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8
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF LOS ANGELES — CENTRAL DISTRICT

11
12 RANDALL C. JAMES, an individual;
KENNETH H. JACOBSON, an individual,

13 Plaintiffs,

14 v.

15 MILES D. LEVY, an individual;
16 STEVEN D. BLATT, an individual;
17 TANNER MAINSTAIN BLATT GLYNN &
JOHNSON, LLP, a California limited
18 liability partnership;
19 DOWN GOES FRAZIER, INC., a California
corporation; and
DOES 1 through 20, inclusive,

20 Defendants,

21 and

22 JAMES LEVY MANAGEMENT, INC., a
California Corporation,

23 Nominal Defendant.
24

Case No. **BC543109**

COMPLAINT FOR DAMAGES FOR:

- 1) BREACH OF CONTRACT;
- 2) BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING;
- 3) BREACH OF FIDUCIARY DUTY;
- 4) FRAUD;
- 5) CONSTRUCTIVE FRAUD;
- 6) FRAUD IN THE INDUCEMENT/FRAUDULENT CONCEALMENT;
- 7) CONVERSION;
- 8) UNJUST ENRICHMENT;
- 9) WASTE OF CORPORATE ASSETS;
- 10) ABUSE OF CONTROL;
- 11) DIVERSION OF CORPORATE OPPORTUNITY;
- 12) VIOLATION OF BUSINESS AND PROFESSIONS CODE §17200 *et seq.*;
- 13) ACCOUNTING;
- 14) DECLARATORY RELIEF;
- 15) REMOVAL OF DIRECTOR FOR CAUSE [CORP. CODE §304];
- 16) NEGLIGENCE

26
27 **IDEMAND FOR JURY TRIAL!**

1 Plaintiff RANDALL C. JAMES, on his own behalf, and derivatively on behalf of James
2 Levy Management, Inc., and Plaintiff KENNETH H. JACOBSON hereby allege as follows:

3 **INTRODUCTION**

4 1. Box office star James Franco's recently fired talent and financial managers,
5 Defendants Miles Levy and Steve Blatt, conspired to, and did by fraudulent means, embezzle
6 significant sums in commissions due James Levy Management for nearly a decade. The thieves
7 have been caught, and the day of reckoning has arrived.

8 2. Former childhood friends Randy James and Miles Levy formed the venerable talent
9 management firm of James Levy Management in 1986. For the last three decades, the firm has
10 guided the careers of numerous celebrities. Overcome by greed and other character flaws, Miles
11 Levy some eight years ago set upon a path of fraud and deceit, lying to and stealing from his own
12 firm and partners Randy James and Ken Jacobson. Then, Miles told his partners that longtime
13 client James Franco would no longer pay 15% management commissions to the firm, only 10%.
14 Yet Franco had never directed any such thing and continued to pay the 15% commissions to, he
15 believed, James Levy Management. But Miles, unbeknownst to Franco, and with the help of
16 Franco's financial manager, Blatt, diverted that 5% income stream to himself and, ultimately, to a
17 California corporation named Down Goes Frazier, Inc., formed by Miles and Blatt for the sole
18 purpose of facilitating this theft. Compounding matters is the fact that Blatt, a name partner in the
19 reputable accounting firm of Tanner Mainstain Blatt Glynn & Johnson, LLP, was also Ken
20 Jacobson's financial manager, meaning that Blatt not only concealed from his top client, Franco, the
21 misappropriation of the Franco commissions from James Levy Management, but also directly
22 injured his other client, Jacobson, since the diverted income stream was ultimately due, in part, to
23 Jacobson. When this was all discovered by Randy James a month ago, Blatt turned on co-
24 conspirator Miles. He disclosed that Down Goes Frazier, between 2006 and the present, has
25 received significant sums due to James Levy Management, and acknowledged that Miles's conduct
26 was nothing short of criminal.

27 3. This Complaint seeks redress for this conduct and resulting harm. Plaintiffs
28 anticipate that discovery in this action will reveal malfeasance that extends well beyond what is

1 presently known.

2 **PARTIES**

3 4. Plaintiff Randall C. James is, and at all relevant times hereto was, a resident of the
4 County of Los Angeles, state of California.

