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Company, Inc. (dba The Management Group)

7 SUPERIOR COURT OF THE STATE OF CALIFORNIA
8 COUNTY OF LOS ANGELES, CENTRAL DISTRICT

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

12 Plaintiffs,

13 vs.

14 THE MANDEL COMPANY, INC., d/b/a THE
15 MANAGEMENT GROUP, a California
16 corporation; JOEL L. MANDEL, individually
17 and as former trustee of the Sweetzer Trust;
18 ROBERT MANDEL; FIRST AMERICAN
19 TITLE INSURANCE COMPANY, a
California corporation; and DOES 1 through
20 15, inclusive,

21 Defendants.

20 THE MANDEL COMPANY, INC. (dba THE
21 MANAGEMENT GROUP),

22 Cross-Complainant,

23 vs.

24 JOHN C. DEPP II, an individual;
25 SCARAMANGA BROS., INC., a California
26 corporation; L.R.D. PRODUCTIONS, INC.; a
27 California corporation; EDWARD WHITE, an
28 individual; EDWARD WHITE & CO., LLP, a
California limited liability partnership, and
ROES 1 through 20, inclusive,

Cross-Defendants.

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ORIGINAL FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

JAN 31 2017

Sherri R. Carter, Executive Officer/Clerk
By: Shaunya Bolden, Deputy

Case No. BC 646882

Assigned to Hon. Susan Bryant-Deason –
Dept. 52

CROSS-COMPLAINT FOR:

- (1) DECLARATORY RELIEF;
- (2) BREACH OF ORAL CONTRACT;
- (3) BREACH OF ORAL CONTRACT;
- (4) OPEN BOOK ACCOUNT;
- (5) BREACH OF WRITTEN CONTRACT; AND
- (6) PROMISSORY FRAUD

DEMAND FOR JURY TRIAL

1 Cross-Complainant The Mandel Company, Inc. dba The Management Group, by and
2 through its attorneys of record, alleges the following causes of action against Cross-Defendants
3 John C. Depp II, Scaramanga Bros., Inc., L.R.D. Productions, Inc., Edward White, Edward White
4 & Co., LLP, and ROES 1-20, inclusive (collectively, "Cross-Defendants"):

5 **INTRODUCTION**

6 1. For 30 years, brothers Joel and Robert Mandel, and their company, The Mandel
7 Company, Inc., doing business as The Management Group ("TMG" of "Cross-Complainant"),
8 have been trusted business managers to some of the most successful individuals and companies in
9 the entertainment business. For 30 years, they have had an unblemished record never before
10 having been sued by a client. For the past 17 years, starting in 1999, TMG represented actor
11 Johnny Depp ("Depp"), and did everything possible to protect Depp from his own irresponsible
12 and profligate spending.

13 2. By 1999, Depp was an established actor who had starred in several well-known
14 films, including *Edward Scissorhands* (1990), *What's Eating Gilbert Grape* (1993) and *Sleepy*
15 *Hollow* (1999). Depp and his advisors decided to seek new business managers and conducted a
16 "beauty contest" in which they interviewed several business management firms. At the time, TMG
17 was already one of the most successful business management firms in Los Angeles.

18 3. Over a 17-year relationship, TMG and Joel Mandel ("Mandel") did everything
19 within their power to professionally and competently handle the vast array of transactions,
20 expenses, and demands made by Depp. They used the full resources of TMG and outside
21 professionals to handle his many matters. TMG repeatedly warned and advised Depp to reduce his
22 spending and sell unnecessary assets. But ultimately, the decision whether and how to spend his
23 money was a decision for Depp to make. Depp listened to no one, including TMG and his other
24 advisors, and he demanded they fund a lifestyle that was extravagant and extreme. Ultimately,
25 Depp and/or his sister and personal manager, Elisa Christie Dembrowski ("Dembrowski"),
26 approved all of Depp's expenditures.

27 4. By his complaint, Depp disingenuously suggests that he cannot remember (a)
28 where he spent his money, or (b) being told by TMG to stop spending. To remind him, throughout

1 the entire 17-year period that TMG represented Depp, Depp lived an ultra-extravagant lifestyle
2 that often knowingly cost Depp in excess of **\$2 million per month** to maintain, which he simply
3 could **not** afford. The following examples are just some of that ways that Depp chose to spend his
4 money.

5 5. Depp spent in excess of **\$75 million** to acquire, improve and furnish **14 residences**,
6 including a 45-acre chateau in the South of France, a chain of islands in the Bahamas, multiple
7 houses in Hollywood, several penthouse lofts in downtown Los Angeles, and a fully-functioning
8 horse farm in Kentucky. In addition to property taxes, upkeep, and insurance, all of these
9 residences required a staff of employees to service and maintain.

10 6. During this same time, Depp spent lavishly on various luxury items, including
11 spending over **\$18 million** to acquire and renovate a **150 foot luxury yacht**. Depp spent millions
12 more acquiring and/or maintaining at least **45 luxury vehicles**. He spent **\$30,000 per month** on
13 expensive wines that he had flown to him around the world for his personal consumption. Depp
14 also paid over **\$3 million** to blast from a specially-made cannon **the ashes of author Hunter**
15 **Thompson** over Aspen, Colorado.

16 7. Depp also spent wildly on expensive collectibles, including **millions** to acquire and
17 maintain a massive and extremely expensive **art collection** including **over 200 collectible pieces**
18 **and works** by world famous artists such as Warhol, Klimt, Basquiat, and Modigliani; many pieces
19 of expensive **world class jewelry**; and approximately **70 collectible guitars**. Depp also spent
20 many **millions** more over the years on extremely rare and expensive Hollywood collectibles.
21 Depp's collection of Hollywood memorabilia involving such icons as Marilyn Monroe, John
22 Dillinger and Marlon Brando is so extensive that it fills approximately **12 storage facilities** and
23 has cost over a million additional dollars to attempt to archive.

24 8. Depp employed a staff of approximately **40 full-time employees** around the world,
25 which costs Depp at least **\$300,000 per month** to maintain. Depp insisted that TMG hire **security**
26 **guards** to protect himself and his family 24/7, 365 days a year, wherever they might live or travel,
27 including full-time security for his children at their schools, at a cost of over **\$150,000 per month**.

28

1 9. Depp also refused to fly by any means other than **private plane** and required at
2 least a Gulfstream GV or above. Depp's constant use of private planes amounted to an additional
3 **\$200,000 a month** in expenses.

4 10. In addition to the above, throughout the years, Depp **supported his friends, family**
5 **and certain employees at a cost of over \$10 million**. For example, Depp requested, approved
6 and expected TMG to pay certain living expenses for his sisters and mother. By way of another
7 example, for over seven years, Depp funded a start-up music label, Unison, which was run by his
8 childhood friend. After years of advising Depp that the venture was not generating revenue, and
9 after expending **over \$4 million**, Depp finally allowed TMG to stop funding the operation in
10 2015.

11 11. As explained below in detail, TMG regularly and repeatedly advised and warned
12 Depp, his sister and personal manager Dembrowski, and his personal lawyer Jake Bloom, that
13 Depp's wanton spending could not be maintained and jeopardized his financial future.

14 12. Depp often responded by rebuking and cursing his business managers for issuing
15 such warnings and advice, while increasing his extravagant lifestyle and spending, and demanding
16 that his business managers continue to find some way to pay for it all.

17 13. When Depp's spending outpaced his earnings, and he refused to change his
18 lifestyle, he was forced to borrow large sums of money to continue living the lifestyle he chose.
19 Every purchase, expenditure and borrowing for Depp was approved by him and/or Dembrowski,
20 and every check written on his behalf was signed by or approved by Depp and/or Dembrowski.
21 Dembrowski on behalf of Depp also signed all of Depp's payments to TMG for management fees.

