

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

<p>JAK PARTNERS, LLC d/b/a CINEMATIC MUSIC GROUP,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">-against-</p> <p>RUDDY ROCK, INC. and RUDYARD MUIR P/K/A RUDDY ROCK,</p> <p style="text-align: center;">Defendants.</p>	<p>Index No.</p> <p style="text-align: center;"><u>COMPLAINT</u></p>
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Plaintiff JAK Partners, LLC d/b/a Cinematic Music Group (hereinafter “Plaintiff” or “CMG”) by its attorneys, Meloni & McCaffrey, a Professional Corporation, as for its complaint against the above named Ruddy Rock, Inc. (hereinafter “RRI”) and Rudyard Muir p/k/a Ruddy Rock (hereinafter “Ruddy”), allege as follows:

SUMMARY OF ACTION

1. Plaintiff is an independent music label, artist management and touring company founded in 2005 by Jonathan Shapiro p/k/a Jonny Shipes (hereinafter “Shipes”). Plaintiff’s recordings, released through RED, a division of SONY Music Entertainment, have sold millions of units worldwide. Those recordings have appeared on the *Billboard* Top 100 album and singles charts, and garnered numerous awards.

2. Defendant RRI, through the conduct of its President and owner, Defendant Ruddy, has improperly breached its contract with Plaintiff, dated March 1, 2017 (the “Label Agreement”), and violated its duty of good faith and fair dealing with respect to its failure to deliver the master recordings of its premier artist, Joshua Kai Joseph p/k/a “Squid Nice” to CMG pursuant to that Label Agreement.

3. Based upon Ruddy's representations and promises to, *inter alia*, Shipes, the president and owner of Plaintiff, upon which Plaintiff justifiably relied and which lead Plaintiff to change its position by, among other things, forgoing entering into a direct, exclusive artist agreement with the artist professionally known as "Squid Nice" in January 2017, Plaintiff instead allowed Squid Nice to sign an exclusive artist agreement directly with Defendant RRI.

4. As a result, Defendants have committed a fraud upon Plaintiff and are estopped from denying that Squid Nice is an "Available Artist" pursuant to paragraph 3(b)(i) of the Label Agreement whose master recordings would be owned by, and must be released exclusively through, Plaintiff.

5. Instead, in February 2017, Ruddy and RRI, using the same attorney to represent both sides of the transaction, signed Squid Nice to an unfunded company, to what is known as a "360-Deal", wherein RRI not only shares in the income streams from the sale of Squid Nice's recorded music, but also from his touring and live performances, merchandise, endorsements, appearances in film and TV, and music publishing (the "Squid Agreement").

6. Indeed, Ruddy misrepresented to Squid Nice that the Squid Agreement was in fact tantamount to signing Squid Nice as a CMG artist.

7. Paragraph 7(c) of the Label Agreement provided a condition subsequent that would allow Defendants to remove Squid Nice as an "Available Artist" only by RRI entering into a Joint Venture Agreement with CMG within 21 days after execution of the Label Agreement, pursuant to which Squid Nice would become an artist for the Joint Venture formed by CMG and RRI that would own and exploit Squid Nice's recordings through CMG.

8. As a result, Defendants and Plaintiff agreed to proceed with forming a Limited Liability Company by filing a Certificate of Formation with the State of Delaware.

9. With the knowledge, consent and participation of RRI and its counsel, CMG and RRI established RDYSHPS LLC, a Delaware limited liability company that was to function as the Joint Venture that would own and control Squid Nice’s recordings.

10. However, after months of negotiating the material terms of the Operating Agreement for RDYSHPS LLC, Defendants refused in bad faith to finalize and execute it, despite CMG’s concessions on all major issues.

11. The negotiations for the RDYSHPS LLC Operating Agreement terminated, the condition subsequent never materialized and, as a result, Squid Nice remains an “Available Artist” whose master recordings must be produced, released and distributed by CMG under the Label Agreement.

12. Despite these incontrovertible facts, RRI refused to deliver Squid Nice’s master recordings or perform its other obligations to CMG under the Label Agreement, in material breach thereof.

