

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

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| <p>Living The Dream Films, Inc.,</p> <p>Plaintiff,</p> <p>-against-</p> <p>Burnt Ends, LLC,</p> <p>Defendant.</p> | <p>Index No.</p> <p><u>SUMMONS</u></p> |
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TO THE ABOVE NAMED DEFENDANT:

You are hereby summoned to answer the complaint in this action and to serve a copy of your answer, or if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

West Hollywood, California
September 30, 2017

U.S. LAW GROUP

/s/ Raymond J. Markovich
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Defendant's Address:

Burnt Ends, LLC
20929 Ventura Blvd.
Suite 47-244
Woodland Hills, CA 91364

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| <p>Living The Dream Films, Inc.,</p> <p>Plaintiff,</p> <p>-against-</p> <p>Burnt Ends, LLC,</p> <p>Defendant.</p> | <p>Index No.</p> <p><u>COMPLAINT</u></p> |
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Plaintiff LIVING THE DREAM FILMS, INC. ("Plaintiff"), by its attorneys U.S. Law Group, hereby bring this Complaint.

PARTIES IN THIS COMPLAINT

1. Plaintiff
Living The Dream Films, Inc.
46 Edgemere Avenue
Greenwood Lake, NY 10925
2. Defendant
Burnt Ends, LLC
20929 Ventura Blvd.
Suite 47-244
Woodland Hills, CA 91364

GOVERNING LAW, JURISDICTION AND VENUE

3. Pursuant to General Obligations Law § 5-1401, the governing law to be applied to this Action is New York law because the Defendants agreed to New York law in the Loan Agreement, Promissory Note and Mortgage of Copyright ("Transaction Agreements") and the obligation arising out of the Transaction Agreements is not less than \$250,000.

4. Jurisdiction is proper pursuant to New York Civil Practice Law and Rules ("CPLR") § 302, the Defendant's submission to jurisdiction in the Transaction Agreements and the Defendant's waiver, in the Transaction Agreements, of any objections that it might have to personal and subject matter jurisdiction being exercised by this Court.

5. The basis for venue in New York County is CPLR § 509, the Defendant's submission to venue in this Court in the Transaction Agreements and the Defendant's waiver, in the Transaction Agreements, of any objections that it might have to venue in this Court.

6. Plaintiff is a New York corporation and is domiciled in New York.

7. Defendant is a California limited liability company and upon information and belief, Defendant is domiciled in California.

8. The Transaction Agreements were negotiated with Defendant while Plaintiff was in New York and executed by Plaintiff while Plaintiff was in New York.

9. Payment made by Plaintiff under the Transaction Agreements was made (and thus full performance by Plaintiff) from Plaintiff's New York bank account while Plaintiff was in New York.

10. Payment(s) required to be made by Defendant under the Transaction Agreements are to be made by wire transfer to Plaintiff (Plaintiff's New York bank account).

11. The Loan Agreement and Promissory Note are secured by a Mortgage of Copyright which is governed by New York law.

FACTS

12. On or about April 2017, Plaintiff and Defendant commenced negotiations concerning Plaintiff making a loan of \$250,000 to Defendant to partially finance production of Defendant's feature film currently entitled "Burning At Both Ends" ("Picture").

13. On April 28, 2017, Defendant, through Defendant's agent Tyler W. Konney, knowingly misrepresented to Plaintiff that the final all-in budget for the Picture would be \$875,790 ("Budget") and Plaintiff relied to its detriment upon Defendant's misrepresentation causing Plaintiff pecuniary loss. [Ex. 1].

14. Relying upon Defendant's material misrepresentation concerning the Budget being \$875,790, Plaintiff entered into the Transaction Agreements on May 4, 2017 which include a Loan Agreement [Ex. 2], Promissory Note [Ex. 3] and Mortgage of Copyright [Ex. 4] and are all dated as of May 4, 2017 with a repayment date of 60 days from May 4, 2017 ("Maturity Date").

15. After receipt of the Transaction Agreements signed by Defendant, Plaintiff promptly wire transferred, on May 4, 2017, \$250,000 from its New York bank account to Defendant in full performance of Plaintiff's obligations under the Transaction Agreements.

16. On May 15, 2017, Defendant admitted in writing to events of default under Sections 10.1.3, 10.1.5 and 10.1.8 of the Loan Agreement and under Sections 4.c., 4.e. and 4.h. of the Promissory Note. [Ex. 5; Ex. 2-3].