22 14. Depp, and Depp alone, is fully responsible for any financial turmoil he finds
23 himself in today. He has refused to live within his means, despite the best efforts of TMG and the
24 repeated warnings about his financial condition from TMG and his other advisors. The arithmetic
25 is straightforward: Depp spent more than he brought in, notwithstanding repeated warnings by
26 TMG.

27 15. Proving that "no good deed goes unpunished," Depp, with no notice of any kind,
28 terminated TMG's services in March 2016. Depp then refused to pay TMG back on a \$5 million

1 loan they had made to him in 2012 when the actor was facing public financial ruin.
2 TMG's repeated attempts to reach Depp through his new CPA, Edward White, were never
3 responded to. Left with no choice, and with Depp still owing \$4.2 million, TMG in October 2016
4 started non-judicial foreclosure proceedings against certain of Depp's properties.

5 16. In a transparent attempt to derail the foreclosure by concocting and spreading
6 malicious lies about TMG and the Mandels, Depp on January 13, 2017 filed a 45-page complaint
7 that is completely fabricated and replete with demonstrably false allegations. Depp in his
8 complaint essentially argues that TMG must have done something wrong or he would not be in the
9 financial circumstances he finds himself. As explained above and below, Depp has only himself to
10 blame for his current financial woes.

11 17. In his complaint, Depp claims that throughout his 17-year relationship with TMG,
12 he was kept ignorant about his financial condition. **That allegation is absurd and untrue.** Depp
13 further alleges in his complaint (¶ 5) that he only learned about his financial problems in March
14 2016 when he hired Edward White of Edward White & Co., LLP ("EWC") in Woodland Hills,
15 California. **This charge is also false.** For years, TMG repeatedly informed Depp, Dembrowski
16 and personal lawyer Jake Bloom, that Depp was living beyond his means, and urged him to spend
17 less and to sell certain expensive but unnecessary assets to repay loans and pay his taxes and living
18 expenses. Joel Mandel had many discussions about Depp's irresponsible spending and financial
19 problems with Depp and with Depp's attorney, Jake Bloom. He had almost daily conversations
20 with Dembrowski on the same subject. In October 2015, months before Depp fired TMG, Depp
21 finally sent Mandel a text message stating: "I am ready to face the music, in whatever way I must
22 ... I know there's a way to dig ourselves out of this hole and I am bound and determined to do it."

23 18. Depp's baseless allegations in his complaint are debunked in depth below, but
24 some of the more egregious allegations include the following falsehoods:

25 a. "Joel and Robert Mandel, are and act as, attorneys" (Complaint, ¶ 6.)
26 **FALSE.** Although both Mandel brothers are attorneys by training, they **never** acted as Depp's
27 attorney, and **never** provided Depp with services of the type necessary to form an attorney-client
28 relationship.

1 b. “TMG never once timely filed Mr. Depp’s income tax returns or timely paid
2 Mr. Depp’s income tax.” (Complaint, ¶ 48.) **FALSE**. For 17 years, TMG always timely filed his
3 tax returns and, funds permitting, always timely paid his income tax.

4 c. “When Mr. Depp did speak to TMG, they assured him that he was in
5 excellent financial condition.” (*Id.*, ¶ 37.) **FALSE**. TMG never made such a false statement to
6 Depp, Dembrowski, or Depp’s lawyer.

7 d. “TMG failed to maintain a proper set of detailed accounting records for
8 Mr. Depp” (*Id.*, ¶ 42.) **FALSE**. In handling Depp’s matters, TMG maintained meticulous books
9 and records. TMG employed the Datafaction accounting software system, which is the gold
10 standard for business managers in the entertainment industry. Every expense and payment was
11 booked, accounted for, and backed up.

12 e. “TMG disbursed nearly \$10,000,000 to third parties close to or who worked
13 for Mr. Depp without Mr. Depp’s knowledge or prior authorization.” (*Id.*, ¶ 51.) **FALSE**.
14 TMG did not make any disbursements without authorization by Depp and/or Dembrowski.

15 f. TMG borrowed “tens of millions of dollars without proper disclosures
16 to Mr. Depp.” (*Id.*, ¶ 60.) **FALSE**. Depp borrowed extensively. TMG provided Depp with all
17 documentation for every loan made to Depp, and Depp personally signed for all such loans.

18 19. On information and belief, Depp’s campaign against TMG and Joel and Robert
19 Mandel, including the 45-page frivolous and malicious complaint, is being orchestrated and
20 spearheaded by Depp’s new CPA, Edward White and his company EWC. Many of the false
21 allegations in the complaint, including those highlighted above, would have been easily dispelled
22 if EWC had only done a minimum amount of due diligence or had chosen to accept TMG’s offer
23 of assistance to explain Depp’s finances. White and his small company lack the resources or
24 professional experience in the business management industry to understand what is involved and
25 required in representing an actor such as Depp.

26 20. In summary, and as explained in detail below, TMG did everything within its
27 power over the last 17 years to protect Depp from himself and to keep Depp financially solvent.
28 However, ultimately TMG did **not** have the power or ability to control Depp’s spending or his

1 numerous other vices, or to force Depp to make wiser financial decisions. Contrary to his claims
2 in this action, TMG always made Depp aware of his precarious financial situation. Depp chose
3 time and again to ignore TMG and all of his other advisors. Depp truly has **no one** but himself to
4 blame for his current financial and personal circumstances.

5 21. As explained below, in addition to the **\$5 million loan**¹ which is the subject of a
6 separate non-judicial foreclosure proceeding, Depp, his various entities and his current accountant,
7 Edward White and EWC, still owe TMG well **over \$500,000** in past-due fees and costs. It is time
8 that Depp finally take responsibility for his actions and pay his outstanding debts to TMG.

9 **JURISDICTION AND VENUE**

10 22. Jurisdiction is proper in the Superior Court of the State of California for the County
11 of Los Angeles pursuant to section 410.10 of the California Code of Civil Procedure.

12 23. Venue is proper in Los Angeles County, California pursuant to sections 392 *et seq.*
13 of the Code of Civil Procedure because: (a) this is the county where the contracts at issue were
14 entered into; and (b) the parties' contractual obligations were to be performed in this county.

15 **PARTIES**

16 24. Cross-Complainant TMG is a corporation organized and existing under the laws of
17 the State of California, with its principal place of business located in Beverly Hills, California.

18 25. Cross-Defendant Depp is a world famous actor and an individual principally
19 residing in and often employed in Los Angeles County, California.

20 26. Cross-Defendant Scaramanga Bros., Inc. ("Scaramanga Bros.") is a private
21 California corporation with its principal place of business located in Los Angeles, California.
22 Scaramanga Bros., Inc. is a loan-out company that Depp has historically used to conduct his
23 business affairs.

24

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26

27

28

¹ Because TMG is seeking to foreclose on Depp's properties in a non-judicial foreclosure proceeding, TMG is **not** seeking recovery of its loan to Depp in this Cross-Complaint.

1 27. Cross-Defendant L.R.D. Productions, Inc. ("L.R.D.") is a private California
2 corporation with its principal place of business located in Los Angeles, California. L.R.D. is also a
3 loan-out company that Depp has historically used to conduct his business affairs.

4 28. Cross-Defendant Edward White on information and belief is an individual
5 principally residing in and working in Los Angeles County, California. Edward White holds
6 himself out to the public as a certified public accountant and as the founder of Edward White &
7 Co., LLP, which is a small accounting firm headquartered in Woodland Hills, California.
8 On information and belief, White is the trustee of both The Sweetzer Trust and The Mooh
9 Investment Trust.

