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Superior Court of California
County of Los Angeles

MAR 14 2016

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

6 Attorneys for Plaintiff Rebel Entertainment Partners, Inc.

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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF LOS ANGELES

BC 6 1 3 5 9 4

10 REBEL ENTERTAINMENT PARTNERS, INC.,
11 a California corporation,

Case No.:
Unlimited Civil Case
Demand in excess of \$25,000

12 Plaintiff,

13 vs.

COMPLAINT FOR:
(1) BREACH OF CONTRACT
(2) BREACH OF IMPLIED
COVENANT OF GOOD FAITH
AND FAIR DEALING
(3) ACCOUNTING

14 BIG TICKET TELEVISION, INC., a Delaware
corporation; CBS STUDIOS, INC., a Delaware
15 corporation; CBS CORPORATION, a Delaware
corporation; and DOES 1 through 50, inclusive,

16 Defendants.
17
18
19
20

DEMAND FOR JURY TRIAL

1 Plaintiff Rebel Entertainment Partners, Inc. ("Rebel" or "Plaintiff") alleges on
2 information and belief as follows:

3 **INTRODUCTION**

4 1. This action arises from Defendant Big Ticket Television, Inc.'s ("Big Ticket")
5 sudden and wrongful cessation of payment of net profits to Rebel in connection with the
6 television show *Judge Judy* (the "Show"), a series that has grossed more than \$1.7 billion
7 (\$1,700,000.00) over nineteen seasons. The Show has been the number one court show for more
8 than 1,000 weeks in a row and, in recent years, has achieved its most profitable margins for Big
9 Ticket, a corporation under the ownership and control of defendants CBS Studios Inc. and CBS
10 Corp.¹ Yet, during this same period, Defendants began reporting significant losses to Rebel and
11 ceased paying Rebel *any* net profits despite being contractually obligated to do so. With CBS
12 Executive Vice President of Business Affairs and Legal Bruce Pottash serving as point person,
13 Defendants have schemed with one another and with their accountants to find ways to reap
14 substantial profits from the Show, while fabricating ways of making it appear that the Show is
15 losing money, in order to deprive Rebel of its share of the net profits.

16 2. Notwithstanding the fact that Defendants will be required to do so before and at
17 trial, Defendants have steadfastly refused to provide Rebel with documents regarding the Show's
18 profitability or otherwise explain how a series that has earned almost \$2 billion is somehow "in
19 the red."

20 3. Rebel is the successor-in-interest to the talent agency that packaged the Show, and
21 Rebel's principal, Richard Lawrence ("Lawrence"), is the talent agent who packaged the Show.
22 When Lawrence first met the star of the Show, Judy Scheindlin, more than twenty years ago, she
23 was a former family court judge from New York known for her judicial moxie and acerbic wit.
24 Lawrence recognized Scheindlin's star potential and successfully pitched the Show to Big
25 Ticket. Thereafter, Big Ticket entered into a packaging agreement (the "Packaging Agreement")
26

27
28 ¹ Big Ticket, CBS Studios Inc., and CBS Corp. are referred to collectively herein as
"Defendants."

1 with Lawrence's talent agency, the predecessor-in-interest to Rebel, which provided for Rebel's
2 predecessor-in-interest to receive 5% of the net profits of the Show.

3 4. In calculating the Show's production and distribution costs, Big Ticket is required
4 to act "[1] in good faith, [2] on a reasonable basis, and [3] consistent with customary practice in
5 the United States television industry." Defendants, however, have acted in blatant disregard of
6 these contractual obligations to Rebel. For example, when Scheindlin's contract came for
7 renewal in or about 2009, Big Ticket drastically changed Scheindlin's compensation structure in
8 such a way as to purposefully prevent the Show from earning "net profits" (as that term is
9 defined in the Packaging Agreement) by agreeing to pay Scheindlin an upfront salary of **\$45**
10 **million** and thereby wiping out Rebel's net profits. Scheindlin's astronomical salary can only be
11 considered "reasonable," "consistent with customary practice," and arrived at in "good faith," if
12 someone else – namely Rebel – is paying for it.

