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

27 JOHN C. DEPP, II, SCARAMANGA  
28 BROS., INC., a California corporation;  
L.R.D. PRODUCTIONS, INC., a  
California corporation, INFINITUM  
NIHIL, a California corporation,

Plaintiffs,

vs.

BLOOM HERGOTT DIEMER  
ROSENTHAL LAVIOLETTE FELDMAN  
SCHENKMAN & GOODMAN, LLP,  
JACOB A. BLOOM, and DOES 1-30,

Defendants.

Case No. \_\_\_\_\_

**COMPLAINT FOR:**

1. BREACH OF FIDUCIARY DUTY
2. LEGAL MALPRACTICE
3. UNJUST ENRICHMENT
4. VIOLATION OF CAL. BUS. & PROF. CODE § 6147
5. VIOLATION OF CAL. BUS. & PROF. CODE § 6148
6. VIOLATION OF THE UNFAIR COMPETITION LAW, CAL. BUS. & PROF. CODE §§ 17200, *ET SEQ.*
7. DECLARATORY JUDGMENT

**DEMAND FOR JURY TRIAL**

1 Plaintiffs JOHN C. DEPP, II, SCARAMANGA BROS., INC., L.R.D. PRODUCTIONS,  
2 Inc., and INFINITUM NIHIL (collectively “Plaintiffs” or “Mr. Depp”), by and through their  
3 undersigned attorneys, bring this action for breach of fiduciary duty, legal malpractice, unjust  
4 enrichment, violations of California Business & Professions Code § 6147 or § 6148, violations of  
5 the Unfair Competition Law (California Business & Professions Code §§ 17200, *et seq.*), and  
6 declaratory judgment, against defendants BLOOM HERGOTT DIEMER ROSENTHAL  
7 LAVIOLETTE FELDMAN SCHENKMAN & GOODMAN, LLP (“Bloom Hergott”), JACOB  
8 A. BLOOM (“Bloom”), and DOES 1-30 (collectively, “Defendants”), and for causes of action,  
9 state:

### 10 INTRODUCTION

11 1. Mr. Depp is one of the most sought after and highly paid actors in the world. Like  
12 many successful artists who depend upon professionals to advise them, Mr. Depp trusted and  
13 reasonably relied on Defendants, as his attorneys, to handle his legal affairs competently and  
14 ethically. But instead of protecting Mr. Depp’s interests, Defendants engaged in misconduct for  
15 their own financial benefit and violated some of the most basic tenets of the attorney-client  
16 relationship, all to Mr. Depp’s serious financial detriment, causing Mr. Depp substantial  
17 economic harm. As explained more fully below, and among other misconduct:

- 18 a. Defendants engaged in self-dealing and pursued and undertook transactions in the  
19 face of undisclosed conflicts of interest for their own financial benefit over that of  
20 their clients;
- 21 b. Defendants knowingly, recklessly, or negligently failed to disclose to Mr. Depp  
22 the years of misconduct engaged in by Defendants and Mr. Depp’s then-attorneys  
23 and business managers who were providing both legal and business management  
24 services, The Mandel Company, Inc., d/b/a The Management Group (“TMG”),  
25 despite a clear duty to disclose such misconduct to Mr. Depp; and
- 26 c. Defendants, like TMG, each collected over \$30 million in contingent fees based on  
27 Mr. Depp’s variable income, paid out by TMG, without, among other things, the  
28 statutorily prescribed written contract, in a clear violation of California law.



1 of the Bar of California and engaged in, and held himself out as being engaged in, the practice of  
2 law in California.

3 9. Plaintiffs are informed and believe, and on that basis allege, that the fictitiously-  
4 named Defendants sued herein as Does 1 through 30 (“Doe Defendants”), and each of them, are  
5 in some manner responsible or legally liable for the actions, events, transactions and  
6 circumstances alleged herein. The true names and capacities of such fictitiously-named Doe  
7 Defendants, whether individual, corporate, associate or otherwise, are presently unknown to  
8 Plaintiffs, and Plaintiffs will assert the true names and capacities of such fictitiously-named Doe  
9 Defendants when the same have been ascertained.

### 10 JURISDICTION AND VENUE

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

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

17 12. Venue is proper in this Court pursuant to, among other provisions, California Code  
18 of Civil Procedure §§ 395(a) and 395.1.

### 19 GENERAL ALLEGATIONS

#### 20 **I. MR. DEPP HAS ACHIEVED GREAT SUCCESS IN HIS ACTING CAREER.**

21 13. Mr. Depp is one of the most prominent actors in Hollywood. He has appeared in  
22 over 50 motion pictures during the past three decades. Mr. Depp has been nominated for  
23 numerous major acting awards, including three Oscar nominations for Best Actor in a Leading  
24 Role, five nominations from Critics’ Choice Movie Awards, 10 nominations from the Golden  
25 Globe Awards, and three nominations from the Screen Actors Guild Awards. He also has won 14  
26 People’s Choice Awards, including Actor of the Decade in 2010 and Favorite Movie Icon in  
27 2017. Films featuring Mr. Depp have grossed over \$3.1 billion at the box office in the United  
28 States, and over \$7.6 billion worldwide.

1           14.     Plaintiffs Scaramanga Bros., Inc. and L.R.D. Productions, Inc. are entities that are  
2 wholly-owned by Mr. Depp and used for his business operations. Similarly, Plaintiff Infinitum  
3 Nihil is a wholly-owned production company working on Mr. Depp’s behalf. At various points  
4 during their representation of Mr. Depp, Defendants inappropriately obtained funds from each of  
5 these entities.

