitration award (11)</p> <p><input type="checkbox"/> Writ of mandate (02)</p> <p><input type="checkbox"/> Other judicial review (39)</p> | <p>Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403)</p> <p><input type="checkbox"/> Antitrust/Trade regulation (03)</p> <p><input type="checkbox"/> Construction defect (10)</p> <p><input type="checkbox"/> Mass tort (40)</p> <p><input type="checkbox"/> Securities litigation (28)</p> <p><input type="checkbox"/> Environmental/Toxic tort (30)</p> <p><input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41)</p> <p>Enforcement of Judgment</p> <p><input type="checkbox"/> Enforcement of judgment (20)</p> <p>Miscellaneous Civil Complaint</p> <p><input type="checkbox"/> RICO (27)</p> <p><input type="checkbox"/> Other complaint (not specified above) (42)</p> <p>Miscellaneous Civil Petition</p> <p><input type="checkbox"/> Partnership and corporate governance (21)</p> <p><input type="checkbox"/> Other petition (not specified above) (43)</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

2. This case is is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- a. Large number of separately represented parties d. Large number of witnesses
- b. Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve e. Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
- c. Substantial amount of documentary evidence f. Substantial postjudgment judicial supervision

3. Remedies sought (check all that apply): a. monetary b. nonmonetary; declaratory or injunctive relief c. punitive

4. Number of causes of action (specify): 11

5. This case is is not a class action suit.

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: January 13, 2017

Matthew P. Kanny, Esq. (TYPE OR PRINT NAME)  (SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

- Auto (22)—Personal Injury/Property Damage/Wrongful Death
- Uninsured Motorist (46) (if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)

Other P/DPD/WWD (Personal Injury/Property Damage/Wrongful Death) Tort

- Asbestos (04)
 - Asbestos Property Damage
 - Asbestos Personal Injury/Wrongful Death
- Product Liability (not asbestos or toxic/environmental) (24)
- Medical Malpractice (45)
 - Medical Malpractice—Physicians & Surgeons
 - Other Professional Health Care Malpractice
- Other P/DPD/WWD (23)
 - Premises Liability (e.g., slip and fall)
 - Intentional Bodily Injury/PD/WWD (e.g., assault, vandalism)
 - Intentional Infliction of Emotional Distress
 - Negligent Infliction of Emotional Distress
 - Other P/DPD/WWD

Non-P/DPD/WWD (Other) Tort

- Business Tort/Unfair Business Practice (07)
- Civil Rights (e.g., discrimination, false arrest) (not civil harassment) (08)
- Defamation (e.g., slander, libel) (13)
- Fraud (16)
- Intellectual Property (19)
- Professional Negligence (25)
 - Legal Malpractice
 - Other Professional Malpractice (not medical or legal)
- Other Non-P/DPD/WWD Tort (35)

Employment

- Wrongful Termination (36) Other Employment (15)

Contract

- Breach of Contract/Warranty (06)
 - Breach of Rental/Lease
 - Contract (not unlawful detainer or wrongful eviction)
- Contract/Warranty Breach—Seller Plaintiff (not fraud or negligence)
- Negligent Breach of Contract/Warranty
- Other Breach of Contract/Warranty
- Collections (e.g., money owed, open book accounts) (09)
- Collection Case—Seller Plaintiff
- Other Promissory Note/Collections Case
- Insurance Coverage (not provisionally complex) (18)
 - Auto Subrogation
 - Other Coverage
- Other Contract (37)
 - Contractual Fraud
 - Other Contract Dispute

Real Property

- Eminent Domain/Inverse Condemnation (14)
- Wrongful Eviction (33)
- Other Real Property (e.g., quiet title) (26)
 - Writ of Possession of Real Property
 - Mortgage Foreclosure
 - Quiet Title
 - Other Real Property (not eminent domain, landlord/tenant, or foreclosure)

Unlawful Detainer

- Commercial (31)
- Residential (32)
- Drugs (38) (if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)

Judicial Review

- Asset Forfeiture (05)
- Petition Re: Arbitration Award (11)
- Writ of Mandate (02)
 - Writ—Administrative Mandamus
 - Writ—Mandamus on Limited Court Case Matter
 - Writ—Other Limited Court Case Review
- Other Judicial Review (39)
 - Review of Health Officer Order
 - Notice of Appeal—Labor Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

- Antitrust/Trade Regulation (03)
- Construction Defect (10)
- Claims Involving Mass Tort (40)
- Securities Litigation (28)
- Environmental/Toxic Tort (30)
- Insurance Coverage Claims (arising from provisionally complex case type listed above) (41)