17. On May 15, 2017, Defendant represented in writing to Plaintiff that the budget would now be \$700,000 more than Defendant had knowingly misrepresented to Plaintiff when Defendant induced Plaintiff to enter into the Transaction Agreements on April 28, 2017, (only 17 days earlier) which is an event of default under Section 10.1.8 of the Loan Agreement and under Section 4.h. of the Promissory Note. [Ex. 5; Ex. 2-3].

18. However, Defendant's May 15, 2017 representation of being \$700,000 over-budget was in and of itself yet another material misrepresentation since Plaintiff's "new" budget of \$2,200,000 was actually \$1,324,210 over the Budget of \$875,790 that Defendant had

materially misrepresented to Plaintiff in order to induce Plaintiff to enter into the transaction on April 28, 2017. This 251% increase in the “budget” from April 28, 2017 to May 15, 2017 (in only 17 days) reeks of fraud – a classic bait and switch and fraud in the inducement by Defendant. [Ex. 1, Ex. 5].

19. Defendant also admitted in writing that Defendant would need to “halt production” and thus suspend its operations if Defendant did not receive at least an additional \$50,000 by the next day, May 16, 2017. [Ex. 5].

20. On May 17, 2017, Plaintiff filed a UCC Financing Statement in California and perfected its interest as a first position, priority, secured party in Defendant’s collateral as specified in the Mortgage of Copyright. [Ex. 6].

21. On June 30, 2017, Plaintiff notified Defendant that payment under the Loan Agreement and Promissory Note are due next week. [Ex. 7, p. 2].

22. On June 30, 2017, Defendant responded that it would need Plaintiff’s wire instructions but that it was also having some problems with other investors and their attorneys concerning some of the terms of the Loan Agreement and Promissory Note. [Ex. 7, p. 1].

23. On July 21, 2017, Plaintiff notified Defendant that it was in default under the Loan Agreement and Promissory Note and that Plaintiff would foreclose upon the Picture if payment in full was not received by July 28, 2017. [Ex. 8].

24. On September 5, 2017, Plaintiff sent all required documentation and the required fee to have its Mortgage of Copyright registered with the United States Copyright Office. [Ex. 9].

25. To date, the Defendant has failed to honor its contractual obligations to Plaintiff under the Loan Agreement, the Promissory Note and the Mortgage of Copyright.

26. To date, the Defendant has failed to transfer ownership and possession to Plaintiff of all Collateral specified in the Mortgage of Copyright.

CAUSES OF ACTION

Cause of Action No. 1 – Breach of the Loan Agreement

27. Plaintiff incorporates by reference the allegations of paragraphs 1 through 26 inclusive, as though fully set forth herein.

28. As of the date of this Complaint, in accordance with the terms of the Loan Agreement, Defendant has breached the terms of the Loan Agreement (Sections 4-7 & 10) and Plaintiff is owed by Defendant \$317,500 (plus attorneys' fees and costs to be calculated) and 12% of 100% of Net Profits from the Picture as follows:

- (a) \$250,000 in principal;
- (b) \$25,000 in interest;
- (c) \$5,000 in Plaintiff's transactional legal fees;
- (d) \$37,500 in late payment penalty; and
- (e) 12% of 100% of Net Profits from the Picture.

29. As of the date of this Complaint, the \$25,000 in interest owed to Plaintiff by Defendant on the \$250,000 in principal amounts to interest at a rate of 24.66% annualized since 148 days have passed since Defendant received the \$250,000 loan.

30. Defendant has breached the terms of the Loan Agreement (Sections 4-7 & 10) by failing to pay Defendant \$317,500 and 12% of Net Profits from the Picture.

31. In several days, another quarterly penalty of \$37,500 will be due and payable by Defendant to Plaintiff so by the time that Defendant answers this Complaint, Defendant would

owe Plaintiff \$355,000 plus attorneys' fees and costs and 13% of 100% of Net Profits from the Picture.

32. To date, Defendant has breached the Loan Agreement by failing to pay Plaintiff anything.

33. To date, Plaintiff has been damaged by the Defendant's breaches in an amount to be proven at trial but no less than \$317,500 plus attorneys' fees and costs and 12% of 100% of Net Profits from the Picture.

34. Plaintiff demands judgment against Defendant for compensatory and consequential damages in an amount not less than \$317,500 plus interest plus attorneys' fees and costs and 12% of 100% of Net Profits from the Picture, and such other relief as this Court may deem just and proper.

Cause of Action No. 2 – Breach of the Promissory Note

35. Plaintiff incorporates by reference the allegations of paragraphs 1 through 34 inclusive, as though fully set forth herein.