5 5. Plaintiff Kenneth H. Jacobson is, and at all relevant times hereto was, a resident of
6 the County of Los Angeles, state of California.

7 6. Defendant Miles D. Levy is, and at all relevant times hereto was, a resident of the
8 County of Los Angeles, state of California.

9 7. Defendant Steven D. Blatt is, and at all relevant times hereto was, a resident of the
10 County of Los Angeles, state of California and a name partner at the accounting firm Tanner
11 Mainstain Blatt Glynn & Johnson, LLP.

12 8. Defendant Tanner Mainstain Blatt Glynn & Johnson, LLP (“Tanner Mainstain”) is,
13 upon information and belief, a California limited liability partnership with its principal place of
14 business at 10866 Wilshire Boulevard 10th Floor, Los Angeles, California 90024-4300.

15 9. Defendant Down Goes Frazier, Inc. is a California corporation with its principal
16 place of business at 10866 Wilshire Boulevard 10th Floor, Los Angeles, California 90024-4300.
17 Down Goes Frazier is the alter ego of Defendants.

18 10. Nominal Defendant James Levy Management, Inc. is a California corporation with
19 its principal place of business in Los Angeles, California.

20 11. Plaintiffs are ignorant of the true names and capacities of defendants named herein
21 as Does 1 through 20, inclusive. Plaintiffs are informed and believe, and thereon allege that Does 1
22 through 20 are liable, in whole or in part, for the claims asserted in this Complaint against the
23 Defendants. When Plaintiffs learn the true identities and capacities of Does 1 through 20, Plaintiffs
24 will seek leave of the Court to amend this Complaint to allege the true names and capacities of
25 Does 1 through 20.

26 12. Plaintiffs are informed and believe, and thereon allege, that at all relevant times,
27 each defendant was the principal, agent, or employee of each other defendant, and acted within the
28 scope of that relationship.

1 **JURISDICTION AND VENUE**

2 13. This Court has jurisdiction over this dispute and over all causes of action asserted
3 herein pursuant to the California Constitution, Article VI, §10. This action is, in part, a derivative
4 action brought pursuant to section 800 of the California Corporations Code to remedy Defendants'
5 violations of law. The amount in controversy, exclusive of interests and costs, exceeds the
6 jurisdictional minimum of this Court. This case involves a California corporation that conducts
7 substantial operations in this jurisdiction. Each defendant resides in California and has sufficient
8 contacts with California to make proper the exercise of personal jurisdiction over them.

9 14. Venue is proper in this Court. A substantial part of the acts or omissions giving rise
10 to the claims alleged occurred in Los Angeles, California and each defendant resides within the
11 County of Los Angeles such that this Court is the appropriate venue for this action.

12 **FACTUAL ALLEGATIONS**

13 15. Randall C. James ("James") has known Miles D. Levy ("Levy") for fifty years.
14 They grew up together, and became business partners when they founded James Levy Management,
15 Inc. (the "Company") in 1986. The Company has enjoyed great success in the years since,
16 shepherding the careers of promising young performers through initial anonymity to, in the case of
17 James Franco ("Franco"), full-blown international stardom.

18 16. Kenneth H. Jacobson ("Jacobson") was an employee at the Company who became a
19 shareholder and director in 1999 and held that position until 2006. For the seven years Jacobson
20 was shareholder and director, the Company was known as James/Levy/Jacobson.

21 17. From the outset of the Company's representation of Franco, it received commission
22 equal to 15% of the compensation paid to Franco for its services rendered on a variety of Franco's
23 projects.

24 18. In or around May 2006, Levy, who worked closely with Franco, informed his
25 partners, James and Jacobson, that Franco no longer wished to pay 15% commission and, going
26 forward, would be paying only 10%.

27 19. James and Jacobson relied on Levy's representation and, from that point on, as far as
28 they were concerned, the Company would be receiving 10% commission from Franco and not 15%.

1 20. In or around July 2006, Jacobson decided to leave the Company. In connection with
2 that separation, on or around July 17, 2006, the three shareholders of James/Levy/Jacobson
3 executed an agreement directing Steven D. Blatt (“Blatt”) of Tanner Mainstain to pay the
4 commissions on Franco’s work on the movies Spiderman One, Two, and Three not to the
5 Company, as with the other Franco commissions, but to the three individuals—James, Levy, and
6 Jacobson—equally and directly. (A true and correct copy of the July 17, 2006 Agreement is
7 attached hereto as Exhibit A.)