6           15.     Despite Mr. Depp’s professional success, he, like many artists, has no training in  
7 law, accounting, finance, or business management. Throughout his career, Mr. Depp has retained  
8 advisors in whom he placed his trust to uphold their fiduciary duties and to act properly on his  
9 behalf with respect to the management of his personal, legal, and business-related affairs. Mr.  
10 Depp relied on these fiduciaries to use their judgment and expertise to act in Mr. Depp’s best  
11 interests, and to always put his interests ahead of their own.

12           16.     In or about 1999, well after Mr. Depp had become a critically acclaimed and  
13 enormously successful actor, Mr. Depp was introduced to Defendants Bloom and Bloom Hergott.  
14 After speaking with Mr. Depp, Defendants began acting as his lawyers.

15     **II.     DEFENDANTS ENGAGE IN CONFLICTS OF INTEREST, SELF-DEALING, AND FAILURES TO**  
16     **DISCLOSE MATERIAL INFORMATION TO MR. DEPP.**

17           17.     Mr. Depp trusted and relied upon Defendants as his lawyers to review contracts  
18 and other legal documents to ensure that they protected Mr. Depp’s interests, to prepare and  
19 review corporate documents, and to advise him regarding other legal issues that arose with  
20 respect to his professional activities.

21           18.     However, Defendants failed to protect Mr. Depp’s interests or to competently  
22 advise him. Defendants engaged in self-dealing and failed to disclose material information to Mr.  
23 Depp, including their conflicts of interests. Defendants placed their interests above those of Mr.  
24 Depp’s in breach of their fiduciary duties and obligations under California law.

25           19.     A clear example of Defendants’ conflicts of interest, self-dealing, and breaches of  
26 fiduciary duty is their sourcing of an improper, and predatory “hard money loan,” purportedly on  
27 behalf of Mr. Depp through a specialty finance company, Grosvenor Park Media (“Grosvenor  
28 Park”). The “hard money” loan, in addition to its egregious self-dealing features, involved terms

1 that were materially worse than what were generally available to Mr. Depp through a standard  
2 commercial loan, including with regard to interest and fees charged, and other material terms.

3 20. In or around May or June 2014, TMG's mismanagement of Mr. Depp's financial  
4 affairs created the prospect that TMG would be unable to meet Mr. Depp's then-current  
5 obligations for him. TMG consulted closely with Defendants regarding Mr. Depp's financial  
6 affairs. But TMG and Defendants did not disclose to Mr. Depp the true state of his financial  
7 affairs and their own wrongdoing. Instead, TMG and Defendants secured for themselves a stream  
8 of lucrative contingent fee payments (taken without the statutorily prescribed, client-protective  
9 provisions of section 6147) funded out of Mr. Depp's earnings.

10 21. Upon information and belief, TMG sought and received Defendants' assistance in  
11 effecting this effort. Upon information and belief, Defendants never questioned TMG's financial  
12 management of Mr. Depp's affairs, or investigated TMG's explanation for the deterioration of  
13 Mr. Depp's financial position, as a reasonably competent lawyer would. Nor did Defendants  
14 adequately and truthfully inform Mr. Depp of Defendants' own conduct and activities.

15 22. On information and belief, in furtherance of the scheme, Defendants introduced  
16 TMG to Grosvenor Park in order to obtain a "hard money loan" purportedly on Mr. Depp's  
17 behalf, but in reality to his detriment, and to Defendants', TMG's and Grosvenor Park's benefit.

18 23. On information and belief, Defendants have had professional relationships, which  
19 they failed to communicate to Mr. Depp in breach of the Rules of Professional Responsibility,  
20 with Grosvenor Park and/or its founder and CEO, Donald Starr. In fact, Mr. Bloom ultimately  
21 was given a position on the advisory board of Grosvenor Park. Defendants never disclosed to Mr.  
22 Depp the material conflicts of interest raised by these relationships.

23 24. Together with TMG and Grosvenor Park, Defendants orchestrated an initial \$12.5  
24 million hard money loan purportedly on Mr. Depp's behalf from a lender and, on information and  
25 belief, an affiliate of Grosvenor Park, Tryon Management Services, Ltd. ("Tryon"). This loan  
26 (the "Tryon loan") was later increased to \$19 million.

27 25. On information and belief, Defendants were actively involved in negotiating the  
28 Tryon loan "on behalf of" Mr. Depp. On information and belief, Defendants negotiated directly

1 with film studios to secure Mr. Depp's residuals from the Films as collateral for the loan.

2 Defendants also were updated frequently on the status of the loan paperwork by TMG, were  
3 consulted regarding the loan's terms, and were included on communications regarding the loan.

4 26. Defendants and TMG structured the loan – without the legally required disclosures  
5 to Mr. Depp – as a vehicle to provide themselves with immediate priority to millions of dollars of  
6 voidable contingency fees tied to the success of Mr. Depp's film residuals (fees Defendants were  
7 not legally owed), all before Mr. Depp received a cent. The terms of the Tryon loan required that  
8 repayment would be made from, and secured, by Mr. Depp's residuals from six films – *Pirates of*  
9 *the Caribbean I-IV*, *Alice in Wonderland*, and *Into the Woods* (collectively, the "Films"). It also  
10 appears that Defendants, with TMG, inserted different numbers for different Film residuals,  
11 including a 22.22% fee for advisors for one movie. Their changing of the numbers in this  
12 contract illustrates Defendant Bloom's (along with TMG's) unfettered control to establish a  
13 contractual entitlement that was in his and TMG's best interest at the expense of his client's.  
14 Remarkably, the loan – negotiated ostensibly to benefit Mr. Depp – wrongfully purported to  
15 manufacture and insert further rights for Defendants and TMG in the residuals of Mr. Depp's  
16 movies that they did not legally possess, using the vehicle of the hard money loan sourced  
17 through an undisclosed relationship of Defendants.