Enforcement of Judgment

- Enforcement of Judgment (20)
 - Abstract of Judgment (Out of County)
 - Confession of Judgment (non-domestic relations)
 - Sister State Judgment
 - Administrative Agency Award (not unpaid taxes)
 - Petition/Certification of Entry of Judgment on Unpaid Taxes
 - Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

- RICO (27)
- Other Complaint (not specified above) (42)
 - Declaratory Relief Only
 - Injunctive Relief Only (non-harassment)
 - Mechanics Lien
 - Other Commercial Complaint Case (non-tort/non-complex)
 - Other Civil Complaint (non-tort/non-complex)

Miscellaneous Civil Petition

- Partnership and Corporate Governance (21)
- Other Petition (not specified above) (43)
 - Civil Harassment
 - Workplace Violence
 - Elder/Dependent Adult Abuse
 - Election Contest
 - Petition for Name Change
 - Petition for Relief From Late Claim
 - Other Civil Petition

ORIGINAL

SHORT TITLE: John C. Depp, II et al. v. The Mandel Company, Inc. et al.	CASE NUMBER BC 6 4 6 8 8 2
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**CIVIL CASE COVER SHEET ADDENDUM AND
STATEMENT OF LOCATION
(CERTIFICATE OF GROUNDS FOR ASSIGNMENT TO COURTHOUSE LOCATION)**

This form is required pursuant to Local Rule 2.3 in all new civil case filings in the Los Angeles Superior Court.

Step 1: After completing the Civil Case Cover Sheet (Judicial Council form CM-010), find the exact case type in Column A that corresponds to the case type indicated in the Civil Case Cover Sheet.

Step 2: In Column B, check the box for the type of action that best describes the nature of the case.

Step 3: In Column C, circle the number which explains the reason for the court filing location you have chosen.

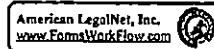
Applicable Reasons for Choosing Court Filing Location (Column C)

- | | |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1. Class actions must be filed in the Stanley Mosk Courthouse, Central District. | 7. Location where petitioner resides. |
| 2. Permissive filing in central district. | 8. Location wherein defendant/respondent functions wholly. |
| 3. Location where cause of action arose. | 9. Location where one or more of the parties reside. |
| 4. Mandatory personal injury filing in North District. | 10. Location of Labor Commissioner Office. |
| 5. Location where performance required or defendant resides. | 11. Mandatory filing location (Hub Cases -- unlawful detainer, limited non-collection, limited collection, or personal injury). |
| 6. Location of property or permanently garaged vehicle. | |

Auto Tort

Other Personal Injury/Property Damage/Wrongful Death Tort

A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above	
Auto (22)	<input type="checkbox"/> A7100 Motor Vehicle - Personal Injury/Property Damage/Wrongful Death	1, 4, 11	
Uninsured Motorist (46)	<input type="checkbox"/> A7110 Personal Injury/Property Damage/Wrongful Death - Uninsured Motorist	1, 4, 11	
Asbestos (04)	<input type="checkbox"/> A6070 Asbestos Property Damage	1, 11	
	<input type="checkbox"/> A7221 Asbestos - Personal Injury/Wrongful Death	1, 11	
	Product Liability (24)	<input type="checkbox"/> A7260 Product Liability (not asbestos or toxic/environmental)	1, 4, 11
	Medical Malpractice (45)	<input type="checkbox"/> A7210 Medical Malpractice - Physicians & Surgeons	1, 4, 11
		<input type="checkbox"/> A7240 Other Professional Health Care Malpractice	1, 4, 11
Other Personal Injury Property Damage Wrongful Death (23)	<input type="checkbox"/> A7250 Premises Liability (e.g., slip and fall)	1, 4, 11	
	<input type="checkbox"/> A7230 Intentional Bodily Injury/Property Damage/Wrongful Death (e.g., assault, vandalism, etc.)	1, 4, 11	
	<input type="checkbox"/> A7270 Intentional Infliction of Emotional Distress	1, 4, 11	
	<input type="checkbox"/> A7220 Other Personal Injury/Property Damage/Wrongful Death	1, 4, 11	



SHORT TITLE: John C. Depp, II et al. v. The Mandel Company, Inc. et al.	CASE NUMBER
----------------------------------------------------------------------------	-------------