10 29. Cross-Defendant Edward White & Co., LLP (referred to above and below as EWC)
11 on information and belief is a California limited liability partnership with its principal place of
12 business located in Los Angeles County, California.

13 30. Cross-Complainant is informed and believes, and based thereon alleges, that Roes 1
14 through 20, inclusive, and each of them, participated in the wrongful acts alleged herein, and are
15 liable for those acts. Cross-Complainants are informed and believe that Roes 1 through 20,
16 inclusive, knew and participated in one or more of the specific acts committed by Cross-
17 Defendants, and counseled Cross-Defendants and other Roe Cross-Defendants in perpetrating
18 those wrongful acts and/or aided and counseled Cross-Defendants and other Roe Cross-
19 Defendants in concealing those acts from Cross-Complainant, as alleged more fully herein.

20 **FACTS COMMON TO ALL ALLEGATIONS**

21 **TMG's Oral Agreement With Depp To Provide Business Management Services**

22 31. As part of Depp's search for a new business manager, in approximately September
23 1999, Joel Mandel ("Mandel") met with Depp's sister, Elisa Christie Dembrowski
24 ("Dembrowski"), who was introduced to Mandel as Depp's personal manager, primary
25 representative and gate-keeper. After this initial meeting, Mandel met personally with Depp at
26 UTA's offices in Beverly Hills. Depp then hired TMG to be his business manager.

27 32. At the outset of their relationship, Depp and Mandel agreed that TMG would
28 provide Depp with business management services in exchange for a five percent (5%)

1 management fee on all of the monies that Depp earned with an annual cap. Depp personally and
2 expressly agreed to this arrangement.

3 33. Contrary to the absurd claims in Depp's complaint, neither TMG nor Joel or Robert
4 Mandel ever told Depp or his advisors that they would act as Depp's lawyers, and they never
5 provided him with services of the type necessary to form an attorney-client relationship.

6 34. During their 17-year relationship, TMG facilitated the hiring of numerous lawyers
7 and law firms to represent Depp in his various business matters. In addition, some months after
8 hiring TMG, Depp retained Jake Bloom of the Bloom Hergott law firm, which over the last
9 17 years has provided Depp with an array of legal services, including negotiating and
10 documenting entertainment agreements.

11 35. Depp's movie career grew even hotter after 1999. As a result, the amount of
12 professional services that TMG was required to expend in order to handle Depp's growing
13 business and lifestyle arrangements grew substantially. Soon after TMG started representing
14 Depp, he signed with Disney to star in the first *Pirates of the Caribbean* movie (2003), followed
15 by more *Pirates* films in 2006, 2007 and 2011.

16 36. By 2003, the level of work that TMG was doing on behalf of Depp had increased
17 substantially and it was no longer economically feasible for TMG to continue to represent Depp
18 with a cap in place. Overseeing Depp's business and personal life required a team of dedicated
19 professionals often working full-time and available on a 24/7, 365 day basis. Mandel often spent
20 half his business hours working on Depp's behalf and Depp required that he be available at all
21 times. Moreover, at varying times, TMG was employing at least four full time individuals (and at
22 times up to twelve individuals) to work on Depp's matters.

23 37. As a result, in or about September 2003, Mandel and Depp had an in-person
24 meeting in New York where they had traveled to attend the New York premier of the film *Once
25 Upon A Time In Mexico*. During their meeting, they discussed removing the cap on TMG's
26 management fees given the massive amount of work that TMG was doing on Depp's behalf.
27 Within a few hours of this meeting, Depp agreed that the cap on TMG's management fees would
28 no longer apply. From 2003 forward, Depp and his companies Scaramanga Bros. and L.R.D., and

1 TMG, adhered to this fee agreement for a 5% management fee (uncapped), except for the money
2 being sought by this Cross-Complaint.

3 38. Depp's other advisors, including Dembrowski and his personal lawyer Jake Bloom,
4 were at all relevant times aware of Depp's agreement to pay TMG an uncapped 5% fee.
5 Indeed, Dembrowski personally signed the management fee checks paid to TMG. This type of oral
6 fee arrangement is customary in the entertainment industry for business managers, such as TMG
7 representing Depp, who are required to commit extraordinary amounts of time, personnel and
8 resources to represent the client. Here, in return for the 5% fee, Depp received about half of
9 Mandel's time and attention, which is an extraordinary commitment by the head of a large
10 business management firm, plus the full-time attention of on average 4 full-time professionals
11 working almost exclusively on Depp's matters, plus the resources of TMG's other professionals
12 who specialize in tax, real estate, insurance and health benefits, and other business areas.

13 **Throughout TMG's Representation, Depp Always Lived An**
14 **Extraordinarily Extravagant Lifestyle That He Could Not Afford**

15 39. Throughout the entire 17-year period that TMG represented Depp, Depp lived an
16 ultra-extravagant lifestyle that often knowingly cost Depp in excess of **\$2 million per month** to
17 maintain, which he simply could **not** afford. Depp's voracious spending consistently outpaced his
18 earnings. Depp **never** had a cushion of more than six months in funds to pay his overwhelming
19 and mounting expenses and debts.

20 40. As his film career grew even more successful after 1999, especially with the
21 success of the *Pirates* movies starting in 2003, Depp's spending increased wildly, and his
22 expenses exceeded the additional earnings and profit participations he received.

23 41. During the time that TMG represented Depp, Depp spent in excess of **\$75 million**
24 to acquire, improve and furnish **14 residences**, including a 45-acre chateau in the South of France,
25 a chain of islands in the Bahamas, multiple houses in Hollywood, several penthouse lofts in
26 downtown Los Angeles, and a fully-functioning horse farm in Kentucky. In addition to property
27 taxes, upkeep, and insurance, all of these residences required a staff of employees to service and
28 maintain.

1 42. During this same time, Depp spent lavishly on various luxury items, including
2 spending over **\$18 million** to acquire and renovate a **150 foot luxury yacht**. Depp spent millions
3 more acquiring and/or maintaining at least **45 luxury vehicles**. He spent **\$30,000 per month** on
4 expensive wines that he had flown to him around the world for his personal consumption. Depp
5 also paid over **\$3 million** to blast from a specially-made cannon **the ashes of author Hunter**
6 **Thompson** over Aspen, Colorado.

7 43. Depp also spent wildly on expensive collectibles, including **millions** to acquire and
8 maintain a massive and extremely expensive **art collection** including **over 200 collectible pieces**
9 **and works** by world famous artists such as Warhol, Klimt, Basquiat, and Modigliani; many pieces
10 of expensive **world class jewelry**; and approximately **70 collectible guitars**. Depp also spent
11 many **millions** more over the years on extremely rare and expensive Hollywood collectibles.
12 Depp's collection of Hollywood memorabilia involving such icons as Marilyn Monroe,
13 John Dillinger and Marlon Brando is so extensive that it fills approximately **12 storage facilities**
14 and has cost over a million additional dollars to attempt to archive.

15 44. Depp employed a staff of approximately **40 full-time employees** around the world,
16 which costs Depp at least **\$300,000 per month** to maintain. Depp insisted that TMG hire **security**
17 **guards** to protect himself and his family 24/7, 365 days a year, wherever they might live or travel,
18 including full-time security for his children at their schools, at a cost of **over \$150,000 per month**.
19 TMG repeatedly advised Depp to reduce his security presence to save money (including at his
20 children's school which already had security), but Depp always insisted on round-the-clock
21 security for his entire immediate family.