8 21. Blatt and Tanner Mainstain—a person and an entity charged with the not-
9 insignificant responsibility of safeguarding the financial well-being of their clients—knew full well
10 at this point that James and Jacobson thought that Franco only paid 10% commission when in fact
11 he continued to pay 15% commission, with the Company only receiving 10% and the other 5%
12 being improperly diverted to Levy. Blatt and Tanner Mainstain also knew that their client, Franco,
13 thought he was paying 15% to the Company and had no idea that 5% of his 15% commission was
14 diverted to Levy for the purpose of defrauding Plaintiffs.

15 22. In the years following, Levy sought to leverage his position as Franco’s personal
16 manager into roles for himself as producer, and to procure ownership interests in Franco’s
17 production companies, all without informing James or the Company. Further, Levy made credit
18 card charges without Franco’s knowledge of substantial sums for personal, as opposed to business,
19 matters on a card provided for him by Franco. Blatt paid those personal charges from Franco’s
20 money for years until Franco’s other representatives discovered that scheme, which resulted in a
21 demand by Franco for repayment from Levy and ultimately the termination by Franco of Blatt and
22 his firm Tanner Mainstain.

23 23. Levy’s pervasive overreaching alienated Franco to such a degree that the latter
24 resolved to sever their professional relationship and, to that end, on December 20, 2013, Levy,
25 purportedly acting on behalf of the Company in addition to himself and Down Goes Frazier, and
26 Franco executed a Confidential Settlement Agreement and Release (the “Settlement Agreement”).
27 Indeed, without telling James, his co-director and other 50% shareholder, Levy retained an attorney
28 to represent him and the Company in this settlement transaction so that he, Levy, could continue to

1 conceal the 5% commission diversion from the Company to himself and Down Goes Frazier. What
2 is more, purportedly on behalf of the Company, Levy agreed that his substantial and improper
3 personal charges on Franco's credit card would be reimbursed from future commissions due the
4 Company, and not from the 5% stream Levy and Blatt had fraudulently diverted to Down Goes
5 Frazier. It was not until this settlement transaction that Franco became aware that the management
6 commissions he thought he had been paying to the Company alone had in fact been divided by
7 Levy and Blatt between the Company and Down Goes Frazier, and that Franco was paying less
8 than 15% to the Company.

9 24. On or around March 20, 2014, James discovered that Franco had been paying 15%
10 commission all along and not 10% as represented by Levy since in or around 2006, and as
11 concealed by Blatt and Tanner Mainstain since in or around 2006, and that 5% of the 15% paid by
12 Franco all these years had been diverted to a corporation that Levy created in 2006 called Down
13 Goes Frazier. James was shocked to learn that Franco had never been paying just 10% commission
14 per Levy's representation and that he had been paying 15% all along, but the Company was only
15 seeing 10% while the other 5% had been going to Levy unbeknownst to the Company (and to
16 Franco) for at least eight years.

17 25. Immediately upon learning of Levy's deception, James called Blatt of Tanner
18 Mainstain, which represented not only Levy, but Franco and Jacobson as well. When pointedly
19 asked by James how much in "personal management commissions" Franco was paying the
20 Company, Blatt initially answered "10%." When James pressed Blatt on the question, and Blatt
21 deduced that James must have discovered the fraudulent diversion of corporate assets, Blatt
22 confessed that while the Company was receiving only 10% from Franco, Franco actually paid 15%
23 in "personal management commissions" with the other 5% going to Levy and his corporation Down
24 Goes Frazier—for which Blatt is the registered agent for service of process. James asked to have
25 lunch with Blatt the following day and asked Blatt to bring and provide James with a copy of the
26 Settlement Agreement, which Blatt did. Blatt, no doubt chastened by his exposure, followed his
27 confession and disclosures by acknowledging that what Levy did amounted to criminal
28 embezzlement. He even provided James with purported schedules of the diverted funds.