13. Indeed, upon information and belief, Defendants have been soliciting record deals for Squid Nice to various record companies in material breach of the Label Agreement.

PARTIES

14. Plaintiff is a Limited Liability Company formed and existing under the laws of the State of Delaware.

15. Plaintiff’s principal offices are located within the City, County and State of New York.

16. Defendant RRI is a corporation formed and existing under the laws of the State of New York.

17. Upon information and belief, RRI operates out of the home of Defendant Ruddy located at 110 East 25th Street, New York, New York 10010.

18. Defendant Ruddy is the President and CEO of RRI and is a resident of the City, County and State of New York.

19. Upon information and belief, Defendant RRI now operates and, at all relevant times has operated, as a mere shell, serving no legitimate business purpose. It has no employees, lacks adequate capitalization, and has no cash assets. On further information and belief, all of its operations and assets are co-mingled with the operations and assets of Defendant Ruddy, its sole owner.

20. Because Defendant RRI is merely a device through which Defendant Ruddy carries out his day-to-day operations, they are the alter egos of each other and, therefore, Defendant Ruddy is equally liable for any breaches by Defendant RRI of its Label Agreement with Plaintiff, as herein below alleged, and vice versa.

JURISDICTION AND VENUE

21. Upon information and belief, at all relevant times herein, RRI and Ruddy regularly transact business within the State of New York.

22. This Court has subject matter jurisdiction over the RRI pursuant to the Section 14(a) of the Label Agreement, which provides, *inter alia*, as follows:

THIS AGREEMENT IS ENTERED INTO IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND TO BE WHOLLY PERFORMED THEREIN (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAWS PRINCIPLES UNDER NEW YORK LAW). THE PARTIES AGREE THAT ANY ACTION, SUIT OR PROCEEDING BASED UPON ANY MATTER, CLAIM OR CONTROVERSY ARISING HEREUNDER OR RELATING HERETO SHALL BE BROUGHT SOLELY IN THE STATE COURTS OF OR THE FEDERAL COURT IN THE STATE AND COUNTY OF NEW YORK

23. This Court has personal jurisdiction over RRI and Ruddy pursuant to C.P.L.R. §§301 and 302, in that RRI is located within the City of New York and both RRI and its CEO/President Ruddy transact business within this jurisdiction, including the transactions at issue in this action.

24. Venue is proper in New York County because the parties agreed thereto.

25. Accordingly, jurisdiction and venue are proper before this Court.

BACKGROUND

26. Shipes is a Manhattan native who grew up loving rap music. He broke into the entertainment business in 2000 when he and some partners started a promotional company, One Shot Entertainment, which promoted entertainment events at venues in the Hamptons.

27. Thereafter, Shipes worked in marketing for Bad Boy Records in New York, which is run by Sean Combs, and interned for Josh Taekman, the then-president of marketing for Bad Boy Records. While at Bad Boy Records, Shipes honed his skills at guerilla/street marketing.

28. In 2005, Shipes and Sean Pompey, professionally known as “Smoke DZA”, started what was then known as Cinematic Records, which ultimately became CMG. Smoke DZA was CMG’s flagship artist.

29. In 2006, Shipes met Sean Kingston and signed him to his artist management company, which had then managed the artists Foxy Brown and Nappy Roots.

30. Shipes also signed Kingston to an exclusive recording artist contract and, in 2007, Kingston blew up with the release of his self-entitled album, from which the singles *Beautiful*

Girls and Me Love both registered on Billboard Hot 100 singles chart. The album sold in excess of 1,000,000 units.

31. Shipes continued building CMG's artist roster by signing West Coast rapper Nipsey Hu\$\$le, whom he helped land on XXL's 10 Freshmen for 2010.

32. Shipes also signed Big K.R.I.T. who followed up the success of his mixtapes *Krit Wuz Here* and *Returnof4eva* with his debut album *Live from the Underground* that appeared as the #1 hip hop album on the billboard charts.