	A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Non-Personal Injury/ Property Damage/ Wrongful Death Tort	Business Tort (07)	<input type="checkbox"/> A6029 Other Commercial/Business Tort (not fraud/breach of contract)	1, 2, 3
	Civil Rights (08)	<input type="checkbox"/> A6005 Civil Rights/Discrimination	1, 2, 3
	Defamation (13)	<input type="checkbox"/> A6010 Defamation (slander/libel)	1, 2, 3
	Fraud (16)	<input type="checkbox"/> A6013 Fraud (no contract)	1, 2, 3
	Professional Negligence (25)	<input type="checkbox"/> A6017 Legal Malpractice <input checked="" type="checkbox"/> A6050 Other Professional Malpractice (not medical or legal)	1, 2, 3 1, 2, 3
	Other (35)	<input type="checkbox"/> A6025 Other Non-Personal Injury/Property Damage tort	1, 2, 3
Employment	Wrongful Termination (36)	<input type="checkbox"/> A6037 Wrongful Termination	1, 2, 3
	Other Employment (15)	<input type="checkbox"/> A6024 Other Employment Complaint Case <input type="checkbox"/> A6109 Labor Commissioner Appeals	1, 2, 3 10
Contract	Breach of Contract/ Warranty (06) (not insurance)	<input type="checkbox"/> A6004 Breach of Rental/Lease Contract (not unlawful detainer or wrongful eviction) <input type="checkbox"/> A6008 Contract/Warranty Breach -Seller Plaintiff (no fraud/negligence) <input type="checkbox"/> A6019 Negligent Breach of Contract/Warranty (no fraud) <input type="checkbox"/> A6028 Other Breach of Contract/Warranty (not fraud or negligence)	2, 5 2, 5 1, 2, 5 1, 2, 5
	Collections (09)	<input type="checkbox"/> A6002 Collections Case-Seller Plaintiff <input type="checkbox"/> A6012 Other Promissory Note/Collections Case <input type="checkbox"/> A6034 Collections Case-Purchased Debt (Charged Off Consumer Debt Purchased on or after January 1, 2014)	5, 6, 11 5, 11 5, 6, 11
	Insurance Coverage (18)	<input type="checkbox"/> A6015 Insurance Coverage (not complex)	1, 2, 5, 8
	Other Contract (37)	<input type="checkbox"/> A6009 Contractual Fraud <input type="checkbox"/> A6031 Tortious Interference <input type="checkbox"/> A6027 Other Contract Dispute(not breach/insurance/fraud/negligence)	1, 2, 3, 5 1, 2, 3, 5 1, 2, 3, 8, 9
	Eminent Domain/Inverse Condemnation (14)	<input type="checkbox"/> A7300 Eminent Domain/Condemnation Number of parcels _____	2, 6
	Wrongful Eviction (33)	<input type="checkbox"/> A6023 Wrongful Eviction Case	2, 6
Unlawful Detainer- Real Property	Other Real Property (26)	<input type="checkbox"/> A6018 Mortgage Foreclosure <input type="checkbox"/> A6032 Quiet Title <input type="checkbox"/> A6060 Other Real Property (not eminent domain, landlord/tenant, foreclosure)	2, 6 2, 6 2, 6
	Unlawful Detainer-Commercial (31)	<input type="checkbox"/> A6021 Unlawful Detainer-Commercial (not drugs or wrongful eviction)	6, 11
	Unlawful Detainer-Residential (32)	<input type="checkbox"/> A6020 Unlawful Detainer-Residential (not drugs or wrongful eviction)	6, 11
	Unlawful Detainer- Post-Foreclosure (34)	<input type="checkbox"/> A6020F Unlawful Detainer-Post-Foreclosure	2, 6, 11
Unlawful Detainer-Drugs (38)	<input type="checkbox"/> A6022 Unlawful Detainer-Drugs	2, 6, 11	