1 26. Blatt and Tanner Mainstain had known for years that James and Jacobson had been
2 left completely in the dark by Levy, and that, as far as they were concerned, Franco had only been
3 paying 10% commissions since as early as 2006. Blatt and Tanner Mainstain facilitated and
4 concealed Levy's fraud. Compounding Blatt's and Tanner Mainstain's misconduct and clear
5 conflict of interest is the fact that they actually represent Jacobson who is entitled to a share of the
6 diverted 5% commission with respect to the *Spiderman* projects under the July 17, 2006 Agreement
7 (*see* Exhibit A), and that they potentially exposed their other client, Franco, to liability by diverting
8 5% of his commission to Levy without his knowledge or permission. Blatt and Tanner Mainstain
9 assuredly had an affirmative duty to disclose the diversion of commissions to both.

10 27. To date, Levy with the active assistance of Blatt and Tanner Mainstain, has diverted
11 significant amounts of the Company's corporate assets.

12 28. Plaintiffs, as yet, do not know the full extent of Defendants' malfeasance, and the
13 degree to which he has robbed the Company of monies and opportunities rightfully belonging to the
14 Company. They fear that this recently exposed fraud may be just the tip of the iceberg.

15 **Derivative Action and Demand Futility Allegations**

16 29. To the extent required, James brings this action derivatively in the right and for the
17 benefit of the Company to redress injuries suffered, and to be suffered by the Company as a direct
18 result of Defendants' violations of law. The Company is named as a nominal defendant solely in a
19 derivative capacity.

20 30. James was a shareholder of the Company at the time of the wrongs of which it
21 complains, and has continuously remained as a member and an owner of the Company since. The
22 Company remains in good standing with the California Secretary of State, and has not been
23 dissolved or wound up.

24 31. James has not made a demand on the Company to institute this action because such a
25 demand would have been a futile, wasteful, and useless act.

26 32. Demand is excused because Levy is one of the Company's two members and he
27 faces a substantial likelihood of liability and so he is hardly disinterested or independent. It is
28 inconceivable that Levy, as the only other shareholder of the Company, would authorize legal

1 action against himself in order to prosecute his own egregious misconduct.

2 33. Furthermore, demand is excused because Levy's conduct is not a valid exercise of
3 business judgment. He engaged in systematic and protracted fraudulent conduct, and his looting of
4 the Company directly caused it to lose significant sums to which it is entitled. There is no
5 legitimate business judgment involved in such activity and, as Levy is liable for his own illegal
6 conduct and is the only other shareholder of the Company, demand would be futile.

7 **FIRST CAUSE OF ACTION**

8 **(Breach of Contract—James and Jacobson directly against Levy)**

9 34. Plaintiffs reallege and incorporate by reference each and every allegation set forth
10 above, as though fully set forth herein.

11 35. At all times relevant to this action, the July 17, 2006 Agreement was a valid and
12 binding agreement.

13 36. Except as excused or prevented, James and Jacobson have performed all material
14 conditions, covenants, and promises required to be performed by it in accordance with the terms
15 and conditions of the Agreement.

16 37. Levy has materially breached the Agreement by withholding 5% of the commissions
17 due to James and Jacobson under the Agreement.

18 38. As a direct and proximate result of Levy's material breaches, James and Jacobson
19 have suffered, and will continue to suffer, damages in an amount to be proven at trial.

20 **SECOND CAUSE OF ACTION**

21 **(Breach of the Implied Covenant of Good Faith and Fair Dealing—James and Jacobson**
22 **directly against Levy)**

23 39. Plaintiffs reallege and incorporate by reference each and every allegation set forth
24 above, as though fully set forth herein.

25 40. James and Jacobson and Levy entered into entered into the July 17, 2006
26 Agreement.

27 41. James and Jacobson did all or substantially all of the significant things required of
28 them under the Agreement, except insofar as any such obligations have been prevented, excused or

1 waived by the conduct of Levy.

2 42. Levy has unfairly interfered with the Plaintiffs' right to receive the benefits of the
3 Agreement by, among other things, taking the actions described above, including surreptitiously
4 diverting 5% of the Franco commission that was due to Plaintiffs under the Agreement, alienating
5 Franco and diverting corporate opportunities.

6 43. As a direct and proximate result of Levy's ongoing breaches, James and Jacobson
7 have suffered damages, and will continue to suffer damages, in an amount to be determined at trial.

