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FILED
LOS ANGELES SUPERIOR COURT

Suzanne
for
Drake
JUL 12 2007
JOHN A. CLARKE, CLERK
BY ROGENA LOPEZ, DEPUTY

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8 Attorneys for Plaintiffs, STEVEN SEAGAL and
STEAMROLLER PRODUCTIONS, INC.
9 *Application for *Pro Hac Vice* pending

10
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 FOR THE COUNTY OF LOS ANGELES, CENTRAL DISTRICT

14 STEVEN SEAGAL and STEAMROLLER
PRODUCTIONS, INC.,

15 Plaintiffs,

16 v

17 LOEB & LOEB, LLP and DOES 1-100
18 Inclusive,

19 Defendant.

CASE NO. BC374170

COMPLAINT FOR BREACH OF AN
ORAL CONTRACT AND BREACH OF
FIDUCIARY DUTY

JURY TRIAL DEMANDED

DISCOVERY CUTOFF: None Set
MOTION CUTOFF: None Set
TRIAL DATE: None Set

21 The Plaintiffs, Steven Seagal and Steamroller Productions, Inc., allege and
22 complain as follows:

23 THE PARTIES

24 1. Plaintiff, Steven Seagal ("Seagal"), was at all material times mentioned
25 herein, a resident of Los Angeles County, California, and, among other things, a film actor
26 in major motion pictures. Plaintiff, Steamroller Productions, Inc., was, at all relevant
27 times, a corporation owned by Seagal, which corporation has its principal place of business
28 in Los Angeles, California. Steamroller Productions, Inc. served as Seagal's agent for the

COMPLAINT FOR BREACH OF AN ORAL CONTRACT AND BREACH OF FIDUCIARY DUTY

011/CASE: SC74170 LEV/1078
RECEIPT #: COMPTON77307
DATE PAID: 07/12/07 04:01 PM
PAYMENT: 450.00
RECEIVED:
CREDIT
DEBIT
CHECK
CARD

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1 receipt and payment of his legal representation, described more fully herein.

2 2. Defendant, Loeb & Loeb, LLP, at all times relevant herein, was a California
3 limited liability partnership, organized and existing under the law of the State of
4 California, with its principal place of business in Los Angeles County and was entitled to,
5 and did, practice law pursuant to Business & Professional Code Section 6160, *et seq.*

6 3. Defendants Does 1-100, inclusive, are the fictitious names of other
7 defendants and whose true names are unknown to Plaintiffs, and whose true capacities,
8 whether as individual, corporations, partnerships, joint ventures and/or associations, are
9 also unknown to Plaintiffs, and when such true names are ascertained, Plaintiffs will
10 amend this complaint by inserting said true names in place of said fictitious names in
11 accordance with the Code of Civil Procedure Section 474. Plaintiffs are informed and
12 believe and thereon allege that whenever and wherever in this complaint defendants are the
13 subject of any charging allegations by Plaintiffs, said Does are also responsible in some
14 manner for the events and happenings alleged herein, and it shall be deemed that said Doe
15 defendants, and each of them, are likewise the subject of said charging allegations herein
16 by Seagal.

17 4. Seagal is informed and believes and thereon alleges that at all times herein
18 mentioned Doe defendants 1-100 were the agents, servants and employees of defendant
19 and in doing the things hereinafter mentioned were action in the scope of their authority as
20 such agents, servants and employees with permission and consent from their co-
21 defendants.

22 STATUTORY PREREQUISITE

23 5. The statutory prerequisite for this litigation under California Business
24 Professional Code §6200, *et seq.*, were met when the parties arbitrated the legal fee dispute
25 described herein to a decision rendered on or about May 4, 2007. By letter agreement
26 dated on or about May 30, 2007, the parties agreed to extend the time to file a lawsuit with
27 respect to the arbitration decision through and including July 13, 2007. This action has
28 been timely filed consistent with the May 30, 2007 written extension.

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BACKGROUND FACTS

6. In the early 1990's, Seagal produced several films with a man named Julius Nasso ("Nasso") in which Seagal starred as the leading actor and Nasso served as a producer or co-producer. Together, Seagal and Nasso did business as Seagal/Nasso Productions. Despite the financial success of these films, Seagal decided to part ways with Nasso in or around 1999-2000.