18 27. Further, the loan prioritized payment of Defendants' and TMG's fees ahead of the  
19 loan payments owed to Tryon, and regardless of whether Mr. Depp actually retained any of the  
20 loan proceeds. The purported contingent fees and preferred payment position provided  
21 Defendants and TMG with a right to fees superior to Mr. Depp's own, creating additional serious  
22 conflicts of interest. This payment structure deepened Mr. Depp's financial difficulties and  
23 benefitted Defendants and TMG.

24 28. Defendants' and TMG's legally voidable contingent fees (which did not and could  
25 not satisfy the client-protective statutory prescriptions of section 6147) and preferred payment  
26 position were inserted at the very beginning of the negotiations on the Tryon loan, when TMG  
27 and Defendants met and negotiated a term sheet with Grosvenor Park and Tryon that included the  
28 voidable purported contingent fees. This further underscored Defendants' and TMG's wrongful

1 focus on assuring that Defendants and TMG received an improper stream of payments, which  
2 they were not legally owed, out of Mr. Depp's earnings.

3 29. Defendants benefitted immediately from the Tryon loan, through their insertion of  
4 this improper contingent fee arrangement in the loan. Upon information and belief, on or about  
5 the date that the hard money loan proceeds were received, Defendants, TMG, and a third party  
6 took approximately \$1.2 million that was not legally owed to them; Defendants were paid  
7 approximately \$300,000 at that time. To date, Defendants have been paid millions in voidable  
8 and improper contingent fees through the Tryon loan.

9 30. In addition to the improper contingent fee arrangement, the terms of the Tryon  
10 loan and the fundamental economics of the transaction demonstrate that the loan was unnecessary  
11 and predatory. Despite the fact that the initial loan was \$12.5 million, the Film rights pledged to  
12 secure the loan *yielded Mr. Depp approximately \$13 million per year, more annually than the*  
13 *initial loan amount.* In fact, during just the first twelve months after the Tryon loan was  
14 originated, Mr. Depp would have received \$15.2 million in Film residuals – had those residuals  
15 not been used to secure the hard money loan. Instead, millions of dollars more than the entire  
16 initial loan balance were swallowed by the terms of the loan itself. Further, only *eight days* after  
17 the loan agreements were signed, the studio paying Mr. Depp's residual rights paid \$5.58 million  
18 that would have gone to Mr. Depp, but for the Tryon loan. Thus, the Tryon hard money loan  
19 sourced by Defendants and originated by Grosvenor Park was not economically rational – at least  
20 not for Mr. Depp.

21 31. Defendants, in their capacity as Mr. Depp's attorneys who negotiated film deals  
22 *and* the party whom the studio provided notice of such payments, knew that Mr. Depp soon  
23 would have received these significant residual earnings on these six films.

24 32. The predatory hard money loan was further subject to high fees, double-digit  
25 interest rates, and repayment terms that provided that accrued interest would be capitalized  
26 monthly and added to the principal. It also contained substantial prepayment penalties, making it  
27 financially infeasible to repay the loan prior to its termination date. For example, if shortly after  
28 entering into the Tryon loan, Mr. Depp sought to pay it in full, it would have cost Mr. Depp



1 approximately \$1.5 million in origination fees and prepayment fees to pay off the loan, *in*  
2 *addition* to the entire principal.

3 33. Although accrued interest was capitalized monthly under the loan documents, Mr.  
4 Depp's business entities received Film residuals less frequently than monthly, resulting in  
5 significant additions to the outstanding principal in between each repayment. In fact, through  
6 June 30, 2017, over \$2 million of capitalized interest has been added to the principal balance of  
7 the loan, on which further interest is charged.

8 34. Defendants and TMG knew or should have known that the terms of this hard  
9 money loan would place Mr. Depp in a dramatically worse financial position than he had  
10 previously occupied, but they willfully, recklessly, or negligently orchestrated it, and they caused  
11 him to enter into the conflicted and self-dealing transaction by merely providing him signature  
12 pages, not the underlying loan documents, and without explaining its terms.

13 35. As a direct result of their actions, Defendants and TMG caused Mr. Depp to forego  
14 tens of millions of dollars of annual earnings from residuals from the Films that had provided Mr.  
15 Depp with regular and substantial income to date and that, but for the predatory hard money loan,  
16 would have continued to do so.

17 36. Nevertheless, when it came time to enter into the self-serving transaction,  
18 Defendants did not disclose to Mr. Depp the conflicts of interest caused by Defendants'  
19 professional relationships with Grosvenor Park, in violation of their ethical obligations to disclose  
20 conflicts to, and obtain informed written consent from, their client. Nor did they adequately  
21 disclose to Mr. Depp that the Tryon loan was a hard money loan with unnecessarily onerous, one-  
22 sided, and non-standard financial terms, that repayments would be made from, and collateralized  
23 by, the Films, or that Defendants and TMG used the hard money loan as a vehicle to attempt to  
24 obtain contingency fees for themselves – which, as explained below, were voidable and to which  
25 they had no legal right in the first instance – that would further be prioritized and paid before any  
26 amount would be applied to reduce the amount owed by Mr. Depp.