LACIV 109 (Rev 2/16)
LASC Approved 03-04

**CIVIL CASE COVER SHEET ADDENDUM
AND STATEMENT OF LOCATION**

Local Rule 2.3
Page 2 of 4



SHORT TITLE:	CASE NUMBER:
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	A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Judicial Review	Asset Forfeiture (05)	<input type="checkbox"/> A6108 Asset Forfeiture Case	2, 3, 6
	Petition re Arbitration (11)	<input type="checkbox"/> A6115 Petition to Compel/Confirm/Vacate Arbitration	2, 5
	Writ of Mandate (02)	<input type="checkbox"/> A6151 Writ - Administrative Mandamus	2, 8
		<input type="checkbox"/> A6152 Writ - Mandamus on Limited Court Case Matter	2
		<input type="checkbox"/> A6153 Writ - Other Limited Court Case Review	2
Other Judicial Review (39)	<input type="checkbox"/> A6150 Other Writ /Judicial Review	2, 8	
Provisionally Complex Litigation	Antitrust/Trade Regulation (03)	<input type="checkbox"/> A6003 Antitrust/Trade Regulation	1, 2, 8
	Construction Defect (10)	<input type="checkbox"/> A6007 Construction Defect	1, 2, 3
	Claims Involving Mass Tort (40)	<input type="checkbox"/> A6006 Claims Involving Mass Tort	1, 2, 8
	Securities Litigation (28)	<input type="checkbox"/> A6035 Securities Litigation Case	1, 2, 8
	Toxic Tort Environmental (30)	<input type="checkbox"/> A6036 Toxic Tort/Environmental	1, 2, 3, 8
	Insurance Coverage Claims from Complex Case (41)	<input type="checkbox"/> A6014 Insurance Coverage/Subrogation (complex case only)	1, 2, 5, 8
Enforcement of Judgment	Enforcement of Judgment (20)	<input type="checkbox"/> A6141 Sister State Judgment	2, 5, 11
		<input type="checkbox"/> A6160 Abstract of Judgment	2, 6
		<input type="checkbox"/> A6107 Confession of Judgment (non-domestic relations)	2, 9
		<input type="checkbox"/> A6140 Administrative Agency Award (not unpaid taxes)	2, 8
		<input type="checkbox"/> A6114 Petition/Certificate for Entry of Judgment on Unpaid Tax	2, 8
		<input type="checkbox"/> A6112 Other Enforcement of Judgment Case	2, 8, 9
Miscellaneous Civil Complaints	RICO (27)	<input type="checkbox"/> A6033 Racketeering (RICO) Case	1, 2, 8
	Other Complaints (Not Specified Above) (42)	<input type="checkbox"/> A6030 Declaratory Relief Only	1, 2, 8
		<input type="checkbox"/> A6040 Injunctive Relief Only (not domestic/harassment)	2, 8
		<input type="checkbox"/> A6011 Other Commercial Complaint Case (non-tort/non-complex)	1, 2, 8
<input type="checkbox"/> A6000 Other Civil Complaint (non-tort/non-complex)		1, 2, 8	
Miscellaneous Civil Petitions	Partnership Corporation Governance (21)	<input type="checkbox"/> A6113 Partnership and Corporate Governance Case	2, 8
	Other Petitions (Not Specified Above) (43)	<input type="checkbox"/> A6121 Civil Harassment	2, 3, 9
		<input type="checkbox"/> A6123 Workplace Harassment	2, 3, 9
		<input type="checkbox"/> A6124 Elder/Dependent Adult Abuse Case	2, 3, 9
		<input type="checkbox"/> A6190 Election Contest	2
		<input type="checkbox"/> A6110 Petition for Change of Name/Change of Gender	2, 7
		<input type="checkbox"/> A6170 Petition for Relief from Late Claim Law	2, 3, 8
<input type="checkbox"/> A6100 Other Civil Petition		2, 9	



SHORT TITLE: John C. Depp, II and Edward L. White v. The Mandel Company, Inc.	CASE NUMBER
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Step 4: Statement of Reason and Address: Check the appropriate boxes for the numbers shown under Column C for the type of action that you have selected. Enter the address which is the basis for the filing location, including zip code: (No address required for class action cases).

REASON: <input type="checkbox"/> 1. <input checked="" type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/> 7. <input type="checkbox"/> 8. <input type="checkbox"/> 9. <input type="checkbox"/> 10. <input type="checkbox"/> 11.		ADDRESS: 8383 WILSHIRE BLVD., #400
CITY: BEVERLY HILLS	STATE: CA	ZIP CODE: 90211

Step 5: Certification of Assignment: I certify that this case is properly filed in the Central District of the Superior Court of California, County of Los Angeles [Code Civ. Proc., §392 et seq., and Local Rule 2.3(a)(1)(E)].

Dated: January 13, 2017


 (SIGNATURE OF ATTORNEY/FILING PARTY)
 Matthew P. Kanny, Esq.

PLEASE HAVE THE FOLLOWING ITEMS COMPLETED AND READY TO BE FILED IN ORDER TO PROPERLY COMMENCE YOUR NEW COURT CASE:

1. Original Complaint or Petition.
2. If filing a Complaint, a completed Summons form for issuance by the Clerk.
3. Civil Case Cover Sheet, Judicial Council form CM-010.
4. Civil Case Cover Sheet Addendum and Statement of Location form, LACIV 109, LASC Approved 03-04 (Rev. 02/16).
5. Payment in full of the filing fee, unless there is court order for waiver, partial or scheduled payments.
6. A signed order appointing the Guardian ad Litem, Judicial Council form CIV-010, if the plaintiff or petitioner is a minor under 18 years of age will be required by Court in order to issue a summons.
7. Additional copies of documents to be conformed by the Clerk. Copies of the cover sheet and this addendum must be served along with the summons and complaint, or other initiating pleading in the case.

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