33. Shipes continued to demonstrate his uncanny ability to locate and sign talented artists to both his management company and as recording artists, as CMG's artist roster grew to include Joey Bada\$\$, Lil Herb, Smoke DZA, Va\$htie, Mick Jenkins, the electronic recording duo ASTR, G Herbo, Brooklyn rock band Caveman, Public Access TV, and the music collective, Progressive Era, a group of emcees, producers, and young tastemakers, that include Kirk Knight, Nyck Caution, CJ Fly, Dessy Hinds, A La Sole, Chuck Strangers, Dyemond Lewis.

34. Finally, Shipes, Smoke DZA and Steven "Steve-O" Brown established and successfully promoted a recurring, nation-wide all-star music tour known as The Smoker's Club Tour.

35. Shipes and Ruddy have known each other since they were both teenagers.

36. Over the past few years, Ruddy has been eking out a living doing free-lance Artist & Repertoire ("A&R") work for various music labels, finding talented artists and trying to get them signed directly with those music labels. He has never owned or operated a functioning record label and, upon information and belief, has always understood he lacked the skills or experience to do so.

37. In December 2016, Ruddy approached Shipes with a group of potential artists he was shopping, among them the young and talented artist professionally known as Squid Nice.

38. Shipes rejected the entire group of artists with the exception of Squid Nice, and immediately entered into negotiations with Squid Nice's attorney, Andrew Krentz, to sign Squid Nice to an exclusive recording contract with CMG.

39. CMG provided Krentz with a complete draft exclusive recording agreement in January 2017 for his review and discussion with his client, Squid Nice.

40. Beginning in December 2016, CMG also began advancing money to Squid Nice and Ruddy with the understanding that it was for the maintenance and development of Squid Nice's professional career as a soon to be signed CMG recording artist.

41. Ruddy then approached Shipes and asked him – as a favor to an old friend – to allow Ruddy to remain involved in the Squid Nice/CMG deal in a participating capacity, not just as an A&R man who places an artist and moves on. The idea was that Ruddy, with the help and guidance of CMG (not to mention CMG's funding and reputation), would build his own business beyond the A&R work to which he had theretofore been limited.

42. Shipes, looking to help his friend, agreed to allow him to remain involved in Squid Nice's career development and exploitation by allowing Ruddy to sign Squid Nice directly to Ruddy's company RRI, with the proviso that RRI would then enter into an exclusive Label Agreement with CMG and that, in turn, Squid Nice would be delivered as the first artist RRI would deliver to CMG under that Label Agreement.

43. From that point onward, Squid Nice still understood that he would be signing directly with Plaintiff as a CMG artist.

44. On or about February 8, 2017, Ruddy appeared with Squid Nice at Shipes' apartment and had him sign an exclusive recording, touring, appearances, and first look/last match publishing deal with Squid Nice (the "Squid Nice Agreement"). Since Ruddy had promised Shipes that he would enter into an agreement to deliver Squid Nice as the first of RRI's artists under a Label Agreement with CMG, at which point he would enter into his own deal with Squid Nice, Shipes did not review the Squid Nice Agreement at the signing.

45. Squid Nice did not have Andrew Krentz or any other attorney with him at the signing. He did not read the Squid Nice Agreement before signing it, and thus did not understand its legal ramifications. As far as Squid Nice was concerned, it was all about becoming a CMG artist.

46. For months, Ruddy refused to provide Shipes with a copy of the signed Squid Nice Agreement that evening or at any other time prior to August 1, 2017.

47. Throughout this time period, and up through the present, CMG continued to fund Squid Nice's personal maintenance and professional artist development, and advanced funds for the marketing, recording and touring accommodations of both Squid Nice and Ruddy.

48. Ruddy and Shipes then began their negotiations concerning the Label Agreement.

49. Andrew Krentz represented Ruddy and RRI throughout those negotiations.

50. Andrew Krentz made numerous changes in the drafts on behalf of his clients.

51. In an email dated February 27, 2017, Charlie Scott, the business lawyer for CMG handling the negotiations, made one of numerous requests for a copy of the signed Squid Nice Agreement, going so far as offering to sign a Non-Disclosure Agreement in order to obtain it.