22 45. Depp also refused to fly by any means other than **private plane** and required at
23 least a Gulfstream GV or above. Depp's constant use of private planes amounts to an additional
24 **\$200,000 a month** in expenses. TMG informed Depp that on some smaller films he actually lost
25 money because of his constant use of private planes.

26 46. In addition to the above, throughout the years, Depp **supported his friends, family**
27 **and certain employees at a cost of over \$10 million**. For example, Depp requested, approved
28 and expected TMG to pay certain living expenses for his sisters and mother. When TMG took

1 action over the years to limit those expenses, Depp would often intervene and tell TMG to let it
2 go.

3 47. For example, in or about 2007, Depp sent Mandel an email stating, “my apologies
4 for the madness that Betty Sue and her daughter have inflicted upon you,” which referred to the
5 numerous expenses that Depp requested TMG pay on his behalf for his mother and sister Debbie.
6 TMG later compiled for Depp all of the credit card expenses (which were high) that his sister was
7 incurring in supposedly taking care of Depp’s mother. Rather than go through the expenses and
8 limit his mother’s or sister’s spending, Depp told Mandel to keep making the payments.

9 48. In 2004, Depp formed his production company, Infinitum Nihil, which was run by
10 Dembrowski, who was also President of the production company. In addition to running his
11 production company, Dembrowski was also Depp’s personal manager, primary contact with his
12 advisors and his 24/7 gatekeeper. The over \$7,000,000 in supposed payments referenced in
13 paragraph 53 of Depp’s complaint involves payments made by Depp over the years for the benefit
14 of Dembrowski, who worked tirelessly on Depp’s behalf. Contrary to the allegations in Depp’s
15 complaint, Depp was fully aware that he was paying these expenses over the years for the benefit
16 of Dembrowski.

17 49. The \$736,000 payment mentioned in paragraph 54 of Depp’s complaint was
18 payment that Depp specifically asked Mandel to make for Depp’s long-time assistant so that he
19 could purchase and refurbish a home in the United Kingdom. The claim that TMG advanced these
20 funds without Depp’s express authorization is ridiculous. Moreover, Dembrowski also approved
21 the expenses.

22 50. By way of another example, for over seven years, Depp funded a start-up music
23 label, Unison, which was run by his childhood friend. After years of advising Depp that the
24 venture was not generating revenue, and after expending **over \$4 million**, Depp finally allowed
25 TMG to stop funding the operation in 2015.

26 51. When Depp’s mother was ill, Depp insisted that a **\$35,000 a month** residence be
27 leased for her even though Depp had already purchased and refurbished a multi-million dollar
28

1 home in Hollywood. Depp insisted on the new expensive lease, however, because he did not want
2 his mother living close to him where she could view his lifestyle and behavior.

3 52. Depp both paid federal taxes, and state taxes to California, and in most years his
4 effective tax rate was close to 50%. Depp, like many other entertainers, also required the services
5 of numerous professionals to help guide his career. Depp wisely hired the top professionals in
6 their respective areas of expertise and agreed to pay those professionals the customary and going-
7 rate paid by entertainers. Specifically, Depp agreed to pay and did pay the following: (a) 5% of his
8 gross earnings to his long time personal and entertainment lawyer, Jake Bloom of the Bloom
9 Hergott firm in Beverly Hills; (b) 10% of his gross earnings to his long time talent agent Tracey
10 Jacobs at United Talent Agency (UTA) in Beverly Hills; and (c) as described above, 5% of his
11 gross earnings to his business managers TMG. Each of these professionals are considered to be
12 among the very best in the entertainment industry in their respective areas of expertise.

13 53. The above items are just some of the extraordinary expenses that Depp, on his own
14 volition, incurred over the last 17 years. Depp's allegations in his complaint that his current
15 financial problems are the result of TMG's supposed failure to streamline his expenses, pay his
16 taxes timely, and/or establish an appropriate investment schedule are ludicrous in light of his
17 spending habits and his demands that TMG do whatever was necessary to pay for his lifestyle.

18 **TMG Provided Excellent Business Management Services to Depp**

19 54. One of the themes in Depp's lengthy complaint is that TMG did not comply with
20 industry standards and norms for business managers in the entertainment industry. On information
21 and belief, this defamatory allegation is being propagated by Depp's new CPA, Edward White and
22 his company EWC. Many of the false allegations in the complaint would have been easily
23 dispelled if EWC had only done a minimum amount of due diligence or had chosen to accept
24 TMG's offer of assistance. White and his small company lack the resources or professional
25 experience in the business management industry to understand what is involved and required in
26 representing an actor such as Depp. The truth is that White and EWC are in way over their head.

27 55. Contrary to the claims in the complaint, over a 17-year period, TMG and its
28 professional employees provided Depp with extraordinary service. They used the latest software,

1 computer and internet applications to track and handle Depp's multi-faceted businesses and
2 lifestyle. Contrary to Depp's claims in paragraphs 42 and 43 of his complaint, during the entire
3 time TMG worked with Depp, **TMG always maintained state-of-the-art accounting records,**
4 using the state-of-the-art software system Datafaction. Depp and his new CPA, Edward White, can
5 review exactly how Depp spent all of his money over the last 17 years because they have full
6 access to his historical records through Datafaction, although it is evident White and his staff at
7 EWC do not know how to use the Datafaction system. TMG has offered to show them how
8 Datafaction operates, but White and EWC never followed up.

9 56. Contrary to Depp's false claims in paragraph 48 of his complaint, throughout the
10 entire time that TMG worked with Depp, **TMG on behalf of Depp filed each and every tax**
11 **return timely.** Although Depp alleges that "TMG left Mr. Depp's taxes in the hands of a CPA in
12 training" (Complaint, ¶ 48), the truth is that Depp's tax returns were prepared by a partner at
13 TMG, a highly regarded professional with over thirty years' experience as a certified public
14 accountant, including holding tax accounting positions at one of the most preeminent accounting
15 firms in the country—hardly a "CPA in training."

16 57. As a result of his increasingly extravagant and expensive lifestyle, after Depp paid
17 his taxes and legitimate business expenses, and his lifestyle expenses, Depp rarely had any
18 meaningful funds available for savings and/or traditional investments.

19 58. Depp's allegations of supposed "self-dealing" in paragraphs of 85 and 86 of his
20 complaint are equally **absurd** and show just how far Depp has had to reach to find some alleged
21 wrongdoing on TMG's part. The investment referred to as Lionheart, LP was an investment in
22 which TMG and Depp both invested. Depp was fully cashed out of this investment in **January**
23 **2008 (over nine years ago)** at a profit.

24 59. Depp's investments in Matar, LLC and Matar II, LLC involved less than \$150,000
25 in total. TMG has also invested in these funds, and has received no benefit from Depp having also
26 invested. Moreover, these investments have been and continue to be **highly profitable.**

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1 60. All of Depp's expenditures were incurred with his express knowledge and consent
2 and with the knowledge and consent of Dembrowski. The records and back-up are clear—
3 Depp and/or his sister signed off on all of Depp's checks.

4 61. Moreover, as explained below, many of Depp's larger expenses were incurred in
5 the face of TMG's repeated pleas for Depp to reduce his spending and/or sell various assets to
6 stabilize his financial condition.

7 **TMG And Depp's Other Advisors Repeatedly Warned Depp About His Precarious**
8 **Financial Situation And Often Begged Depp To Curb His Spending And Sell Assets**

9 62. In paragraph 37 of his complaint, Depp falsely claims that whenever he spoke to
10 TMG, "they assured him that he was in excellent financial condition." **This never happened.**
11 To the contrary, throughout the time that TMG represented Depp, TMG and Depp's other advisors
12 consistently and often very vocally informed Depp both orally and in writing that Depp was facing
13 very difficult financial problems unless he curbed his spending and/or sold various of his
14 expensive assets. In fact, getting Depp to take his financial problems seriously was often TMG's
15 main objective.