13 5. Defendants further reduced Rebel's net profits by licensing the Show to CBS's
14 corporate affiliates – television stations owned or operated by CBS – for below-market fees in
15 transactions that were not negotiated at arms-length.

16 6. Not content with simply wiping out Rebel's net profits, Defendants breached
17 other contractual obligations as well. For example, Defendants are required to discuss in good
18 faith with Rebel a packaging fee for any "spin-off, remake, sequel or episodic television series"
19 derived from the Show. However, when Defendants created the show *Hot Bench*, which the
20 director of programming at one CBS affiliate station called "a spin-off from Judge Judy
21 Scheindlin," no one approached Rebel to discuss a packaging fee.

22 7. Defendants claim that *Hot Bench* is not a *Judge Judy* spin-off, despite the fact that
23 it was created by Scheindlin, is produced and distributed by the same companies as *Judge Judy*,
24 employs many of the same producers and directors as *Judge Judy*, and the original name of
25 *Judge Judy* was, in fact, "Hot Bench." Moreover, Scheindlin personally contacted Leslie
26 Moonves, then-President and Chief Executive Officer of defendant CBS Corp., and lobbied him
27 to put *Hot Bench* on the air. Scheindlin utilized the goodwill from the Show to force Moonves's
28 hand and put *Hot Bench* on the air.

1 16. The Defendants at all times relative to this action were the agents, servants,
2 partners, joint venturers and employees of each of the other Defendants and, in doing the acts
3 alleged herein, were acting with the knowledge and consent of each of the other Defendants in
4 this action.

5 17. The Court has jurisdiction over this matter because a substantial portion of the
6 wrongful conduct and omissions complained of herein occurred in the State of California and
7 caused injury to California residents. Among other reasons, venue is proper in the County of Los
8 Angeles pursuant to California Code of Civil Procedure §395(a) because the contracts at issue
9 herein were entered into and required performance in the Los Angeles County, California.

10 **Rebel's Agreement With Defendants**

11 18. In 1993, Scheindlin was working as a family court judge in Manhattan when she
12 was featured in the Los Angeles Times and on the program *60 Minutes*.

13 19. On June 18, 1995, Lawrence, then a talent agent and owner at Abrams, Rubaloff
14 & Lawrence ("ARL")² met with Scheindlin in New York. Lawrence believed that Scheindlin
15 had the wit, charisma, and star-power to carry her own courtroom television series. At the time,
16 the format was defunct, as the last courtroom show, *The People's Court*, went off the air in 1993.

17 20. In 1995, Lawrence arranged for Scheindlin to meet with approximately 13
18 potential buyers, including Big Ticket, to pitch a courtroom show featuring Scheindlin. Big
19 Ticket bought the pitch and decided to move forward with a new television series starring
20 Scheindlin.

21 21. As such, on or about August 22, 1995, Big Ticket and ARL entered into a written
22 agreement concerning ARL's compensation for packaging of the Show, which was amended on
23 or about October 10, 1995, and again in 2005 and 2009. (The agreement dated August 22, 1995
24 together with all of the amendments is referred to herein as the "Agreement.")

25 22. Among other things, the Agreement provides in relevant part:

- 26 • Rebel, as the successor in interest to ARL, is entitled to receive five percent (5%)

27 _____
28 ² Rebel is the successor in interest to ARL.

1 of the Show's net profits;

- 2 • Net profits are defined as the "Gross Receipts" less the Show's "Cost of
3 Production," "Distribution Fees," and "Distribution Expenses";
- 4 • Distribution Expenses are defined as "direct out-of-pocket costs and expenses
5 incurred and payments made or accrued . . . in good faith, on a reasonable basis,
6 and consistent with customary practice in the United States television industry";
- 7 • Similarly, Cost of Production is defined as "direct out of pocket payments made
8 or incurred . . . in good faith, on a reasonable basis, and consistent with customary
9 practice in the United States television industry";
- 10 • "Any spin-off, remake, sequel or episodic television series based upon or derived
11 from the [Show] shall be discussed in good faith with respect to an ARL
12 packaging fee."