7. Unhappy with Seagal's decision to no longer produce films with him, Nasso, and certain alleged co-conspirators, attempted to extort money from Seagal in or around February of 2001. Unbeknownst to Seagal, agents of the United States Federal Bureau of Investigation ("FBI") captured some of these extortion attempts on tape while conducting surveillance of the alleged co-conspirators in an investigation into organized crime.

8. In or around March of 2002, the Government subpoenaed Seagal to testify before a federal grand jury in an investigation of Nasso and his alleged co-conspirators regarding the extortion scheme.

9. In or around April of 2002, Seagal retained Defendant to represent him in connection with his appearance as a witness before the grand jury and at any subsequent criminal trial of Nasso and his alleged co-conspirators. In return for its professional services, Seagal agreed to pay Defendant for its reasonable fees and expenses incurred in connection therewith. Plaintiff's legal fees were billed to, and paid for by, Steamroller Productions, Inc., for and on behalf of Seagal. At all relevant times, Seagal was Defendant's client.

10. In or around May of 2002, Seagal testified before the grand jury. On or around February 11, 2003, Seagal also testified at the criminal trial of Nasso and his alleged co-conspirators in federal court in Brooklyn, New York. Prior to his testimony before the grand jury and his testimony at the subsequent criminal trial, Seagal was granted immunity and informed that he was not a target of the investigation or a suspect in any criminal activity. At all times material, Defendant was aware of these facts.

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1 11. Despite being merely a witness and not a target of any criminal investigation,
2 Seagal was billed approximately \$1,046,966 in fees and \$37,236 in expenses by Defendant
3 from March of 2002 through August of 2003. A second firm, Schulte, Roth & Zabel, also
4 incurred approximately \$1.2 million dollars in matters relating to Nasso, some of which
5 duplicated the work of the Loeb & Loeb firm and was recommended as "necessary" by
6 Defendant.

7 12. During the course of Defendant's representation, Defendant sent invoices to
8 Plaintiffs for its services in care of the accountant for Steamroller Productions, Inc. The
9 invoices included only a summary description of the legal services provided. The invoices
10 did not include the dates that any services were provided, the identity of the billers
11 providing services, the amount of time spent by each of the billers on a daily basis, the
12 amount each biller spent on each individual task or work effort, or the hourly rates that
13 were being charged for the attorneys' services and those of their support staff. This
14 information was necessary and material to evaluating Defendant's services and Defendant
15 knew, or should have known, that the omission of such information would prevent
16 Plaintiffs from evaluating the reasonableness and necessity of Defendant's services on a
17 timely basis.

18 13. As a result of, *inter alia*, the lack of necessary and material information in
19 Defendant's billings, Seagal did not have the necessary means to evaluate or object to the
20 invoices issued by Defendant, and even if he had substantially more information, he lacked
21 the ability, skill or expertise to object to the invoices issued by Defendant in the absence of
22 full and complete disclosure. Given the relationship of trust Seagal had with Defendant,
23 Seagal also had no reason to mistrust Defendant. As a result, Seagal paid Defendant more
24 than \$500,000 for their services. By July 2003, however, Seagal had grown skeptical of
25 Defendant's experience, its representation and its billing practices.

26 14. In or around that time, Seagal sought out professional assistance for the
27 specific purpose of evaluating the reasonableness and necessity of Defendant's legal bills
28 and providing Seagal with advice as to: (a) the extent to which the Defendant's invoices

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1 represented reasonable fees and costs necessary to his representation, and (b) the extent to
2 which he was obligated to continue to pay Defendant for the amounts invoiced.

3 15. Thereafter, Seagal determined that he had been substantially overcharged
4 and that he had already paid for substantially more than what was reasonable for the legal
5 representation that he had authorized.

6 16. Prior to retaining outside assistance to review the work and services of
7 Defendant and the resulting billings, Seagal could not have known that he had been
8 overcharged.

9 17. Defendant claims Seagal owes defendant an additional \$575,403.78 for its
10 legal services.