8 **THIRD CAUSE OF ACTION**

9 **(Breach of Fiduciary Duty—James derivatively against Levy; Jacobson directly against Blatt
10 and Tanner Mainstain)**

11 44. Plaintiffs reallege and incorporate by reference each and every allegation set forth
12 above, as though fully set forth herein.

13 45. Levy owed fiduciary duties to the Company and his partners, including duties of the
14 utmost loyalty, due care, disclosure, good faith and fair dealing. Blatt and Tanner Mainstain owed
15 duties to Jacobson including duties of the utmost loyalty, due care, disclosure, good faith and fair
16 dealing.

17 46. By the conduct alleged herein, Levy repeatedly breached his fiduciary duties to the
18 Company and his partners. By the conduct alleged herein, Blatt and Tanner Mainstain repeatedly
19 breached their fiduciary duties to their client, Jacobson.

20 47. As a direct and proximate result of Levy's breaches of fiduciary duty, the Company
21 has suffered damages in an amount to be proven at trial. As a direct result of Blatt's and Tanner
22 Mainstain's breach of fiduciary duty, Jacobson has suffered damages in an amount to be determined
23 at trial.

24 48. Defendants' acts were undertaken intentionally and in conscious disregard of the
25 Company's and Jacobson's interests and rights. Moreover, Defendants' acts were malicious,
26 oppressive, and/or fraudulent. Therefore, Plaintiffs should be awarded punitive and exemplary
27 damages sufficient to punish Defendants and to deter similar conduct in the future.

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1 **FOURTH CAUSE OF ACTION**

2 **(Fraud—James derivatively against Levy)**

3 49. Plaintiffs incorporate by reference and reallege each and every allegation set forth
4 above, as though fully set forth herein.

5 50. Levy committed actionable fraud against the Company by way of affirmative
6 misrepresentations and the concealments of material facts. For example, Levy affirmatively
7 misrepresented that in or around 2006 Franco would no longer be paying 15% commission and
8 would only be paying 10% commission going forward.

9 51. Levy made the foregoing misrepresentation and concealment despite being aware of
10 its falsity.

11 52. The Company reasonably and actually relied on Levy's misrepresentations and
12 concealments.

13 53. As a direct and proximate result of such unlawful conduct, the Company has
14 suffered, and will continue to suffer, damages in an amount to be proven at trial.

15 54. Levy's acts were undertaken intentionally and in conscious disregard of the
16 Company's rights. In addition, Levy's acts were malicious, oppressive, and/or fraudulent.
17 Therefore, the Company should be awarded punitive and exemplary damages sufficient to punish
18 Levy and to deter similar conduct in the future.

19 **FIFTH CAUSE OF ACTION**

20 **(Constructive Fraud—James derivatively against Levy and Jacobson directly against Blatt
21 and Tanner Mainstain)**

22 55. Plaintiffs incorporate by reference and reallege each and every allegation set forth
23 above, as though fully set forth herein.

24 56. Levy owed fiduciary duties to the Company and Blatt and Tanner Mainstain to their
25 client, Jacobson, including duties of the utmost loyalty, due care, disclosure, good faith and fair
26 dealing in connection with their actions pertaining to the commissions paid by Franco.

27 57. By the conduct alleged herein, including through the diversion of monies owed to
28 the Company and the concealment of the diversion of monies owed to the Company and Jacobson,

1 Levy and Blatt and Tanner Mainstain took unfair advantage of and did not act in the best interests
2 of the Company and Tanner Mainstain's client, Jacobson.

3 58. As a direct and proximate result of Levy's and Blatt's and Tanner Mainstain's
4 constructive fraud, the Company and Jacobson have suffered and will continue to suffer damages in
5 an amount to be proven at trial.

6 59. Levy, Blatt and Tanner Mainstain's acts were undertaken intentionally and in
7 conscious disregard of the Company's and Jacobson's rights. In addition, the Defendants' acts
8 were malicious, oppressive, and/or fraudulent. Therefore, the Company and Jacobson should be
9 awarded punitive and exemplary damages sufficient to punish Defendants and to deter similar
10 conduct in the future.

11 **SIXTH CAUSE OF ACTION**

12 **(Fraud in the Inducement/Fraudulent Concealment—James derivatively and Jacobson**
13 **directly against Blatt and Tanner Mainstain)**

14 60. Plaintiffs incorporate by reference and reallege each and every allegation set forth
15 above, as though fully set forth herein.