27 37. By providing themselves with these benefits at their client's expense without the  
28 legally required disclosures and required client informed consent, Defendants breached their duty

1 of care, breached their duty of reasonable communication, engaged in egregious self-dealing, and  
2 breached their duty of loyalty.

3 38. In the end, Mr. Depp was presented with only the signature pages of the loan  
4 documents and, trusting that his advisors had his best interests in mind, signed the loan  
5 documents, not appreciating the devastating impact this hard money loan, the product of brazen  
6 self-dealing and conflict of interest, would have on his financial condition.

7 39. Over the approximately three-year period since the Tryon loan was initiated, Mr.  
8 Depp should have received a total of approximately \$32 million in residuals from the Films.  
9 Instead, Mr. Depp received nothing: \$9 million of his film residuals were directed to the payment  
10 of Mr. Depp's tax liabilities on his contingent earnings, with the balance being paid to  
11 Defendants, TMG, Mr. Depp's agent, a third party, and to the lender with whom Defendants also  
12 had and have an undisclosed professional relationship. Moreover, Tryon asserts that Mr. Depp  
13 still owes approximately \$5 million on the hard money loan, which continues to capitalize  
14 substantial interest at unreasonable rates, and Tryon continues to charge unreasonable fees in  
15 servicing the loan.

16 40. In sum, had Defendants provided full disclosures about the terms and facts  
17 surrounding the hard money loan, as required by multiple California statutes and the rules of  
18 professional responsibility, neither Mr. Depp nor any reasonable person would have agreed to  
19 enter into it. No reasonable and prudent attorney under the circumstances would have  
20 recommended the Tryon loan to their client, nor effectuated it in the manner Defendants did. It  
21 did not make economic sense and seemingly was for the benefit primarily of Defendants and  
22 TMG, who took millions in fees from it. Even if a loan was required, Defendants and TMG could  
23 and should have obtained a loan on normal commercial terms as Mr. Depp's new business  
24 managers obtained shortly after Mr. Depp disengaged from TMG.

25 41. The transaction has cost Mr. Depp millions of dollars in unreasonable interest,  
26 fees, and voidable contingent fees that were self-servingly inserted as a provision in the hard  
27 money Tryon loan without the statutorily prescribed contract, written disclosures or informed  
28 consent that Defendants were required to make and obtain under the circumstances.

1           42.     Had Defendants acted in accord with their fiduciary duties, made the required  
2 disclosures, and fulfilled their professional responsibilities, neither Mr. Depp, nor any reasonable  
3 person, would ever have entered into the Tryon loan transaction. That loan was commercially  
4 unreasonable, rife with self-dealing, and contained onerous, unfair, and voidable terms that have  
5 cost Mr. Depp many millions of dollars.

6           43.     As another disturbing illustration of Defendants' breaches of their duties to Mr.  
7 Depp, Defendant Bloom received advance notice from TMG's Joel Mandel (many months after  
8 Mr. Depp had terminated Mr. Mandel) that Mandel imminently intended to launch a non-judicial  
9 foreclosure action on Mr. Depp's home. After the foreclosure action commenced, in January  
10 2017, Defendant Bloom admitted to Mr. Depp that he had advance knowledge of the foreclosure  
11 action. Tellingly, Defendant Bloom offered no explanation why he withheld this important  
12 information from his client Mr. Depp.

13           44.     Furthermore, throughout the course of Defendants' relationship with Mr. Depp, on  
14 multiple occasions, and notwithstanding the lack of a statutorily prescribed written fee agreement,  
15 Defendants would submit to TMG requests for reimbursement of alleged expenses. A former  
16 TMG employee who was the day-to-day manager of Mr. Depp's account at TMG testified that  
17 Defendants submitted requests for expense reimbursement, with little to no supporting  
18 documentation, which TMG would then pay, without question, from Mr. Depp's funds. The  
19 former TMG employee's sworn testimony is that, when she confronted TMG's Mandel to request  
20 back up for Defendants' significant expense reimbursement invoices, she was ordered to "just pay  
21 it." Defendants' expenses and requests for reimbursement were never sent to Mr. Depp for  
22 review and approval.

23           45.     On information and belief, Defendants regularly failed to provide any  
24 documentation substantiating the claimed expenses; nor were they ever disclosed to Mr. Depp.

25           46.     Over time, on information and belief, Defendants submitted hundreds of thousands  
26 of dollars of such unsubstantiated expenses for reimbursement, which TMG ultimately paid to  
27 Defendants out of Mr. Depp's funds.

28           47.     Also, on information and belief, unbeknownst to Mr. Depp, TMG and Joel Mandel

1 unilaterally funneled millions of dollars of Mr. Depp's money from Mr. Depp's Sweetzer Trust  
2 account into "investments" in which the Mandels secretly were involved as members and  
3 directors – including Lionheart, L.P. (owned by a mysterious entity called "Benari Capital  
4 Management, LLC," both operating out of Wilmette, Illinois), and the equally mysterious Matar  
5 I, Matar II and 6909 Ventures, LLC. On information and belief, Mr. Mandel wrote the checks in  
6 his own hand and using his own signature to move Mr. Depp's money from his Sweetzer Trust  
7 account to Mr. Mandel's 6909 Ventures, LLC, which Mr. Mandel manages. Despite Defendant  
8 Bloom's intimate involvement in Mr. Depp's financial affairs, as reflected among other ways by  
9 his sourcing of the hard money loan, none of Defendant Bloom, TMG or Joel Mandel disclosed  
10 these legally impermissible, self-dealing transactions and this control/ownership of the  
11 investments to Mr. Depp, as they were required by law and the rules of professional responsibility  
12 to do.