52. That same day Andrew Krentz responded to Charlie Scott in an email which states in relevant part:

Ruddy will not agree to entering into an NDA. As noted, he is prepared to negotiate the Label Deal and then once closed, submit Squid to JAK/Cinematic as an “Artist” along with his Agreement with Squid. As the Label Deal contemplates Ruddy submitting more than one Artist (e.g., this Deal is to encompass more than just Squid) this should not be an issue since the idea is to bring Ruddy in as the “true” A&R Resource he is.

Your client isn’t taking a risk here as it doesn’t have any obligations to Squid, and won’t, unless JS decides to deem him an Accepted Artist once the Label Deal is closed.

53. At some point between March 2, 2017 and March 6, 2017, the parties agreed to insert a new paragraph 7(c) in the draft Label Agreement that would allow RRI to remove Squid Nice from being bound as an “Available Artist” upon the completion of a condition subsequent – that RRI enter into a joint venture agreement with CMG wherein both CMG and RRI would jointly produce, own, distribute and exploit the master recordings made by Squid Nice. At Shipes’ request, paragraph 7(c) imposed a time limitation of 21 days from the effective date of the Label Agreement to exercise the condition subsequent.

54. The effective date of the Label Agreement was March 1, 2017.

55. CMG, with RRI’s knowledge and consent, immediately prepared and filed the necessary legal documents for filing the Certificate of Formation with the State of Delaware for the purpose of establishing the joint venture, called RDYSHPS LLC (a combination of Shipes’ and Ruddy’s abbreviated names).

56. The parties agreed that RDYSHPS LLC was to function as the Joint Venture entity that would own and control the exclusive rights to Squid Nice’s recording artist services and master recordings.

57. CMG also began negotiations of the Operating Agreement for RDYSHPS LLC, and, as an additional sign of Shipes’ good faith, continued those negotiations beyond the 21-day limit.

58. In stark contrast, Defendants, in bad faith, refused to finalize and execute the RDYSHPS LLC Operating Agreement, despite CMG’s concessions on all major issues. Those issues included, *inter alia*, whether Squid Nice’s recordings would be distributed through CMG’s exclusive distributor RED Distribution, LLC, a division of Sony Music.

59. This last issue alone demonstrates Defendants bad faith in their negotiations, given that Paragraph 1(d) of the Squid Nice Agreement anticipates that Defendants will sign a distribution deal with a “Record Label”, which in its Paragraph 26(h) is defined to include “RED” as one of the permissible “indie” distributors.

60. Based upon the Defendants’ self-imposed impasse, the negotiations between RRI and CMG terminated, and the condition subsequent never materialized.

61. As a result, Squid Nice remains an Available Artist under the Label Agreement whose master recordings must be released and distributed by CMG under the Label Agreement.

62. Despite this fact, RRI refuses to deliver Squid Nice’s master recordings or perform its other obligations under the Label Agreement, in material breach thereof.

63. Indeed, upon information and belief, Defendants have been soliciting record deals for Squid Nice to various record companies in material breach of the Label Agreement.

FIRST CAUSE OF ACTION

(Declaratory Judgment - Squid Nice is An Available Artist under the Label Agreement)

64. Plaintiff repeats and incorporates by reference the allegations set forth in paragraphs 1 through 63 as if fully set forth herein.

65. Plaintiff has performed all of its obligations under the Label Agreement.

66. RRI and Ruddy have not delivered Squid Nice to CMG as an Available Artist under the Label Agreement.

67. Had Defendants done so, Plaintiff was ready, willing and able to accept Squid Nice as an “Available Artist” pursuant to paragraph 3(b)(ii)(A) of the Label Agreement.

68. Defendants did not satisfy the condition subsequent in paragraph 7(c) of the Label Agreement – entering into the Joint Venture Agreement in connection with the artist professionally known as “Squid Nice” – that would remove Squid Nice as an Available Artist under the Label Agreement.

69. Defendants have repudiated the Label Agreement with respect to the obligation to deliver Squid Nice to CMG as an Available Artist under the Label Agreement by taking a contrary position; that is, that Squid Nice is not an “Available Artist” under the Label Agreement.