16 61. To induce James and Jacobson to agree to the terms of the July 17, 2006 Agreement,
17 Blatt and Tanner Mainstain represented and promised to James and Jacobson that Franco was only
18 paying 10% commissions.

19 62. This representation was false when made, because, unbeknownst to James and
20 Jacobson, Franco was actually paying 15% commissions all along but the Company only received
21 10% while the other 5% was being improperly diverted by Levy.

22 63. Blatt and Tanner Mainstain knew that the representations were false when they made
23 them.

24 64. Blatt and Tanner Mainstain intended that James and Jacobson rely on the
25 representations, and made them with the intention to induce them to enter into the Agreement.

26 65. James and Jacobson reasonably relied on their representations in entering into the
27 Agreement, and but for Blatt's and Tanner Mainstain's representations would not have entered into
28 the Agreement.

1 interest to the detriment of the Company.

2 85. Levy's conduct amounts to a diversion of corporate opportunity in violation of his
3 duty to the Company.

4 86. As a result of Levy's diversion of corporate opportunity, the Company has sustained
5 and will continue to sustain damages and irreparable injuries.

6 **TWELFTH CAUSE OF ACTION**

7 **(Violation of Bus. & Prof. Code §§ 17200 et seq.—James derivatively against Levy and Blatt
8 and Tanner Mainstain)**

9 87. Plaintiffs incorporate by reference and reallege each and every allegation set forth
10 above, as though fully set forth herein.

11 88. Defendants' actions as described herein constitute unlawful, unfair, and fraudulent
12 business practices proscribed by California Business and Professions Code Sections 17200 et seq.

13 89. As a result of Defendants' acts in violation of California Business and Professions
14 Code Sections 17200 et seq., the Company has suffered and will continue to irreparable harm for
15 which it has no adequate remedy at law. Additionally, the Company is entitled to restitution.

16 **THIRTEENTH CAUSE OF ACTION**

17 **(Accounting—James derivatively against Levy)**

18 90. Plaintiffs incorporate by reference and reallege each and every allegation set forth
19 above, as though fully set forth herein.

20 91. An accounting is required so that Plaintiffs can get an accurate and complete
21 assessment of the amounts improperly diverted by Levy.

22 **FOURTEENTH CAUSE OF ACTION**

23 **(Declaratory Relief—James derivatively against Levy)**

24 92. Plaintiffs incorporate by reference and reallege each and every allegation set forth
25 above, as though fully set forth herein.

26 93. An actual controversy has arisen and now exists between Plaintiffs and Levy
27 regarding their respective rights and duties going forward, including, without limitation, the proper
28 distribution of commissions between the parties.

1 and will continue until restrained by this Court. Such conduct will cause irreparable damage, and
2 James is without an adequate remedy at law.

3 104. James has not made a demand on the other director to institute this action because
4 such a demand would have been a futile, wasteful, and useless act. It is inconceivable that Levy, as
5 the only other shareholder and director of the Company, would consent to his own removal.

6 **SIXTEENTH CAUSE OF ACTION**

7 **(Negligence—James and Jacobson directly against Blatt and Tanner Mainstain)**

8 105. Plaintiffs incorporate by reference and reallege each and every allegation set forth
9 above, as though fully set forth herein.

10 106. By virtue of the relationship that existed between Blatt and Tanner Mainstain and
11 Jacobson, Blatt and Tanner Mainstain owed Jacobson a duty of professional care to use such skill,
12 prudence, and diligence as other members of the accounting and financial management profession
13 commonly possess and exercise. By virtue of the privity created by the July 17, 2006 Agreement
14 attached hereto as Exhibit “A,” Blatt and Tanner Mainstain owed James a duty of professional care
15 to use such skill, prudence, and diligence as other members of the accounting and financial
16 management profession commonly possess and exercise. At all other times of the events alleged
17 herein, Blatt and Tanner Mainstain owed James a duty of professional care to use such skill,
18 prudence, and diligence as other members of the accounting and financial management profession
19 commonly possess and exercise under the six-factor *Biakanja* test for liability to a third person not
20 in privity. *Biakanja v. Irving*, 49 Cal. 2d 647, 650 (1958).