13 **III. DEFENDANTS VIOLATE CALIFORNIA BUSINESS & PROFESSIONS CODE §§ 6147-48 IN**  
14 **THEIR PURPORTED CONTINGENCY FEE ARRANGEMENT WITH DEPP.**

15 48. California Business & Professions Code § 6147(a), designed to protect clients,  
16 provides that contingency fees may not be taken by lawyers unless there is a *written* contingency  
17 fee agreement that includes: (1) a statement of the contingency fee rate that the client and  
18 attorney have agreed upon; (2) a statement as to how disbursements and costs incurred in  
19 connection with the prosecution or settlement of a claim will affect the contingency fee and the  
20 client's recovery; (3) a statement as to what extent, if any, the client could be required to pay any  
21 compensation to the attorney for related matters that arise out of their relationship not covered by  
22 their contingency fee contract; and (4) a statement that the fee is not set by law but is negotiable  
23 between attorney and client.

24 49. Similarly, California Business & Professions Code § 6148 provides that, except as  
25 provided for in § 6147 and in cases where it is reasonably foreseeable that the total expense to a  
26 client will exceed one thousand dollars, a lawyer's contract for services must be in writing and  
27 include: (1) any basis of compensation including, but not limited to, hourly rates, statutory fees or  
28 flat fees, and other standard rates, fees, and charges applicable to the case; (2) the general nature

1 of the legal services to be provided to the client; and (3) the respective responsibilities of the  
2 attorney and the client as to the performance of the contract.

3 50. For the protection of clients, any contingency fee agreement that does not comply  
4 with California Business & Professions Code § 6147 is voidable at the option of the client; any  
5 other fee arrangement exceeding one thousand dollars that does not comply with § 6148 is also  
6 voidable at the option of the client.

7 51. Notwithstanding these requirements, Defendants did not enter into any written,  
8 statutorily prescribed contingency fee agreement with Mr. Depp or any of the Plaintiffs for the  
9 provision of legal services.

10 52. Nevertheless, over the years, Defendants collected voidable contingent fees,  
11 totaling in the tens of millions of dollars, tied to Mr. Depp's variable earnings.

12 53. As described in greater detail above, in the Tryon loan Defendants sourced for  
13 Mr. Depp, it appears that Defendants, with TMG, used the hard money loan vehicle as an  
14 opportunity to insert voidable contingent fees for themselves, including different fees for different  
15 Film residuals such as a 22.22% fee for advisors for one movie, all without disclosing these fees,  
16 or explaining their import, to Depp in the legally prescribed written contract. Their changing of  
17 the numbers in this contract illustrates Defendants' (along with TMG's) unfettered control over  
18 Mr. Depp's affairs to establish and obtain for themselves a pecuniary benefit at the expense of  
19 Mr. Depp, their client. Defendants' wrongful conduct in this regard underscores the reasons for  
20 and importance of a written contract setting forth Defendants' fees for their legal services and  
21 disclosing the terms and conditions of their engagement as Mr. Depp's lawyers – as California  
22 law requires.

23 54. Defendants violated California Business & Professions Code § 6147 by taking  
24 contingency fees without a written contract containing the statutorily-prescribed language.  
25 Alternatively, they violated § 6148 by failing to enter into a written contract for services that  
26 would plainly exceed one thousand dollars.

27 55. In total, Defendants improperly obtained approximately \$30 million in voidable  
28 contingency fees based on Mr. Depp's gross income. Defendants also took hundreds of

1 thousands of dollars in additional payments for reimbursement of alleged “expenses” that were  
2 submitted by Defendants to TMG without any back up. Throughout their representation, neither  
3 Defendants nor TMG suggested that the fees taken from Mr. Depp were voidable in the absence  
4 of a statutorily prescribed written contract, nor that they impose on themselves or each other a cap  
5 or other ceiling on fees taken. Instead, Defendants and TMG, working in tandem, deployed a  
6 “fox guarding the hen house” approach, never disclosing to Mr. Depp either California’s  
7 protective legal requirements for written contingency contracts or the outsized and  
8 unconscionable fees TMG paid to itself and Defendants, from Mr. Depp’s funds, in violation of  
9 California law.

10 **IV. DEFENDANTS ACTIVELY CONCEAL AND FAIL TO DISCLOSE THEIR WRONGDOING.**

11 56. Throughout the course of their representation of Mr. Depp, Defendants occupied a  
12 position of trust as Mr. Depp’s lawyers, and were in possession of the records related to their  
13 representation. Defendants failed to disclose their misconduct, and the misconduct of others of  
14 which they were aware, to Mr. Depp.

15 57. Mr. Depp did not discover, and could not have reasonably discovered, Defendants’  
16 wrongful conduct any earlier, because Defendants actively and willfully concealed Mr. Depp’s  
17 true legal and financial situation from him. It was less than a year ago when Mr. Depp first had  
18 any reason to suspect that Defendants engaged in the wrongdoing alleged herein.