36. As of the date of this Complaint, in accordance with the terms of the Promissory Note, Defendant has breached the terms of the Promissory Note (Sections 1-2 & 4) and Plaintiff is owed by Defendant \$317,500 (plus attorneys' fees and costs to be calculated) as follows:

- (a) \$250,000 in principal;
- (b) \$25,000 in interest;
- (c) \$5,000 in Plaintiff's transactional legal fees; and
- (d) \$37,500 in late payment penalty.

37. As of the date of this Complaint, the \$25,000 in interest owed to Plaintiff by Defendant on the \$250,000 in principal amounts to interest at a rate of 24.66% annualized since 148 days have passed since Defendant received the \$250,000 loan.

38. Defendant has breached the terms of the Promissory Note (Sections 1-2 & 4) by failing to pay Defendant \$317,500 (plus attorneys' fees and costs to be calculated).

39. In several days, another quarterly penalty of \$37,500 will be due and payable by Defendant to Plaintiff so by the time that Defendant answers this Complaint, Defendant would owe Plaintiff \$355,000 plus attorneys' fees and costs.

40. To date, Defendant has breached the Promissory Note by failing to pay Plaintiff anything.

41. To date, Plaintiff has been damaged by the Defendant's breaches in an amount to be proven at trial but no less than \$317,500 plus attorneys' fees and costs.

42. Plaintiff demands judgment against Defendant for compensatory and consequential damages in an amount not less than \$317,500 plus interest and attorneys' fees and costs, and such other relief as this Court may deem just and proper.

Cause of Action No. 3 – Fraud in the Inducement

43. Plaintiff incorporates by reference the allegations of paragraphs 1 through 42 inclusive, as though fully set forth herein.

44. On or about April 2017, Plaintiff and Defendant commenced negotiations concerning Plaintiff making a loan of \$250,000 to Defendant to partially finance production of Defendant's Picture.

45. On April 28, 2017, Defendant, through Defendant's agent Tyler W. Konney, knowingly misrepresented to Plaintiff that the final all-in Budget for the Picture would be

\$875,790 and Plaintiff relied to its detriment upon Defendant's misrepresentation causing Plaintiff pecuniary loss. [Ex. 1-3].

46. Relying upon Defendant's material misrepresentation concerning the Budget being \$875,790, Plaintiff entered into the Transaction Agreements on May 4, 2017 which include a Loan Agreement [Ex. 2], Promissory Note [Ex. 3] and Mortgage of Copyright [Ex. 4] and are all dated as of May 4, 2017 with a repayment date of 60 days from May 4, 2017 ("Maturity Date").

47. After receipt of the Transaction Agreements signed by Defendant, Plaintiff promptly wire transferred, on May 4, 2017, \$250,000 from its New York bank account to Defendant in full performance of Plaintiff's obligations under the Transaction Agreements.

48. On May 15, 2017, Defendant admitted in writing to events of default under Sections 10.1.3, 10.1.5 and 10.1.8 of the Loan Agreement and under Sections 4.c., 4.e. and 4.h. of the Promissory Note. [Ex. 5, Ex. 2-3].

49. On May 15, 2017, Defendant represented in writing to Plaintiff that the budget would now be \$700,000 more than Defendant had knowingly misrepresented to Plaintiff when Defendant induced Plaintiff to enter into the Transaction Agreements on April 28, 2017, (only 17 days earlier) which is an event of default under Section 10.1.8 of the Loan Agreement and under Section 4.h. of the Promissory Note. [Ex. 5, Ex. 2-3].

50. However, Defendant's May 15, 2017 representation of being \$700,000 over-budget was in and of itself yet another material misrepresentation since Plaintiff's "new" budget of \$2,200,000 was actually \$1,324,210 over the Budget of \$875,790 that Defendant had materially misrepresented to Plaintiff in order to induce Plaintiff to enter into the transaction on April 28, 2017. This 251% increase in the "budget" from April 28, 2017 to May 15, 2017 (in

only 17 days) reeks of fraud – a classic bait and switch and fraud in the inducement by Defendant. [Ex. 1; Ex. 5].

51. To date, Plaintiff has been damaged by the Defendant's knowingly material misrepresentation upon which Plaintiff reasonably relied in an amount to be proven at trial but no less than \$317,500; 12% of 100% of Net Profits from the Picture plus attorneys' fees and costs. Additionally, The Defendant's knowingly material misrepresentation amounts to such gross, wanton or willful fraud, dishonesty, or malicious wrongdoing as to involve a high degree of moral culpability, making punitive damages appropriate to deter Defendant from engaging in similar conduct in the future and to induce Plaintiff to take action against the Defendant. Plaintiff therefore demands punitive damages against the Defendant in an amount not less than \$600,000.