16 63. For example, in August 2008, Mandel sent Depp an email explaining that the
17 property in Hollywood—which was near other properties already owned by Depp—was for sale,
18 but that "the timing is not ideal. One of the things that we talked about in the beginning of the year
19 was the need to put ourselves back on a better footing from a cash flow perspective, including
20 restricting our level of 'investment' spending." Depp's response was typical—"I will call tracey
21 [Jacobs at UTA] and jake [Bloom] and prepare them to make some ludicrous deals to refill the
22 glass and make it fucking overflow!!! Whatever we have to acquire 1480, let's do!!!! WE MUST
23 BUY THIS HOUSE!!!"

24 64. Along the same lines, in December 2009, Mandel sent Depp an email stating:

25 "Since my email to you in September, I have done what I
26 was told you wanted done, meaning 'getting us through' financially
27 until work could start again. The good news is that, so far, we have
28 been able to do that. Notwithstanding, I need your help in a variety

1 of ways. First, we need to ‘take it easy’ on holiday spending.
2 Second, we need to discuss some dollar limit in the upcoming
3 Dillinger auction. Third, I need to be able to sit with you on your
4 return from this trip, and before you leave for France, so that we can
5 talk about where we are financially, what we have borrowed in order
6 to sustain ourselves, what we have had to do to obtain those
7 borrowings, what is now necessary to pay those borrowings back
8 and finally, to look realistically at income and expenses and to work
9 together on how to make sure that these are back in balance.”

10 65. Depp’s email response was typical—“I need to give my kiddies and famille as good
11 a Christmas as possible” and “regarding the plane situation . . . i don’t have all that many options
12 at the moment. A commercial flight with paparazzi in tow would be a fucking nightmare of
13 monumental proportions.”

14 66. TMG’s files are filled with similar emails, text messages, calendar entries, and
15 notes to file showing that TMG made Depp and his representatives fully aware of his precarious
16 financial circumstances, but he was unwilling to change his lifestyle. The claim that Depp was
17 kept ignorant of his financial circumstances is demonstrably untrue. Mandel was constantly
18 stressing the need to cut spending, pay expenses and try to save money. On occasion, Depp would
19 respond positively to Mandel’s urgings. For example, in October 2015, Depp sent Mandel a text
20 message stating: “I am ready to face the music, in whatever way I must . . . I know there’s a way to
21 dig ourselves out of this hole and I am bound and determined to do it.” But on those few occasions
22 when Depp said he was ready to change his ways, he never did—and he always went back to his
23 uncontrolled spending.

24 67. In addition to repeatedly advising Depp verbally regarding his finances,
25 TMG regularly created written budgets and financial statements for review by Depp and/or his
26 representatives.

27 68. Mandel estimates that he and others at TMG had hundreds of conversations and in-
28 person meetings with Depp and/or Dembrowski over the years regarding the need for Depp to

1 substantially curb his spending and sell various expensive assets to pay for his debts and lifestyle.
2 In fact, Mandel was often on the telephone with Dembrowski daily. However, when Depp was
3 confronted by TMG or any of his other advisors about his spending, he most often engaged in
4 profanity-laced tirades where he abused the professionals surrounding him and claimed that he
5 would work harder to afford whatever new item he wanted to purchase.

6 69. Depp on a couple of rare occasions agreed to list various assets for sale, but then
7 days later would deny having ever agreed to sell the asset in question or express outrage that the
8 asset was sold. For example, when TMG successfully convinced Depp to sell his 150 foot yacht in
9 October 2012, Depp angrily told Mandel that he would “never forgive him” for “making” him sell
10 the yacht.

11 70. Moreover, Depp routinely rejected advice from his professionals, no matter how
12 sound the advice was. For example, when Depp proposed marriage to Amber Heard, his
13 advisors—TMG, Jake Bloom, Depp’s family lawyer and Dembrowski—all warned Depp to get a
14 pre-nup. After initially agreeing to do so, however, Depp dropped it and announced he was getting
15 married anyway without a pre-nup.

16 **Depp Had To Continually Borrow Millions of Dollars To Finance**

17 **His Extravagant Lifestyle**

18 71. As a result of Depp’s uncontrolled spending which exceeded the net income he
19 received from his films, Depp was forced to borrow large sums of money to fund a lifestyle that
20 continued to become more and more extravagant over the years. At the outset, this borrowing was
21 in the form of advances from various movie studios, primarily Disney.

22 72. Depp also entered into commercial loans over the years primarily with City
23 National Bank (“CNB”), as well as obtaining residential mortgages from CNB and First Republic
24 Bank. In connection with every loan, TMG provided Depp and Dembrowski with all of the loan
25 documentation and made them aware of the terms of the loans. **Depp signed all of the loan**
26 **documents.** Moreover, after monies were borrowed, TMG discussed with Depp and Dembrowski
27 how the monies could be best repaid, which often ended up being a futile exercise because Depp
28 consistently refused to change his lifestyle in any meaningful way.

TMG Loaned Depp \$5 Million To Avoid A Public Financial Crisis

1
2 73. Up until 2012, these commercial loans were generally available to Depp on
3 favorable interest rates and terms. However, with increased borrowing, CNB became more
4 reluctant to make favorable loans to Depp. This came to a head in December 2012, when Depp
5 was facing a potential, public financial crisis, which would have forced him to default on a multi-
6 million loan with CNB. At that time, CNB demanded payment on a \$5 million loan, but Depp did
7 not have the funds to repay it. Depp's inability to repay the loan had nothing to do with TMG's
8 handling of Depp's money, but instead, had everything to do with Depp's refusal to curb his
9 profligate spending.

10 74. In or about October 2012, Mandel and Depp's long-time personal attorney, Jake
11 Bloom, had a three-hour "come to Jesus" meeting with Depp at one of his homes in Hollywood.
12 During this meeting, Mandel went over all of Depp's financial issues. During the meeting (and
13 thereafter), Depp finally agreed with the recommendation of Mandel and Bloom that immediate
14 action be taken to prevent his public financial collapse. Depp agreed to sell his yacht and possibly
15 other assets to help restructure his debt.

16 75. Time, however, was of the essence because CNB was placing the loan in default if
17 it was not promptly repaid; the bank was not willing to provide Depp with any further leeway.
18 There was not enough time to sell the yacht before CNB took action and no other bank would
19 timely lend to Depp. With no available options, CNB offered to allow a pass-through whereby
20 TMG—which had excellent credit—essentially substituted itself on CNB's books for Depp's due
21 and unpaid \$5 million loan.

22 76. TMG agreed to come to the aid of its long-time client. The idea behind this
23 arrangement, which was designed to save Depp from a public and devastating financial collapse,
24 was that Depp would only pay TMG what TMG was required to pay CNB under the loan.
25 In December 2012, TMG borrowed \$5 million from CNB (the "CNB/TMG Note"), which was
26 then used to solely pay off the previous Depp/CNB loan. TMG never received any cash in the
27 transaction—instead, TMG stepped into Depp's shoes with respect to the \$5 million loan from
28 CNB. In return, on December 7, 2012, TMG and Depp entered into a lending agreement and

1 promissory note for \$5 million (the “TMG/Depp Note”), which stated that “[t]he repayment terms
2 and conditions of the TMG/Depp Note are intended to reflect, as closely as possible, the
3 repayment terms of the CNB/TMG Note.” The TMG/Depp Note was meant to be a short-term
4 bridge loan for Depp that would be paid off no later than January 31, 2014, and would allow Depp
5 time to sell his yacht and various other assets needed to repay his creditors. In addition to having a
6 January 2014 due date; the TMG/Depp Note also provided that an event of default included “Depp
7 ceas[ing] to remain a full service business management client of [TMG].”