13 **The Judge Judy Juggernaut**

14 23. From the start, the Show was a success and was soon generating substantial
15 profits for everyone involved, including Defendants and Rebel.

16 24. Rebel received regular accountings from Defendants along with substantial
17 checks.

18 25. From the Show's inception in 1996 through February 2003, the Show grossed
19 \$408,790,900, generating a net profit of \$244,847,720 for Defendants (an average of
20 \$37,668,880 per season). In the same time period, Rebel received \$3,124,700 in backend
21 compensation (an average of \$480,723 per season).

22 26. From February 2003 through February 2007, the Show grossed \$481,642,339,
23 generating a purported net profit of \$281,470,779 for Defendants (an average of \$70,367,695 per
24 season). In the same time period, Rebel received \$3,332,559 in backend compensation (an
25 average of \$833,140 per season).

26 **Rebel's Backend Compensation Plummetts**

27 27. In or about 2009, Scheindlin renegotiated her contract with Defendants, and
28 began receiving roughly \$45 million annually – more than double the amount she previously

1 received. This figure is grossly inconsistent with customary practice in the television industry, as
2 the next highest salaries in non-scripted television at that time were David Letterman (\$28
3 million), Jay Leno (\$25 million), and Conan O'Brien (\$10 million). And in 2013, when
4 Scheindlin was reportedly receiving \$47 million annually, no one else came close, as the next
5 highest salaries in non-scripted television were Jon Stewart (\$30 million), Matt Lauer (\$25
6 million), and Jay Leno (\$20 million).

7 28. In making this deal with Scheindlin, Defendants blithely ignored their contractual
8 obligations to Rebel. As a result, almost immediately after Scheindlin's pay raise, Rebel's
9 backend compensation nosedived.

10 29. According to Defendants, in the six-month accounting period prior to
11 Scheindlin's pay raise, the Show reported net profits of \$3,572,195, of which 5% (\$178,609) was
12 paid to Rebel. In the six-month accounting period after Scheindlin's pay raise, however,
13 Defendants reported net profits of *negative* \$3,195,217, of which 5% (*negative* \$159,761) was
14 allocated to Rebel.

15 30. Although the Show continues to generate millions of dollars in profits annually
16 for Defendants, Rebel has not received a dime in backend compensation since February 2010.

17 31. Despite demands from Rebel that Defendants cure its various breaches and make
18 Rebel whole, Defendants have steadfastly refused to do so.

19 FIRST CAUSE OF ACTION

20 (Breach of Contract Against All Defendants)

21 32. Rebel incorporates by reference the allegations in the preceding paragraphs as
22 though fully set forth herein.

23 33. On or about August 22, 1995, Rebel's predecessor in interest and Big Ticket
24 entered into a written agreement, which was modified and amended on or about October 10,
25 1995, August 26, 2005, and again in 2009 (collectively, the "Agreement").

26 34. The Agreement provides that Rebel is entitled to be paid five percent (5%) of the
27 net profits (as defined therein) derived from the exploitation of the Show. In calculating the net
28 profits, the Agreement permits Big Ticket to deduct direct out of pocket production and

1 distribution costs made or incurred "in good faith, on a reasonable basis, and consistent with
2 customary practice in the United States television industry."

3 35. The Agreement further provides: "Any spin-off, remake, sequel or episodic
4 television series based upon or derived from the [Show] shall be discussed in good faith with
5 respect to [a Rebel] packaging fee."

6 36. Rebel has performed all conditions, covenants, and promises required to be
7 performed on its part in accordance with the terms and conditions of the Agreement.

8 37. Big Ticket, which is under the ownership and control of defendants CBS Studios
9 Inc. and CBS Corp., and has acted in conspiracy with the other Defendants, has breached the
10 Agreement by, among other things, failing to account to, and pay, Rebel the net profits to which
11 Rebel is entitled. In addition, Defendants have breached the Agreement by wrongfully deducting
12 production and distribution costs that were not made or incurred in good faith, on a reasonable
13 basis, or consistent with customary practice in the United States television industry. Defendants
14 further breached the Agreement by failing to discuss in good faith with Rebel a packaging fee for
15 *Hot Bench*, a spin-off television series.