11 **FIRST CAUSE OF ACTION**
12 **(BREACH OF AN ORAL CONTRACT)**
13 **(AGAINST ALL DEFENDANTS)**

14 18. Plaintiffs incorporate herein the allegations of paragraphs 1 through 17 as
15 though set forth in their entirety.

16 19. On or about April 2002, Seagal and Defendant entered into an oral contract,
17 Plaintiffs claim that Defendant breached that contract and that at all material times Seagal
18 fully performed all parts of his agreement with Defendant.

19 20. The terms of the oral contract included an agreement that Defendant would
20 use its best efforts and professional skill, expertise and experience to provide necessary
21 and reasonable legal services to Seagal to represent him as a witness at the grand jury and
22 subsequent criminal trial of Nasso and his co-conspirators. In return, Seagal would pay the
23 reasonable value of those services that were authorized, necessary and reasonable.

24 21. Implicit in their duties to represent Seagal, Defendant had a fiduciary duty to
25 act solely in the best interests of Seagal and to avoid any conflicts of interest, including
26 any conflicts of interest arising from any competing financial interests Defendant may
27 have.

28 ///

1 22. Also implicit in Defendant's duties to represent Seagal was its fiduciary duty
2 to truthfully and completely inform Seagal of all facts known to Defendant and material to
3 his representation. As part of its duty to keep Seagal fully advised of the representation,
4 Defendant was obligated to advise Seagal and seek his authorization as to significant
5 services or expenses that were likely to result in substantial charges to Seagal for which
6 Defendant would expect Seagal to pay.

7 23. As part of its contract with Seagal, Defendant also had the fiduciary duty to
8 accurately and fairly account for its legal services on Seagal's behalf and to disclose to
9 Seagal, after it incurred services on his behalf, sufficient information from which he could
10 review and evaluate Defendant's charges or services in a timely fashion.

11 24. Defendants breached their contractual duties to Seagal by:

- 12 a. engaging in work that was not specifically authorized, or if
13 authorized, was unnecessary, excessive and/or otherwise unreasonable
14 to the point of being unconscionable;
- 15 b. advising Seagal to authorize Defendant to undertake services or work,
16 or to authorize Defendant to direct the services of others, which
17 services were unnecessary, excessive and/or otherwise unreasonable
18 to the point of being unconscionable;
- 19 c. failing to fully advise Seagal, in a timely manner, of all facts
20 necessary to approve and authorize services or work to be incurred,
21 which services were likely to result in substantial charges to Seagal
22 for which Defendant would expect to be paid;
- 23 d. failing to fully advise Seagal of material aspects of its representation
24 that would or did affect the costs of Defendant's services, resulting in
25 activities and services that were not specifically authorized by Seagal
26 and/or services which were unnecessary, excessive, and/or were
27 otherwise unreasonable to the point of being unconscionable;
- 28 e. concealing and/or failing to advise or inform Seagal, after services

1 were rendered, of material information or facts necessary for Seagal to
2 timely evaluate the necessity and reasonableness of Defendant's
3 charges which Defendant presented to Seagal for payment; and

4 f. charging Seagal an unconscionable legal fee.

5 25. As a direct and proximate result of Defendant's breach of the oral contract,
6 Seagal paid, or caused to be paid, more than \$500,000 for services that were unauthorized
7 and/or worth substantially less.

8 26. As a direct and proximate result of Defendant's breach of the oral contract,
9 Defendant also caused Seagal to pay others, including the law firm of Schulte, Roth &
10 Zabel, substantial sums that were unnecessary and unreasonable.

11 27. As a direct and proximate result of Defendant's breach of the oral contract,
12 Seagal has been damaged in an amount believed to be not less than \$450,000, but which is
13 nevertheless equal to the difference between the amount paid, or caused to be paid, to
14 Defendant and others and the reasonable value of services that were necessary and
15 reasonable and specifically authorized after full disclosure of all material facts.

16 28. As a further proximate result of Defendants' breach, Plaintiff has incurred,
17 and continues to incur, interest, costs, and attorney's fees in an amount to be determined
18 according to proof at trial.

19 **SECOND CAUSE OF ACTION**

20 **(BREACH OF FIDUCIARY DUTY)**

21 **(AGAINST ALL DEFENDANTS)**

22 29. Plaintiffs incorporate herein the allegations of paragraphs 1 through 28 as
23 though set forth in their entirety.