8 77. Depp’s assertion that he did not know of the TMG/Depp Note, or understand its
9 terms, is **patently false**. Depp personally signed all of the loan papers, which specifically
10 encouraged Depp to have the papers reviewed by his lawyer (which on information and belief,
11 he may have done). Subsequently, Depp acknowledged the loan and expressed his extreme
12 gratitude for TMG’s intervention to save him.

13 78. In 2015, Depp even used the fact that TMG had lent him \$5 million to get his long
14 time talent agency, UTA, to guarantee a further multi-million loan with Bank of America. Depp
15 was **not** hoodwinked by anyone and the claim that TMG somehow took advantage of Depp is
16 absurd. TMG gained absolutely nothing—and incurred \$5 million in debt—by virtue of the
17 transaction.

18 79. The TMG/Depp Note was secured by two deeds of trust relating to Depp’s
19 properties in Hollywood. This was fully agreed to by Depp and Dembrowski, who at the time
20 were enormously grateful to TMG for intervening to prevent Depp’s public financial collapse.

21 80. Contrary to Depp’s knowingly false statements in his complaint, TMG did **not**
22 make a penny of interest on this loan. There was **nothing** about the TMG/Depp Note that
23 benefitted TMG—it was done purely as a short-term accommodation to Depp and to prevent his
24 public financial collapse.

25 81. In his complaint, Depp criticizes TMG for failing to pay off the TMG/Depp Note
26 by its January 31, 2014 due date. This is disingenuous in the extreme because, as Depp knows full
27 well, the loan was not paid off because Depp lacked the funds to pay it. This was typical for
28

1 Depp—once a crisis was averted, he continued to spend on his extravagant lifestyle and left TMG
2 to try to deal with the resulting financial mess.

3 82. Contrary to the claim in Depp’s complaint, TMG **never** agreed with Depp to
4 modify any of the terms of the TMG/Depp Note. The amortization schedules that Depp refers to in
5 paragraphs 83 and 84 of his complaint are internal TMG documents designed by TMG to forecast
6 how the TMG/Depp Note could possibly be paid off if Depp continued to refuse to sell assets and
7 if CNB allowed TMG’s \$5 million loan to be extended into the future.

8 83. On or about May 30 2015, Mandel and Depp had another very serious meeting at
9 one of Depp’s downtown Los Angeles lofts. During this meeting, Mandel—as he had done many
10 times before over the years—took Depp through the status of his financial matters, including the
11 debts he owed and the insufficient funds available to pay his debts and fund his lifestyle. At this
12 meeting, Depp finally and reluctantly agreed to allow his chateaux in the South of France to be
13 listed for sale to pay for his various debts. However, when Mandel prepared to sell the property,
14 Depp insisted that it be listed for approximately \$27 million, even though it had only been valued
15 at \$13.5 million by expert real estate appraisers in France. Moreover, when TMG in 2015 located
16 a handful of buyers who wanted to view the property, Depp refused to even allow it to be shown.
17 Thus, as Depp had done throughout TMG’s representation of him, he thwarted his business
18 manager’s efforts to protect his financial interests—and now, Depp and his new CPA want to
19 blame TMG for Depp’s selfish, reckless and irresponsible lifestyle, and had the gall to file a public
20 complaint filed with vile lies and frivolous allegations. This is the height of malicious prosecution.

21 84. Depp paid interest and some principal payments under the TMG/Depp Note until
22 he terminated TMG as his business manager on March 14, 2016. After that date, Depp and his
23 new CPA have refused to pay any interest or principal on the loan. Over \$4.2 million is due and
24 owing under the TMG/Depp Note, which is the subject of a separate non-judicial foreclosure
25 proceeding. Although Depp is refusing to pay his debts, he does not and cannot dispute that he
26 received the full benefits of the TMG/Depp Note by avoiding a public calamity in 2012. As stated
27 above, however, in Depp’s self-centered world, “no good deed goes unpunished.”
28

TMG Never Secured A Receivables Loan For Depp

1
2 85. Depp alleges in paragraph 63 of his complaint that in August 2014, “[i]stead of
3 finally disclosing its incompetence and mismanagement to Mr. Depp, or obtaining a commercial
4 loan from another bank, TMG sought a large loan on behalf of Mr. Depp from a hard money
5 lender, Tryon Management Services, Ltd. (‘Tryon’).” **This allegation is blatantly false.**
6 Depp was well aware of his financial circumstances in mid-2014 and was still refusing to even list
7 for sale his property in the South of France or any of his other assets. It was not the case that TMG
8 or any of Depp’s other advisors simply failed to consider an additional commercial loan. To the
9 contrary, by August 2014, Depp had fully exhausted his ability to timely obtain a commercial loan
10 from a bank—that option was no longer available.

11 86. TMG and Depp’s other advisors understood his dire financial circumstances and
12 his lack of viable options. Depp’s lawyer, Jake Bloom, said that he knew a receivables lender that
13 might loan Depp money secured by Depp’s right to receive profit participations from his movies.
14 It was Jake Bloom—and not TMG—that suggested Tryon as a possible financial savior and it was
15 Bloom—and not TMG—that introduced TMG and Depp to Tryon. Contrary to Depp’s allegations
16 in the complaint, TMG did not orchestrate or dictate any of the terms of the Tryon loan. To the
17 contrary, in connection with the Tryon loan, **Depp was at all times represented by the**
18 **preeminent law firm of Gibson Dunn & Crutcher (“GDC”).** It was GDC—and not TMG—that
19 negotiated the Tryon loan on Depp’s behalf.

20 87. Contrary to the allegation in paragraph 67 of Depp’s complaint, TMG did **not** insist
21 on a provision in the Tryon loan mandating that first monies be used to pay TMG and Depp’s
22 talent agent and personal lawyer before Depp received any “residuals.” On information and belief,
23 Tryon was the party that insisted that Depp’s professionals be paid out of profit participations.
24 This is apparently a typical provision for such a receivables loan as the lender does not want a
25 claim against any of the residuals by third-parties who may assert a superior entitlement.

26 88. Moreover, as explained below, consistently, and even after the close of the Tryon
27 deal, TMG often arranged for the payment of its management fees to occur **after** Depp’s other
28 obligations had been paid first. Again, “no good deed goes unpunished.” As a result of this

1 accommodation by TMG, Depp still owes TMG several hundred thousand dollars in promised but
2 unpaid management fees and costs, which this Cross-Complaint seeks to recover.

3 **TMG Was Often Paid Last And Is Still Owed Hundreds Of Thousands in**
4 **Management Fees And Expenses That Were Incurred On Depp's Behalf**

5 89. Throughout TMG's representation of Depp, and contrary to Depp's claims in the
6 complaint, TMG often arranged for the payment of its' earned management fees to be delayed
7 until after Depp had paid his other debts. Dembrowski on behalf of Depp signed all of Depp's
8 payments to TMG for management fees.