19 **FIRST CAUSE OF ACTION**

20 **(BREACH OF FIDUCIARY DUTY)**

21 **(BY ALL PLAINTIFFS AGAINST BLOOM HERGOTT, BLOOM, AND DOE**  
22 **DEFENDANTS 1 THROUGH 30)**

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

24 59. At all relevant times herein, a fiduciary relationship existed between Defendants  
25 and Mr. Depp. At all relevant times, Mr. Depp reasonably relied upon Defendants’ superior  
26 knowledge and expertise and trusted that Defendants would conduct themselves in his best  
27 interest, and not in their own self-interest or in the interests of third parties.

1           60.     This fiduciary relationship required Defendants to treat Mr. Depp with complete  
2 fairness and the highest duty of loyalty and candor, including a duty to disclose to Mr. Depp all  
3 material facts concerning the services Defendants, TMG, and other advisors rendered on his  
4 behalf, and the fees Defendants charged for their services. This fiduciary relationship further  
5 required Defendants to disclose all relevant information truthfully and candidly to Mr. Depp, not  
6 to misrepresent or conceal any facts in connection with any of the aforementioned services that  
7 Defendants or other advisors provided to Mr. Depp, and to disclose the fees and expenses they  
8 charged.

9           61.     Furthermore, Defendants owed Mr. Depp a duty to refrain from conducting  
10 themselves in any manner that was in conflict with the best interests of Mr. Depp without full  
11 written disclosure and informed written consent. Defendants owed Mr. Depp a fiduciary duty to  
12 refrain from bad faith conduct, concealment or nondisclosure of material facts, self-dealing, and  
13 engaging in undisclosed or unconsented-to conflicts of interest.

14           62.     Defendants breached their fiduciary duties to Mr. Depp by, among other things:  
15 (1) failing to disclose or obtain informed written consent to conflicts of interest in violation of  
16 California Rule of Professional Conduct 3-310; (2) breaching their duties of care, good faith, and  
17 fidelity, in causing, among other things, Mr. Depp to borrow \$19 million on non-commercially  
18 reasonable terms while using Mr. Depp's movie royalties as collateral, and while placing  
19 themselves in a preferred payment position with respect to the collateral; (3) breaching their  
20 duties of care, in failing to keep Mr. Depp reasonably apprised of material information regarding  
21 aspects of Defendants', TMG's, and other advisors' representation of Mr. Depp, including the  
22 status of Mr. Depp's finances and business affairs; (4) breaching their duties of care, good faith,  
23 and fidelity, in failing to properly advise Mr. Depp regarding transactions in which Defendants  
24 were involved and which were not in Mr. Depp's best interests; (5) negligently, recklessly, or  
25 intentionally allowing TMG to continue its misconduct in the management of Mr. Depp's affairs;  
26 (6) taking contingent fees tied to Mr. Depp's variable income without any written agreement in  
27 violation of California Business & Professions Code §§ 6147-48; and (7) charging  
28 unconscionable fees.





1 69. Defendants failed to adhere to the required standards of professional care,  
2 competence, prudence, and skill commonly possessed and exercised by attorneys under similar  
3 circumstances in similar communities.

4 70. Defendants negligently, carelessly, and recklessly rendered their services to Mr.  
5 Depp by, among other things: (1) failing to adequately disclose, or obtain informed written  
6 consent to, conflicts of interests, in violation of California Rule of Professional Conduct 3-310;  
7 (2) prejudiced by such conflicts of interest, and affected by their own relationship with Grosvenor  
8 Park and Mr. Starr, causing Mr. Depp to borrow \$19 million on unreasonable terms; (3) failing to  
9 keep Mr. Depp reasonably informed of material information regarding aspects of Defendants',  
10 TMG's, and other advisors' representation of Mr. Depp, including the status of Mr. Depp's  
11 finances and business affairs; (4) failing to reasonably advise Mr. Depp regarding transactions in  
12 which Defendants were involved, which were objectively unreasonable, and which were not in  
13 Mr. Depp's best interests; (5) wrongly and incompetently allowing TMG to continue its  
14 misconduct in the management of Mr. Depp's affairs; and (6) providing Mr. Depp legal services  
15 and taking contingent fees tied to Mr. Depp's variable earnings without any statutorily prescribed  
16 written agreement in violation of California Business & Professions Code §§ 6147-48.

17 71. The statutory violations described herein further constitute professional negligence  
18 *per se*, as they show that Defendants violated the standard of care set forth by California statutes  
19 intended to govern lawyers' obligations to their clients.

20 72. As a direct and proximate result of the aforesaid professional negligence, Plaintiffs  
21 have been damaged in an amount to be determined according to proof at trial.

22 **THIRD CAUSE OF ACTION**

23 **(UNJUST ENRICHMENT)**

24 **(BY ALL PLAINTIFFS AGAINST BLOOM HERGOTT, BLOOM, AND DOE**  
25 **DEFENDANTS 1 THROUGH 30)**

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

27 74. Defendants collected undeserved, impermissible, and voidable contingent fees for  
28 their services without the statutorily prescribed written agreement containing mandatory

1 disclosures, as required by California law to protect clients from their attorneys. Defendants  
2 collected these undeserved, impermissible and voidable contingent fees from Mr. Depp despite  
3 the fact that Defendants breached their fiduciary duties to him, were tainted by significant  
4 conflicts of interest, and failed to disclose facts material to their representation. Mr. Depp's  
5 payment of these voidable contingent fees provided Defendants with an unlawful benefit at Mr.  
6 Depp's expense, to which Defendants had no right.