70. There is an actual, present and existing dispute between the parties concerning the meaning of the contract at issue.

71. Defendants’ conduct has created a genuine dispute for which a declaration would have had an immediate and practical effect of influencing the parties conduct in that CMG would be free to contract directly with Squid Nice for his exclusive recording artist services and fund, produce, distribute and otherwise exploit Squid Nice’s master recordings.

72. The Court’s determination of the issues presented herein would be final and conclusive, insofar as the declaratory judgment sought by Plaintiff would fully and finally resolve the parties’ disputes concerning the meaning of the Label Agreement.

73. Plaintiff submits that it is entitled to a declaratory judgment declaring that Defendants’ remain obligated to deliver Squid Nice as an Available Artist under the Label Agreement.

74. Plaintiff has no adequate remedy at law.

SECOND CAUSE OF ACTION
(Breach of Contract)

75. Plaintiff repeats and incorporates by reference the allegations set forth in paragraphs 1 through 74 as if fully set forth herein.

76. Plaintiff has performed all of its obligations under the Label Agreement, including providing funding to RRI and Ruddy, and continuing the payments for personal maintenance and professional development of Squid Nice as a CMG artist.

77. Plaintiff remains ready, willing and able to perform all funding, recording, distribution and exploitation obligations under the Label Agreement.

78. RRI and Ruddy have refused to deliver Squid Nice under its exclusive obligations to deliver to CMG Available Artists under the Label Agreement.

79. Defendants' refusal to deliver Squid Nice to CMG as an Available Artist constitutes a material breach of the Label Agreement.

80. By reason of Defendant RRI's foregoing breach, Plaintiff is entitled to an award of damages in an amount to be determined at trial, but not less than \$10,000,000.00.

THIRD CAUSE OF ACTION
(Breach of Covenant of Good Faith and Fair Dealing)

81. Plaintiff repeats and incorporates by reference the allegations set forth in paragraphs 1 through 80 as if fully set forth herein.

82. Should this Court find that the paragraph 7(c) of the Label Agreement is not a condition subsequent that required Defendants to enter into the Joint Venture Agreement in order to remove Squid Nice as an Available Artist who would be exclusively bound to CMG under the

Label Agreement then, as an alternative claim, Plaintiff avers that Defendants have materially breached their Covenant of Good Faith and Fair Dealing.

83. Under the law of the State of New York, all contracts, including the Label Agreement, imply a covenant of good faith and fair dealing in the course of performance.

84. Paragraph 7(c) of the Label Agreement provides as follows:

Company and CMG have agreed to enter into a separate joint venture in connection with the artist professionally known as “Squid Nice” (the “Squid Nice JV”) and further agree to use their reasonable efforts to conclude their good faith negotiations within twenty one (21) days of the date above. Any costs, expenses, revenues and/or profits derived from the Squid Nice JV will not be cross-collateralized with this Agreement or vice versa.

85. Immediately after entering into the Label Agreement, CMG, with Defendants’ knowledge and consent, filed the necessary legal documents with the State of Delaware for the purpose of forming of RDYSHIP LLC, the company that would be the vessel for the “Squid Nice JV” contemplated under paragraph 7(c) of the Label Agreement.

86. CMG’s attorneys then drafted and forwarded to Defendants the Operating Agreement for the parties’ joint venture, called RDYSHIP LLC, which contained all material terms for the operation thereof.

87. After over a month of negotiations, Defendants refused to enter into the Operating Agreement unless CMG agreed to change its position on three final substantive deal points.

88. After further negotiations, CMG agreed to Defendants’ position on the three final deal points and requested that Defendants conclude the negotiations and enter into the Operating Agreement.

89. Without further explanation, Defendants refused to conclude the negotiations and enter into the Operating Agreement, despite CMG’s total capitulation on the three final deal points.

90. Based upon this objectively unreasonable conduct, Defendants have acted in total bad faith in their refusal to conclude the negotiations required to enter into the Squid Nice JV under paragraph 7(c) of the Label Agreement.

91. By their unreasonable and bad faith conduct, Defendants have breached the covenant of good faith and fair dealing implied in the Label Agreement under New York law.