52. Plaintiff demands judgment against Defendant for compensatory and consequential damages in an amount not less than \$317,500 plus interest, 12% of 100% of Net Profits from the Picture and punitive damages in an amount not less than \$600,000 plus attorneys' fees and costs, and such other relief as this Court may deem just and proper.

Cause of Action No. 4 – Injunctive Relief

53. Plaintiff incorporates by reference the allegations of paragraphs 1 through 52 inclusive, as though fully set forth herein.

54. On May 4, 2017, Defendant granted Plaintiff a first position security interest in all of the property, tangible and intangible, as specified in the Mortgage of Copyright ("Collateral"), as security for its obligations to Plaintiff under the Loan Agreement and Promissory Note.

55. On May 17, 2017, Plaintiff filed a UCC Financing Statement in California and perfected its interest as a first position, priority, secured party in Defendant's collateral as specified in the Mortgage of Copyright. [Ex. 6].

56. On September 5, 2017, Plaintiff sent all required documentation and the required fee to have its Mortgage of Copyright registered with the United States Copyright Office. [Ex. 9].

57. As set forth above, Defendant has materially breached the terms of the Loan Agreement and Promissory Note.

58. On May 15, 2017, Defendant admitted in writing to events of default under Sections 10.1.3, 10.1.5 and 10.1.8 of the Loan Agreement and under Sections 4.c., 4.e. and 4.h. of the Promissory Note. [Ex. 5; Ex. 2-3].

59. Defendant is currently in possession of the Collateral but due to Defendant having breached the terms of the Loan Agreement and/or Promissory Note and/or Defendant having admitted to events of default, Plaintiff has a superior right to possession of the Collateral.

60. Under the UCC, New York law, the Loan Agreement, Promissory Note and Mortgage of Copyright, Plaintiff has an unconditional right to possession of the Collateral.

61. Despite notice of default and foreclosure being provided to Defendant by Plaintiff on July 21, 2017, Defendant has neither performed its obligations under the Loan Agreement and Promissory Note nor transferred the Collateral to the possession of Plaintiff.

62. Unless immediate, temporary and permanent injunctive relief are granted, Plaintiff will be irreparably harmed and it lacks an adequate remedy at law because there is a substantial risk that Defendant will sell or otherwise dispose of the Collateral, rendering Plaintiff's first priority security interest in the Collateral and a judgment in this Action ineffectual.

63. Indeed, on May 15, 2017 Defendant even admitted in writing that the Picture was grossly over budget and that it desperately needed \$150,000 to finish shooting and “get to wrap”. [Ex. 5].

64. Accordingly, Plaintiff is entitled to an injunction temporarily, preliminarily and permanently restraining and enjoining Defendant from selling, transferring, or otherwise disposing of the Collateral.

Cause of Action No. 5 – Declaratory Relief

65. Plaintiff incorporates by reference the allegations of paragraphs 1 through 64 inclusive, as though fully set forth herein.

66. On May 4, 2017, Defendant granted Plaintiff a first position security interest in all of the property, tangible and intangible, as specified in the Mortgage of Copyright (“Collateral”), as security for its obligations to Plaintiff under the Loan Agreement and Promissory Note.

67. On May 17, 2017, Plaintiff filed a UCC Financing Statement in California and perfected its interest as a first position, priority, secured party in Defendant’s collateral as specified in the Mortgage of Copyright. [Ex. 4; Ex. 6].

68. On September 5, 2017, Plaintiff sent all required documentation and the required fee to have its Mortgage of Copyright registered with the United States Copyright Office. [Ex. 9].

69. As set forth above, Defendant has materially breached the terms of the Loan Agreement and Promissory Note.

70. On May 15, 2017, Defendant admitted in writing to events of default under Sections 10.1.3, 10.1.5 and 10.1.8 of the Loan Agreement and under Sections 4.c., 4.e. and 4.h. of the Promissory Note. [Ex. 5; Ex. 2-3].

71. Defendant is currently in possession of the Collateral but due to Defendant having breached the terms of the Loan Agreement and/or Promissory Note and/or Defendant having admitted to events of default, Plaintiff has a superior right to possession of the Collateral.

72. Under the UCC, New York law, the Loan Agreement, Promissory Note and Mortgage of Copyright, Plaintiff has an unconditional right to possession of the Collateral.