7 75. Defendants would not have received the unlawful benefit but for their wrongful  
8 conduct.

9 76. Plaintiffs suffered compensatory damages as a proximate result of Defendants'  
10 unlawful conduct.

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

13 **FOURTH CAUSE OF ACTION**

14 **(VIOLATION OF CAL. BUS. & PROF. CODE § 6147)**

15 **(BY ALL PLAINTIFFS AGAINST BLOOM HERGOTT, BLOOM, AND DOE**  
16 **DEFENDANTS 1 THROUGH 30)**

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

18 79. California Business and Professions Code § 6147 requires all contingency fee  
19 arrangements with attorneys to be documented in a written agreement, which must further contain  
20 a host of statutorily mandated disclosures. In the absence of a writing that complies with the  
21 requirements of § 6147, a contingency fee arrangement with an attorney is voidable at the client's  
22 election. *See* Cal. Bus. & Prof. Code § 6147(b).

23 80. At all relevant times, Defendants were acting as Mr. Depp's attorneys.  
24 Throughout the course of Defendants' relationship with Mr. Depp, they provided legal advice and  
25 services including, among other things, drafting corporate documents and negotiating and  
26 reviewing various contracts related to both Mr. Depp's personal life and his business affairs.

27 81. Defendants were paid contingent fees tied to Mr. Depp's variable earnings totaling  
28 in the tens of millions of dollars during the course of their relationship.

1           82.     Despite collecting tens of millions of dollars of contingent consideration over the  
2 course of their relationship with Mr. Depp, Defendants had no statutorily prescribed, written  
3 agreement with Mr. Depp for the provision of legal services.

4           83.     The purported fee arrangement between Defendants, on the one hand, and  
5 Mr. Depp, on the other hand, did not conform with the requirements of California Business and  
6 Professions Code § 6147, and therefore violated the statute. As a result, pursuant to § 6147, any  
7 purported fee arrangement is voidable at the option of Plaintiffs.

8           84.     As a direct and proximate result of Defendants' violation of California Business  
9 and Professions Code § 6147, Plaintiffs are entitled to return of all fees paid to Defendants.

10   **FIFTH CAUSE OF ACTION**

11   **(VIOLATION OF CAL. BUS. & PROF. CODE § 6148)**

12                   **(BY ALL PLAINTIFFS AGAINST BLOOM HERGOTT, BLOOM, AND DOE**  
13   **DEFENDANTS 1 THROUGH 30)**

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

15           86.     California Business and Professions Code § 6148 requires fee arrangements with  
16 attorneys that do not fall within § 6147 to be documented in a written agreement, which must  
17 contain a host of statutorily mandated disclosures, so long as it is reasonably foreseeable that the  
18 expenses to be incurred will exceed one thousand dollars. In the absence of a writing that  
19 complies with the requirements of § 6148, a fee arrangement is voidable at the client's election.  
20 *See* Cal. Bus. & Prof. Code § 6148(c).

21           87.     At all relevant times, Defendants, on the one hand, and Mr. Depp, on the other,  
22 were in an attorney-client relationship. At all relevant times, it was reasonably foreseeable that  
23 the total expense to the client, including attorney fees, would exceed one thousand dollars.

24           88.     Despite collecting tens of millions of dollars in attorneys' fees over the course of  
25 their relationship with Mr. Depp, Defendants had no written agreement with Mr. Depp for the  
26 provision of legal services.

27           89.     To the extent the purported fee arrangement between Mr. Depp and Defendants,  
28 does not come within § 6147, Defendants' purported fee arrangement with Mr. Depp was subject

1 to, and violated, the requirements of California Business and Professions Code § 6148. As a  
2 result, pursuant to § 6148, any purported fee arrangement is voidable at the option of Plaintiffs.

3 90. As a direct and proximate result of Defendants' violation of California Business  
4 and Professions Code § 6148, Plaintiffs are entitled to return of all fees paid to Defendants.

5 **SIXTH CAUSE OF ACTION**

6 **(VIOLATION OF THE UNFAIR COMPETITION LAW,**

7 **CAL. BUS. & PROF. CODE §§ 17200, *ET SEQ.*)**

8 **(BY ALL PLAINTIFFS AGAINST BLOOM HERGOTT, BLOOM, AND DOE**

9 **DEFENDANTS 1 THROUGH 30)**

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

11 92. California's Unfair Competition Law (the "UCL"), set forth in California Business  
12 & Professions Code §§ 17200, *et seq.*, provides that unfair competition shall mean and include  
13 any unlawful and unfair business act or practice.

14 93. Defendants' wrongful conduct constitutes unlawful and unfair business acts and  
15 practices in three different ways, each of which independently constitutes a violation of the UCL.

16 94. Defendants' acts and practices are unlawful and unfair in that they violate, among  
17 other statutes, California Business & Professions Code § 6147, entitled "Contingency fee  
18 contracts; duplicate copy; contents; effect of noncompliance; recovery of workers' compensation  
19 benefits," or, alternatively, California Business & Professions Code § 6148, entitled "Contracts  
20 for services in cases not coming within § 6147; bills rendered by attorney; contents; failure to  
21 comply."

22 95. Defendants collected voidable contingent fees tied to Mr. Depp's variable earnings  
23 totaling in the tens of millions of dollars.

24 96. Despite collecting tens of millions of dollars in contingent consideration over the  
25 course of their relationship with Mr. Depp, Defendants had no written agreement with Mr. Depp  
26 for the provision of legal services.