9 90. TMG is still owed hundreds of thousands of dollars by Depp. Specifically, in or
10 about March through July 2015, Depp received several million dollars as part of the principal
11 photography payment for the fifth *Pirates of the Caribbean* movie. As a result, TMG was
12 immediately entitled to a 5% commission in the amount of \$436,862.62. However, this money
13 was desperately needed to pay various of Depp's other outstanding bills, including delinquent
14 taxes and various bank loan payments. Given Depp's worsening financial condition and the
15 pressing demands of Depp's various other creditors, TMG agreed to defer temporarily its 5%
16 commission as an accommodation to its long-term client, Depp. However, TMG was clear with
17 Depp and Dembrowski that the outstanding TMG management fees needed to be paid within a
18 reasonable period of time and upon demand by TMG. To this day, and despite TMG's repeated
19 demands for payment, Depp has refused to pay any of these outstanding management
20 commissions.

21 91. Additionally, and as is customary with certain high-profile clients concerned with
22 privacy, TMG obtained a City National Bank VISA card in the name of The Mandel Company,
23 Inc. that was dedicated to charging expenses on Depp's behalf. There were seven cardholders
24 (all non-TMG employees) who were authorized to charge on the account, including without
25 limitation, Depp's personal assistant and various of Depp's other employees. To date, and despite
26 repeated demands for payment, approximately \$55,000 is still owing on the CNB Visa card—all
27 of which are undisputedly charges that were incurred on Depp's behalf.
28

**In March 2016, Depp Terminated TMG And Fraudulently Induced TMG Into
Continuing To Expend Thousands Of Dollars On Depp's Behalf**

92. By 2016, Depp was facing extremely difficult times and was unwilling to take TMG's financial advice regarding selling various assets and restructuring his debts. At that time, TMG aggressively warned Depp, as it had done in previous years, that he needed to make significant and immediate changes to stave-off a potential, public financial crisis. In response to TMG's call for immediate action, however, on or about March 14, 2016, Depp without warning sent TMG a letter terminating TMG as his business manager, and informing TMG that he had engaged Edward White and his company EWC to perform all accounting, tax and business management services going forward.

93. On or about March 23, 2016, Depp sent TMG a second letter stating: "For avoidance of doubt, our percentage arrangement was terminated on March 14, 2016. I expect that you and your office will bill me at normal hourly rates for the transition work after March 14, 2016." Thereafter, Mandel of TMG had conversations with White regarding transitioning the enormous amount of work that TMG had done for Depp and TMG's need to be paid for its services.

94. In these telephonic and in-person conversations which all took place in mid-March 2016, and in a clear attempt to induce TMG to spend significant time working for Depp in various capacities during the last two weeks of March 2016, White repeatedly represented to Mandel that TMG would be paid in full by Depp for all outstanding amounts within a short period of time after the transition was complete, including all the amounts sought by this Cross-Complaint. However, after expending over 386 hours on Depp's behalf in the last two weeks of March 2016 to complete the transition, and after promptly sending EWC/Depp an invoice for \$68,722.50, Depp failed to pay (a) any of the past-due TMG management fees that were due and owing since March through July 2015 in the amount of \$436,862.62; (b) the balance on TMG's CNB credit card which was used on Depp's behalf in the amount of approximately \$55,000; and (c) any of the additional, invoiced amounts that are owed to TMG for work performed in the last two weeks of March 2016 in the amount of \$68,722.50. After White and EWC took over (and as previously explained), Depp

1 also failed to pay any interest or principal due and owing on the \$4.2 million remaining on the
2 loan that TMG had made Depp in December 2012.

3 95. Despite transferring all of its files to Depp and EWC by April 2016, neither Depp
4 nor White ever asserted that TMG had engaged in any wrongdoing, including any breach of
5 fiduciary duty or professional negligence. Indeed, the first time Depp claimed that TMG had done
6 anything wrong was not until **two months after** TMG was forced in October 2016 to initiate non-
7 judicial foreclosure proceedings in connection with its TMG/Depp Note. Depp does not want to
8 repay his debts to TMG. Depp's objective in filing this action are transparent and designed to
9 falsely stave off the foreclosure of Depp's real properties in Los Angeles.

10 **FIRST CAUSE OF ACTION**

11 **(DECLARATORY RELIEF AGAINST CROSS-DEFENDANTS DEPP, SCARAMANGA**
12 **BROS., AND L.R.D. PRODUCTIONS)**

13 96. Cross-Complainant incorporates by reference all of the foregoing allegations of this
14 Cross-Complaint, as though fully set forth herein.

15 97. Cross-Complainant TMG is a California Corporation which provides business
16 management services to various individuals and corporations. Cross-Defendant Depp is a world
17 famous actor who conducts business through Cross-Defendants Scaramanga Bros. and L.R.D.
18 Productions, which are Depp's loan out companies.

19 98. A justiciable controversy exists between Cross-Complainant TMG on the one hand,
20 and Cross-Defendants Depp, Scaramanga Bros. and L.R.D. Productions, on the other hand. Cross-
21 Defendants assert that TMG committed professional negligence and numerous breaches of
22 fiduciary duty by allegedly mismanaging Depp's finances. Cross-Complainant TMG disputes that
23 allegation.

24 99. Cross-Complainant TMG seeks a declaration that (1) Cross-Defendant Depp
25 authorized and directed all of TMG's payments on his behalf; (2) TMG always filed Depp's tax
26 returns timely and only failed to pay the full extent of Depp's tax obligations because Depp was
27 squandering vast sums of money and had insufficient funds to timely pay all of his taxes; and (3)
28

1 Depp caused his own financial waste by acting directly contrary to TMG's repeated advice over
2 the last 17 years and the advice of numerous of Depp's other advisors.

3 **SECOND CAUSE OF ACTION**

4 **(BREACH OF ORAL CONTRACT AGAINST CROSS-DEFENDANTS DEPP,
5 SCARAMANGA BROS., AND L.R.D. PRODUCTIONS)**

6 100. Cross-Complainant incorporates by reference all of the foregoing allegations of this
7 Cross-Complaint, as though fully set forth herein.

8 101. Approximately 17 years ago, TMG entered into an oral contract with Depp to
9 provide business management services in exchange for a five percent (5%) management fee
10 commission on all income that Depp earned as a result of his entertainment activities with a cap.

11 102. By 2003, the level of work that TMG was doing on behalf of Depp had increased
12 substantially. Accordingly, in 2003, TMG and Depp orally agreed that TMG's cap on
13 management fees would no longer apply. From 2003 forward, the parties adhered to this revised
14 oral agreement and Depp (through his loan-out companies Scaramanga Bros. and L.R.D.) always
15 complied with this agreement and paid TMG its 5% uncapped fee except as alleged herein.

16 103. TMG has performed all of its obligations under the oral agreement except as
17 excused, waived or made impossible by Depp.

18 104. In or about March through July 2015, Depp received several million dollars as part
19 of the principal photography payment for the fifth *Pirates of the Caribbean* movie. As a result,
20 TMG was immediately entitled to a 5% commission in the amount of \$436,862.62.

21 105. Depp has breached the parties' oral agreement by failing to pay the above-
22 referenced management fees despite TMG's repeated demands for payment.

23 106. As a result of Depp's breach of the parties' oral agreement, TMG has suffered
24 damages in an amount to be proven at trial, but which are in excess of \$436,000 dollars.

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THIRD CAUSE OF ACTION

**(BREACH OF ORAL CONTRACT AGAINST CROSS-DEFENDANTS DEPP,
SCARAMANGA BROS., AND L.R.D. PRODUCTIONS)**

107. Cross-Complainant incorporates by reference all of the foregoing allegations of this Cross-Complaint, as though fully set forth herein.

108. In connection with rendering its business management services for Depp, TMG opened up a City National Bank VISA card in the name of The Mandel Company, Inc. that was dedicated to charging expenses on Depp's behalf. TMG orally agreed with Depp's authorized representative that Depp would promptly reimburse TMG for all amounts that were incurred on the card for Depp's benefit.