73. Despite notice of default and foreclosure being provided to Defendant by Plaintiff on July 21, 2017, Defendant has neither performed its obligations under the Loan Agreement and Promissory Note nor transferred the Collateral to the possession of Plaintiff.

74. Plaintiff lacks an adequate remedy at law because there is a substantial risk that Defendant will sell or otherwise dispose of the Collateral, rendering Plaintiff's first priority security interest in the Collateral and a judgment in this Action ineffectual.

75. Indeed, on May 15, 2017 Defendant even admitted in writing that the Picture was grossly over budget and that it desperately needed \$150,000 to finish shooting and "get to wrap".

76. Accordingly, Plaintiff is entitled to a judgment: (a) declaring Defendant in breach of the Loan Agreement, (b) declaring Defendant in breach of the Promissory Note, (c) declaring that Plaintiff has a security interest in the Collateral and that Plaintiff is first in rank and has priority against all other persons with respect to the Collateral, and (d) declaring that Plaintiff may immediately take possession of and sell the Collateral.

Cause of Action No. 6 – Replevin and/or Foreclosure

77. Plaintiff incorporates by reference the allegations of paragraphs 1 through 76 inclusive, as though fully set forth herein.

78. On May 4, 2017, Defendant granted Plaintiff a first position security interest in all of the property, tangible and intangible, as specified in the Mortgage of Copyright (“Collateral”), as security for its obligations to Plaintiff under the Loan Agreement and Promissory Note.

79. On May 17, 2017, Plaintiff filed a UCC Financing Statement in California and perfected its interest as a first position, priority, secured party in Defendant’s collateral as specified in the Mortgage of Copyright. [Ex. 4; Ex. 6].

80. On September 5, 2017, Plaintiff sent all required documentation and the required fee to have its Mortgage of Copyright registered with the United States Copyright Office. [Ex. 9].

81. As set forth above, Defendant has materially breached the terms of the Loan Agreement and Promissory Note.

82. On May 15, 2017, Defendant admitted in writing to events of default under Sections 10.1.3, 10.1.5 and 10.1.8 of the Loan Agreement and under Sections 4.c., 4.e. and 4.h. of the Promissory Note. [Ex. 5; Ex. 2-3].

83. Defendant is currently in possession of the Collateral but due to Defendant having breached the terms of the Loan Agreement and/or Promissory Note and/or Defendant having admitted to events of default, Plaintiff has a superior right to possession of the Collateral.

84. Under the UCC, New York law, the Loan Agreement, Promissory Note and Mortgage of Copyright, Plaintiff has an unconditional right to possession of the Collateral.

85. Despite notice of default and foreclosure being provided to Defendant by Plaintiff on July 21, 2017, Defendant has neither performed its obligations under the Loan Agreement and Promissory Note nor transferred the Collateral to the possession of Plaintiff.

86. Accordingly, as the direct and proximate result of the foregoing, Plaintiff is entitled to an Order of Replevin ordering Defendant to immediately tender the Collateral to Plaintiff.

WHEREFORE, Plaintiff demands judgment against Defendant as follows:

A. On the First Cause of Action, damages in an amount not less than \$317,500 plus interest plus attorneys' fees and costs and 12% of 100% of Net Profits from the Picture;

B. On the Second Cause of Action, damages in an amount not less than \$317,500 plus interest and attorneys' fees and costs;

C. On the Third Cause of Action, damages in an amount not less than \$317,500 plus interest, 12% of 100% of Net Profits from the Picture and punitive damages in an amount not less than \$600,000 plus attorneys' fees and costs;

D. On the Fourth Cause of Action, an injunction temporarily, preliminarily and permanently restraining and enjoining Defendant from selling, transferring, or otherwise disposing of the Collateral;

E. On the Fifth Cause of Action, a judgment (a) declaring Defendant in breach of the Loan Agreement, (b) declaring Defendant in breach of the Promissory Note, (c) declaring that Plaintiff has a security interest in the Collateral and that Plaintiff is first in rank and has priority against all other persons with respect to the Collateral, and (d) declaring that Plaintiff may immediately take possession of and sell the Collateral;

F. On the Sixth Cause of Action, an Order of Replevin ordering Defendant to immediately tender the Collateral to Plaintiff;

G. On all Causes of Action, an award of costs in this Action, including reasonable attorneys' fees, costs and expenses;

- H. On all Causes of Action, an award of pre- and post-judgment interest; and
- I. Such other, further and different relief as the Court may deem just and proper.

JURY DEMAND

Plaintiffs hereby demand a trial by jury on all Causes of Action at law pled herein.

West Hollywood, California
September 30, 2017

U.S. LAW GROUP

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