16 38. As a direct and proximate result of the breaches of the Agreement by Defendants,
17 Rebel has been damaged in an amount to be determined at trial.

18 SECOND CAUSE OF ACTION

19 (Breach of the Implied Covenant of Good Faith and Fair Dealing Against All Defendants)

20 39. Rebel incorporates by reference the allegations in the preceding paragraphs as
21 though fully set forth herein.

22 40. There is implied in the Agreement a covenant that no party will do anything to
23 interfere with the other party's full enjoyment of its contractual rights and benefits under the
24 Agreement, and that each contracting party will do everything the contract presupposes it will do
25 to accomplish the Agreement's purpose.

26 41. One purpose of the Agreement was to enable Rebel to receive backend
27 compensation from the exploitation of the Show.

28 42. The implied covenant of good faith and fair dealing also requires, among other

1 things, that if Defendants elect to pay Scheindlin an upfront fee that is far in excess of any other
2 person in non-scripted television, Defendants would not do so in a way that is calculated or
3 designed to prevent Rebel from realizing benefits under the Agreement.

4 43. The implied covenant of good faith and fair dealing also requires, among other
5 things, that Defendants not engage in self-dealing by licensing the Show to affiliated entities for
6 below-market license fees.

7 44. The conduct of Defendants, as herein alleged, constitutes a breach of the implied
8 covenant of good faith and fair dealing and has deprived Rebel of the benefits of the Agreement.
9 Among other things, Defendants agreed to pay Scheindlin an upfront salary that is far in excess
10 of any other person in non-scripted television, and then included that fee in the Show's
11 production expenses, thereby preventing Rebel from receiving any backend compensation. In
12 addition, Defendants licensed the Show to affiliated entities for below-market license fees,
13 thereby shifting profits away from Rebel.

14 45. As a foreseeable consequence of the breach of the implied covenant of good faith
15 and fair dealing by Defendants, Rebel has suffered, and will continue to suffer, damages
16 including, without limitation, the loss of backend compensation from the exploitation of the
17 Show in an amount that is currently unknown, but which is in excess of this Court's
18 jurisdictional minimum.

19 **THIRD CAUSE OF ACTION**

20 **(Accounting Against All Defendants)**

21 46. Rebel incorporates by reference the allegations in the preceding paragraphs as
22 though fully set forth herein.

23 47. Defendants have received certain sums in connection with the exploitation of the
24 Show, a portion of which is due to Rebel pursuant to the Agreement.

25 48. The amount of money due and owing from Defendants to Rebel pursuant to the
26 Agreement is unknown to Rebel and cannot be ascertained without an accounting of the
27 compensation received by Defendants.

28 49. Defendants have access to such information, but have not provided Rebel with the

1 same. Rebel does not have access to such information.

2 50. As a proximate result of Defendants' failure to provide an accounting, an order
3 from the Court requiring Defendants to provide a full accounting of compensation.
4

5 WHEREFORE, Rebel prays for judgment against Defendants, and each of them, as follows:

6 **First Cause of Action**

- 7 1. For compensatory damages according to proof;

8 **Second Cause of Action**

- 9 1. For compensatory damages according to proof;

10 **Third Cause of Action**

- 11 1. For an accounting by Defendants;
12 2. For payment to Rebel of the amount due from Defendants as a result of the
13 accounting;

14 **All Causes of Action**

- 15 1. For prejudgment interest on the damages;
16 2. For costs of suit incurred herein; and
17 3. For such other and further relief as the Court may deem just and proper.
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19 Dated: March 14, 2016

FREEDMAN + TAITELMAN, LLP

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21
22 By: 

23 Bryan J. Freedman
24 Jordan Susman
25 Attorneys for Plaintiff
26 Rebel Entertainment Partners, Inc.
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