92. Therefore, and by reason of Defendants' foregoing breach, Plaintiff is entitled to an award of damages in an amount to be determined at trial, but not less than \$10,000,000.00.

FOURTH CAUSE OF ACTION
(Fraud)

93. Plaintiff repeats and incorporates by reference the allegations set forth in paragraphs 1 through 92 as if fully set forth herein.

94. Should this Court find that the paragraph 7(c) of the Label Agreement is not a condition subsequent that required Defendants to enter into the Joint Venture Agreement in order to remove Squid Nice as an Available Artist bound to CMG under the Label Agreement then, as an alternative claim, Plaintiff avers that Defendants are liable for their fraudulent conduct, as hereinafter more fully alleged.

95. From and after December 2016, Plaintiff paid for the personal maintenance and professional development of Squid Nice.

96. In January 2017, Shipes and Andrew Krentz, Esq. ("Krentz"), who was acting as the attorney for Squid Nice, were negotiating an exclusive recording artist agreement pursuant to which Squid Nice would render his services as a recording artist to CMG.

97. Towards that end, Shipes provided Krentz with a draft of an exclusive artist recording agreement containing all material terms.

98. At that time, Ruddy approached Shipes and, invoking the trust built upon their long friendship and business relationship, asked Shipes if he would agree to allow Ruddy's participation to be more than just A&R and, instead, to act as a furnishing record label for CMG, and share in the development and exploitation of Squid Nice's talents with CMG.

99. Shipes agreed to Ruddy's request. However, Shipes' willingness to forego signing Squid Nice to CMG directly was based solely upon Ruddy's promise that if RRI were allowed to sign Squid Nice directly, it would simultaneously deliver Squid Nice to CMG as RRI's first artist under an exclusive Label Agreement.

100. In reliance on this promise, and based on the longstanding relationship of mutual trust that had existed between Shipes and Ruddy, in February 2017 CMG terminated the ongoing negotiations for an exclusive recording agreement between CMG and Squid Nice and instead allowed Ruddy to sign Squid Nice to a direct deal with RRI.

101. Shortly thereafter, CMG and RRI entered into negotiations over the terms of their Label Agreement.

102. However, having snagged the prize – an exclusive 360 deal with Squid Nice – Defendants executed a predetermined course of conduct to deceitfully and fraudulently deprive Plaintiff of the benefit of the bargain Defendants had just agreed to.

103. The first step was to refuse to provide CMG with a copy of the Squid Nice Agreement until after the Label Agreement between CMG and RRI was signed.

104. In an email exchange with Krentz on February 27, 2017, Charlie Scott, the business lawyer for CMG, repeated one of his numerous requests that Krentz deliver a copy of the signed Squid Nice Agreement to CMG, going so far as to offer to sign a Non-Disclosure Agreement.

105. That same day, Krentz responded in an email, which provides in relevant part:

Ruddy will not agree to entering into an NDA. As noted, he is prepared to negotiate the Label Deal and then once closed, submit Squid to JAK/Cinematic as an “Artist” along with his Agreement with Squid. As the Label Deal contemplates Ruddy submitting more than one Artist (e.g., this Deal is to encompass more than just Squid) this should not be an issue since the idea is to bring Ruddy in as the “true” A&R Resource he is.

Your client isn’t taking a risk here as it doesn’t have any obligations to Squid, and won’t, unless JS decides to deem him an Accepted Artist once the Label Deal is closed.

106. In reliance on these representations, CMG proceeded with the negotiations and entered into the Label Agreement with RRI without having seen the Squid Nice Agreement.

107. At the last minute, and immediately before they were about to execute the Label Agreement, *at Ruddy’s request*, Scott and Krentz agreed to add a new paragraph 7(c) whose effect would be to remove Squid Nice as an “Available Artist” under the Label Agreement if RRI concluded negotiations with CMG for the Squid Nice joint venture within 21 days from the effective date of the Label Agreement.