109. There are seven cardholders who were authorized to charge on the VISA account, including without limitation, Depp's personal assistant and various of Depp's other employees. To date, approximately \$55,000 is due and owing on the CNB Visa card—all of which are undisputedly charges that were incurred on Depp's behalf.

110. TMG has performed all of its obligations under the oral agreement except as excused, waived or made impossible by Depp.

111. Depp has breached the parties' oral agreement by failing to pay off the balance on the above-referenced VISA card despite TMG's repeated demands that the credit card be paid off.

112. As a result of Depp's breach of the parties' oral agreement, TMG has suffered damages in an amount to be proven at trial, but which are approximately \$55,000 dollars.

FOURTH CAUSE OF ACTION

**(OPEN BOOK ACCOUNT AGAINST CROSS-DEFENDANTS DEPP, SCARAMANGA
BROS., AND L.R.D. PRODUCTIONS)**

113. Cross-Complainant incorporates by reference all of the foregoing allegations of this Cross-Complaint, as though fully set forth herein.

114. In connection with rendering its business management services for Depp, TMG opened up a City National Bank VISA card in the name of The Mandel Company, Inc. that was dedicated to charging expenses on Depp's behalf. There are seven cardholders who were

1 authorized to charge on the VISA account, including without limitation, Depp’s personal assistant
2 and various of Depp’s other employees. TMG orally agreed with Depp’s authorized representative
3 that Depp would promptly reimburse TMG for all amounts that were incurred on the card for
4 Depp’s benefit.

5 115. TMG has kept an account of the amounts that Depp owes on the CNB VISA card.
6 To date, and despite repeated demands for payment, approximately \$55,000 is due and owing on
7 the CNB Visa card—all of which are undisputedly charges that were incurred on Depp’s behalf.

8 116. Despite repeated demands, Depp has failed to pay off the balance on this open
9 account.

10 117. As a result, Depp and has been unjustly enriched and TMG has suffered damages in
11 an amount to be proven at trial, but which are approximately \$55,000 dollars.

12 **FIFTH CAUSE OF ACTION**

13 **(BREACH OF WRITTEN CONTRACT AGAINST CROSS-DEFENDANTS DEPP,
14 SCARAMANGA BROS., AND L.R.D. PRODUCTIONS)**

15 118. Cross-Complainant incorporates by reference all of the foregoing allegations of this
16 Cross-Complaint, as though fully set forth herein.

17 119. On or about March 14, 2016, Depp without warning sent TMG a letter terminating
18 TMG as his business manager. In that same letter, Depp informed TMG that he had engaged
19 White, to perform all accounting, tax and business management services.

20 120. On or about March 23, 2016, Depp sent TMG a second letter stating that:
21 “For avoidance of doubt, our percentage arrangement was terminated on March 14, 2016. I expect
22 that you and your office will bill me at normal hourly rates for the transition work after March 14,
23 2016.”

24 121. Thereafter, TMG had conversations with White regarding transitioning the
25 enormous amount of work that TMG had done for Depp and TMG’s need to be paid for its
26 professional services.

27
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1 122. During these conversations, White (who was authorized to speak on Depp's behalf)
2 repeatedly represented and promised TMG that upon receipt of TMG's invoice, Depp would
3 promptly pay TMG for its continued services based upon TMG's hourly rates.

4 123. TMG has performed all of its obligations under the written agreement except as
5 excused, waived or made impossible by Depp.

6 124. However, after expending over 386 hours on Depp's behalf in the last two weeks of
7 March 2016, and after promptly sending White/Depp an invoice for \$68,722.50, Depp breached
8 the parties' written agreement by failing to pay any of these additional, invoiced amounts that are
9 owed to TMG.

10 125. As a result of Depp's breach of the parties' written agreement, TMG has suffered
11 damages in an amount to be proven at trial, but which are in excess of \$68,000 dollars.

12 **SIXTH CAUSE OF ACTION**

13 **(PROMISSORY FRAUD AGAINST ALL DEFENDANTS)**

14 126. Cross-Complainant incorporates by reference all of the foregoing allegations of this
15 Cross-Complaint, as though fully set forth herein.

16 127. On or about March 14, 2016, Depp without warning sent TMG a letter terminating
17 TMG as his business manager. In that same letter, Depp informed TMG that he had engaged
18 White, to perform all accounting, tax and business management services.

19 128. On or about March 23, 2016, Depp sent TMG a second letter stating that:
20 "For avoidance of doubt, our percentage arrangement was terminated on March 14, 2016. I expect
21 that you and your office will bill me at normal hourly rates for the transition work after March 14,
22 2016."

23 129. Thereafter, and in the third week of March 2016, Mandel and others at TMG had a
24 number of telephone and in-person conversations with White regarding transitioning the enormous
25 amount of work that TMG had done for Depp and TMG's need to be paid for its professional
26 services.

27 130. During these conversations, White (who was authorized to speak on Depp's behalf)
28 made further multiple and repeated promises to Mandel that if TMG would continue to work on

1 Depp's behalf to help transition Depp's files, Depp would promptly pay (1) TMG for its continued
2 services based upon TMG's hourly rates; and (2) all outstanding management fees and costs owed
3 to TMG by Depp. However, at the time these repeated promises were made, White and Depp had
4 no intent to pay TMG for either its continued services, or the past due fees and costs that were
5 owed. White (who was authorized to speak on Depp's behalf) and Depp made the oral and written
6 promises detailed above with the intent to induce Cross-Complainant to expend substantial
7 resources continuing to work for Depp.

8 131. Cross-Complainant reasonably relied on Depp's and White's false promises in
9 expending over 386 hours on Depp's behalf in the last two weeks of March 2016. Had Cross-
10 complainant known that Depp's and White's promises were false and fraudulent when made,
11 TMG would not have continued working for Depp in the last two weeks of March 2016.

12 132. As alleged herein, Depp and White failed to abide by their promises to TMG. As a
13 direct and proximate result of Depp's and White's conduct as detailed herein, TMG has been
14 damaged in an amount to be proved at trial.

15 133. The conduct and actions of Depp and White as described above were fraudulent,
16 willful, wanton, intentional, oppressive, and malicious, and thereby entitles TMG to punitive
17 damages in an amount to be proved at trial.

18 PRAYER FOR RELIEF

19 WHEREFORE, Plaintiff TMG prays for judgment against Defendants, as follows:

- 20
- 21 1. On the First Cause of Action for a declaration in TMG's favor that TMG complied
22 with all of its fiduciary obligations under the law and that Depp is responsible for his
23 own financial waste;
 - 24 2. On the Second, Third, Fourth, Fifth and Sixth Causes of Action, for general and
25 special damages and restitution in an amount to be proven at trial, but not less than
26 \$560,000.00;
 - 27 3. For interest at the maximum legal rate;
- 28


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- 4. For reasonable attorneys' fees and for costs of suit;
- 5. For such other and further relief as the Court may deem just and proper.

DATED: January 31, 2017

KINSELLA WEITZMAN ISER KUMP
& ALDISERT LLP

By: 
Michael J. Kump
Attorneys for Cross-Complainant The Mandel
Company, Inc. (dba The Management Group)

DEMAND FOR TRIAL BY JURY

Cross-Complainant The Mandel Company, Inc. (dba The Management Group) hereby demands trial by jury on all issues and causes of action triable by jury.

DATED: January 31, 2017

KINSELLA WEITZMAN ISER KUMP
& ALDISERT LLP

By:



Michael J. Kump
Attorneys for Cross-Complainant The Mandel
Company, Inc. (dba The Management Group)

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