21 107. At all times after their representation of, and provision of financial management and
22 accounting services to, Jacobson commenced, Blatt and Tanner Mainstain and each of them failed
23 to exercise reasonable care and skill in undertaking to perform such services for Jacobson—and, by
24 extension, James—in breach of their duty to exercise reasonable care and skill in such
25 representation.

26 108. Blatt and Tanner Mainstain’s professional and ethical lapses include, but are not
27 limited to, fraud and misrepresentation in aiding and abetting Levy’s diversion of commissions due
28 to Levy Management, Inc. to the detriment of Jacobson and James.

1 **ON THE EIGHTH CAUSE OF ACTION:**

- 2 1. For compensatory damages in a sum according to proof;
3 2. For a constructive trust on the wrongfully obtained assets;

4 **ON THE NINTH CAUSE OF ACTION:**

- 5 1. For compensatory damages in a sum according to proof;

6 **ON THE TENTH CAUSE OF ACTION:**

- 7 1. For compensatory damages in a sum according to proof;

8 **ON THE ELEVENTH CAUSE OF ACTION:**

- 9 1. For compensatory damages in a sum according to proof;

10 **ON THE THIRTEENTH CAUSE OF ACTION:**

- 11 1. For an independent accounting to determine the amounts owed by Defendants;

12 **ON THE FOURTEENTH CAUSE OF ACTION:**

- 13 1. For a declaration as to the respective rights and obligations of the parties, including
14 as to the proper allocation of commissions between the parties;

15 **ON THE FIFTEENTH CAUSE OF ACTION:**

- 16 1. For an order removing Levy from office;

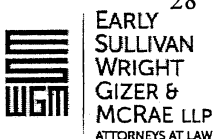
17 **ON THE SIXTEENTH CAUSE OF ACTION:**

- 18 1. For compensatory damages in a sum according to proof;

19 **ON ALL CAUSES OF ACTION:**

- 20 1. For attorneys' fees and costs;
21 2. For pre-judgment interest;

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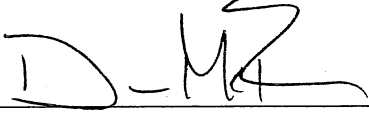


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3. For such other and further relief as the Court deems just and proper.

Dated: April 18, 2014

EARLY SULLIVAN WRIGHT
GIZER & McRAE LLP

By: 

Devin A. McRae
Michael N. Jones
Attorneys for Plaintiff Randy James

Deadline.com

Deadline.com

EXHIBIT A

JAMES / LEVY / JACOBSON

RANDALL C. JAMES
MILES D. LEVY
KENNETH H. JACOBSON

July 17, 2006

Steve Blatt
10866 Wilshire Blvd, 10th Floor
Los Angeles, Ca 90024

Dear Steve,

This letter should serve to inform you of the terms of a binding agreement between Randall James, Miles Levy, and Ken Jacobson, as part of the dissolution of the company James/Levy/Jacobson, of which we are equal shareholders.

Regarding the remaining commissions due James/Levy/Jacobson from James Franco for any and all future payments related to his work on Spiderman's One, Two, and Three, including, but not limited to, Back End, Box Office Bumps, Bonuses, and Merchandising ;

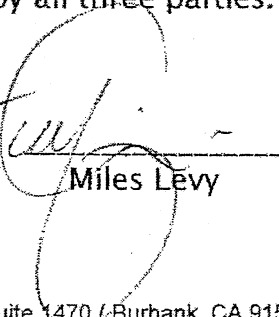
We have agreed to split this asset evenly among the three of us. Therefore, we are requesting that you divide any future commissions due, and pay one-third directly to each one of us. We will each provide you with an address where we would like our individual share of the commission sent.

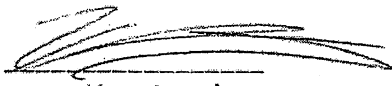
We are requesting that you immediately notify SONY of a change of address for all payments to James Franco from the current James/Levy/Jacobson address to your own company address so that all future payments will be sent directly to you.

The instructions of this letter, signed below by Randall James, Miles Levy, and Ken Jacobson are not alterable or amendable in any way without written notice signed by all three parties.

Respectfully,


Randall James


Miles Levy


Ken Jacobson