108. However, Defendants never intended to submit Squid Nice to CMG as an Available Artist under the Label Agreement – as they had first promised in January 2017 when Ruddy told Shipes that he would do so if Shipes would allow RRI to sign Squid Nice to RRI directly and then “flip” that deal to CMG via a label agreement between RRI and CMG; or when Defendants’ attorney, Andrew Krentz, sent his February 27, 2017 email to CMG’s lawyer confirming that Squid Nice was an Available Artist under the Label Agreement.

109. In justifiable reliance on these false representations and as a result of Defendants’ deceitful conduct, CMG did the following: (a) it ceased negotiations to sign Squid Nice to a direct exclusive recording artist agreement; (b) it entered into the Label Agreement with RRI, and agreed to amend it at the last minute as hereinabove alleged; (c) it paid money to Defendants

that it would not otherwise have paid including, without limitation, moneys to underwrite Squid Nice's and Ruddy's trip to the 2017 South By Southwest music industry conference, where Squid Nice showcased his musical talents for record labels and music industry executives; and (d) it promised to continue making payments to Defendants, despite Defendants' fraudulent and deceptive conduct that was designed to deprive CMG of the rights to Squid Nice, and the income and profits that would have flowed to CMG as a result of the production, distribution, and exploitation of Squid Nice's master recordings.

110. Therefore, and by reason of Defendant's foregoing fraudulent and deceptive conduct, Plaintiff is entitled to an award of damages in an amount to be determined at trial, but not less than \$10,000,000.00.

111. In addition, because defrauding CMG, as a member of the public, was the very basis of Defendants' plan and conduct all along, Plaintiff is entitled to punitive damages in the amount to be determined at trial, but not less than \$50,000,000.00.

FIFTH CAUSE OF ACTION
(Promissory Estoppel)

112. Plaintiff repeats and incorporates by reference the allegations set forth in paragraphs 1 through 111 as if fully set forth herein.

113. Should this Court find that the paragraph 7(c) of the Label Agreement is not a condition subsequent that required Defendants to enter into the Joint Venture Agreement in order to remove Squid Nice as an "Available Artist" exclusively bound to CMG under the Label Agreement then, as an alternative claim, Plaintiff avers that Defendants are estopped from denying that Squid Nice is an Available Artist under the Label Agreement.

114. Defendants made an enforceable promise concerning treating Squid Nice as an Available Artist under the Label Agreement or, alternatively, as an artist exclusively bound to a long term exclusive recording artist agreement with the new Joint Venture, RDYSHPS LLC, to be established by RRI and CMG.

115. Defendants did expect and/or reasonably should have expected that the aforesaid promise to Plaintiff would cause Plaintiff to cease – and not conclude – its negotiations with Squid Nice, and to forego the direct recording artist deal Squid Nice was prepared to enter into with Plaintiff.

116. Plaintiff justifiably relied on the promises made by Defendants by terminating its direct negotiations of an exclusive artist recording agreement with Squid Nice and to instead enter into the Label Agreement with Defendants.

117. Therefore, and by reason of Defendant's foregoing acts and the detriment Plaintiff suffered by its reliance on Defendants' promises, Defendants should be estopped from denying that Squid Nice is an Available Artist under the Label Agreement.

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- a. On the First Cause of Action, a Declaratory Judgment that Squid Nice is an Available Artist under the Label Agreement and that Defendants must deliver Squid Nice to CMG thereunder;
- b. On the Second Cause of Action, compensatory damages in an amount to be determined at trial but not less than \$10,000,000.00;
- c. On the Third Cause of Action, compensatory damages in an amount to be determined at trial but not less than \$10,000,000.00;

- d. On the Fourth Cause of Action, damages in an amount to be determined at trial but not less than \$10,000,000.00, and punitive damages in the amount to be determined at trial but not less than \$50,000,000.00;
- e. On the Fifth Cause of Action, an order directing that Defendants are estopped from denying that Squid Nice is an Available Artist under the Label Agreement;
- f. Applicable pre-judgment interest pursuant to CPLR §5001;
- g. The costs of this action, including reasonable attorneys' fees; and
- h. Such other and further relief as the Court may deem just and proper.

Dated: August 31, 2017

MELONI & MCCAFFREY
A Professional Corporation



By: _____

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