27 97. The purported fee arrangement between Defendants, on the one hand, and Mr.  
28 Depp, on the other hand, does not conform with the requirements of California Business &

1 Professions Code § 6147. Alternatively, this arrangement does not conform to the requirements  
2 of § 6148. This unlawful business practice therefore violates the UCL.

3 98. In addition, Defendants' acts and practices as set forth herein are also unlawful and  
4 unfair in that they violate several rules of professional conduct, including but not limited to (i)  
5 California Rule of Professional Conduct 3-300, which requires that "[a] member shall not enter  
6 into a business transaction with a client . . . unless . . . the transaction . . . and its terms are . . .  
7 fully disclosed and transmitted in writing to the client," (ii) California Rule of Professional  
8 Conduct 3-310, which prohibits representations imbued with conflicts of interest, and (iii)  
9 California Rule of Professional Conduct 3-500, which requires that "[a] member shall keep a  
10 client reasonably informed about significant developments relating to the employment or  
11 representation."

12 99. The California Rules of Professional Conduct embody the public policy of  
13 California. The violation of public policies central to the attorney-client relationship render any  
14 agreement unenforceable and entitles the injured party to disgorgement of fees paid. A cause of  
15 action under the UCL may be predicated on a violation of the California Rules of Professional  
16 Conduct. *People ex rel. Herrera v. Stender*, 212 Cal. App. 4th 614 (2012).

17 100. As described herein, Defendants violated the law and the public policy of  
18 California by creating, obscuring, and profiting from, unauthorized and undisclosed conflicts of  
19 interest through self-dealing and failing to disclose material facts to their client related to their  
20 and TMG's representation of Mr. Depp. This constitutes a separate violation of the UCL.

21 101. Finally, Defendants' acts and practices as set forth herein include, but are not  
22 limited to, breaches of fiduciary obligations and legal malpractice. These also constitute unlawful  
23 and unfair business acts and practices under California Business & Professions Code §§ 17200 *et*  
24 *seq.*, because such acts are unscrupulous, unethical, unfair, and injurious to Plaintiffs. This  
25 constitutes a third, separate violation of the UCL.

26 102. As a direct and proximate result of Defendants' unlawful and unfair business acts  
27 and practices, Defendants have been unjustly enriched, and Plaintiffs have suffered monetary  
28 harm. Plaintiffs thus seek disgorgement and restitution of all fees paid to Defendants in an

1 amount to be proven at trial.

2 **SEVENTH CAUSE OF ACTION**

3 **(DECLARATORY JUDGMENT)**

4 **(BY ALL PLAINTIFFS AGAINST BLOOM HERGOTT, BLOOM, AND DOE**

5 **DEFENDANTS 1 THROUGH 30)**

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

7 104. An actual controversy relating to the legal rights and duties of the parties exists;  
8 namely: (a) whether, through Defendants' self-dealing; conflicts of interest; failure to disclose  
9 material facts breach of their duties of skill, prudence, and diligence; and failure to comply with  
10 California law which requires fee arrangements of the type here to be in writing, Defendants  
11 violated California law, the California Rules of Professional Conduct, and California's public  
12 policy, rendering any purported contingent fee arrangement between Defendants and Mr. Depp  
13 invalid, void and unenforceable, and entitling Mr. Depp to disgorgement of all fees he has paid to  
14 Defendants; and (b) whether, under California Business & Professions Code §§ 6147-48, based  
15 on their failure to obtain a written contract and their pervasive and egregious ethical violations,  
16 Defendants are required to disgorge all of the fees they collected from Mr. Depp.

17 105. Accordingly, Mr. Depp seeks a declaration that any purported contingent fee  
18 arrangement between him and Defendants is invalid, void, and unenforceable, that he is entitled  
19 to disgorgement and restitution of all fees paid to Defendants, based on Defendants' violations of  
20 California Business & Professions Code §§ 6147-48, the Unfair Competition law, other violations  
21 of California law, and violations of the California Rules of Professional Conduct. In addition,  
22 Mr. Depp seeks a judgment of the Court awarding him monetary relief against Defendants in the  
23 amount of all contingent fees he paid to Defendants, plus interest at the legal rate.

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1 **PRAYER FOR RELIEF**

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

- 4 A. For compensatory damages in an amount subject to proof at trial;
- 5 B. For a judgment declaring that any purported fee arrangement between Plaintiffs  
6 and Defendants is invalid, void and unenforceable;
- 7 C. For a judgment returning to Plaintiffs all funds collected by Defendants pursuant  
8 to any purported fee arrangement with Plaintiffs, in an amount subject to proof at  
9 trial;
- 10 D. For restitution and disgorgement of all gains and profits by Defendants as a result  
11 of their wrongful and unlawful conduct, in an amount subject to proof at trial;
- 12 E. For setoff of any amounts allegedly owed to Defendants against amounts  
13 Defendants owe Plaintiffs;
- 14 F. For punitive and exemplary damages in an amount subject to proof at trial;
- 15 G. For interest and prejudgment interest;
- 16 H. For an award of attorneys' fees and costs; and
- 17 I. For such other and further relief as deemed just and proper.

18 RESPECTFULLY SUBMITTED this 17th day of October 2017.

19  
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Nihil*



1 **DEMAND FOR JURY TRIAL**

2 Plaintiffs hereby demand trial by jury for this matter.

3  
4 Dated: October 17, 2017

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25 and

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