24 30. By virtue of the attorney-client relationship, arising wholly or in part from,
25 Seagal's oral contract with Defendant, Defendant owed Seagal the fiduciary duty to act
26 with the utmost good faith and care with respect to the representation of Seagal. As part of
27 its duties, Defendant had the obligation to be truthful and honest and to disclose to Seagal
28 all material information relevant to its representation of Seagal.

1 31. Seagal trusted that Defendant would look out for his best interests and act
2 solely on his behalf, that Defendant would deal honestly and fairly with him, and be at all
3 times truthful, disclosing to him all information material and pertinent by which to
4 authorize, approve or evaluate Defendant's services and the services of others rendered on
5 his behalf.

6 32. Defendant breached its fiduciary duties to plaintiff by:

- 7 a. engaging in work that was not specifically authorized, or if
8 authorized, was unnecessary, excessive and/or otherwise unreasonable
9 to the point of being unconscionable;
- 10 b. advising Seagal to authorize Defendant to undertake services or work,
11 or to authorize Defendant to direct the services of others, which
12 services were unnecessary, excessive and/or otherwise unreasonable
13 to the point of being unconscionable;
- 14 c. failing to fully advise Seagal, in a timely manner, of all facts
15 necessary to approve and authorize services or work to be incurred,
16 which services were likely to result in substantial charges to Seagal
17 for which Defendant would expect to be paid;
- 18 d. failing to fully advise Seagal of material aspects of its representation
19 that would or did affect the costs of Defendant's services, resulting in
20 activities and services that were not specifically authorized by Seagal
21 and/or services which were unnecessary, excessive, and/or were
22 otherwise unreasonable to the point of being unconscionable;
- 23 e. concealing and/or failing to advise or inform Seagal, after services
24 were rendered, of material information or facts necessary for Seagal to
25 timely evaluate the necessity and reasonableness of Defendant's
26 charges which Defendant presented to Seagal for payment;
- 27 f. charging Seagal an unconscionable legal fee; and
- 28 g. undertaking a representation that was in conflict of interests of other

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1 previous clients.

2 33. As a direct and proximate result of Defendant's breach of its fiduciary duties,
3 Seagal paid, or caused to be paid, more than \$500,000 for services that were unauthorized
4 and/or worth substantially less.

5 34. As a direct and proximate result of Defendant's breach of its fiduciary duties,
6 Defendant also caused Seagal to pay others, including the law firm of Schulte, Roth &
7 Zabel, substantial sums that were unnecessary and unreasonable.

8 35. As a direct and proximate result of Defendant's breach of its fiduciary duties,
9 Seagal has been damaged in an amount believed to be not less than \$450,000, but which is
10 nevertheless equal to the difference between the amount paid, or caused to be paid, to
11 Defendant and others and the reasonable value of services that were necessary and
12 reasonable and specifically authorized after full disclosure of all material facts.

13 36. As a further proximate result of Defendants' breach, Plaintiff has incurred,
14 and continues to incur, interest, costs, and attorney's fees in an amount to be determined
15 according to proof at trial.

16 **PRAYER FOR RELIEF**

17 WHEREFORE, Plaintiffs pray for judgment against Defendants, and each of them,
18 as follows:

19 1. For general damages according to proof, but believed to be not less than
20 \$450,000;

21 2. For special damages according to proof;

22 3. That the Court award Plaintiffs all of their attorneys' fees and costs incurred
23 in this action;

24 4. For interest to be calculated from the date of the breach of contract;

25 5. For such other and further relief from all Defendants as the Court may deem
26 just and proper.

27

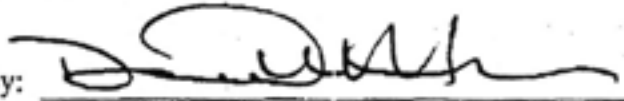
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1 DATED: July 12, 2007

Respectfully submitted,

2 SINNOTT, DITO, MOURA & PUEBLA, P.C.

3
4 By:



5 DAVID M. HARRIS

6 Attorneys for Plaintiffs, STEVEN SEAGAL
7 and STEAMROLLER PRODUCTIONS, INC.

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