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LOS ANGELES SUPERIOR COURT

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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA - UNLIMITED JURISDICTION
11 FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT

12 FORTUNE FASHIONS INDUSTRIES LLC, a
13 California limited liability corporation,

Case No.: BC401327

14 Plaintiff,

COMPLAINT FOR:

15 v.

1. BREACH OF FIDUCIARY DUTY
2. FRAUD
3. QUANTUM MERUIT
4. PROMISSORY ESTOPPEL
5. ACCOUNTING
6. DECLARATORY RELIEF

16 JESSE JAMES, an individual,
17 LORI EDWARDS, an individual,
18 and DOES 1 through 10, inclusive,

19 Defendants.

20 GENERAL ALLEGATIONS

21 1. Plaintiff Fortune Fashions Industries LLC ("FFI") is a limited liability company
22 formed under the laws of the State of California, with its principal place of business in Vernon,
23 California.

24 2. Defendant Jesse James ("James") is an individual who is the principal
25 number of corporations, LLCs and other entities that do business in Long Beach, California
26 related to custom built and restored cars and motorcycles.

27 3. Defendant Lori Edwards ("Edwards") is an individual residing in Huntington
28 Beach, California.

Edwards was employed by FFI as a vice president of sales beginning at
prior to 2007 and continuing through and including June 8, 2007. She signed a Settlement

CIT/CASE: BC401327 LEM/REF
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CASE # 08-9057022
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CHECK # 320.00
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1 Agreement and General Release with FFI on July 6, 2007.

2 5. At this time FFI is unaware of the identities and/or basis for liability against the
3 defendants sued by the fictitious names DOES 1 through 10, inclusive, and therefore sues said
4 defendants by said fictitious names. FFI believes that said fictitiously named defendants are the
5 employers, employees, agents, principals, partners, controlled corporations, partnerships or
6 LLCs, and/or joint venturers of the named defendants, and/or have some other legal relationship
7 to the named defendants, and/or are otherwise in some manner responsible for FFI's damages
8 alleged herein.

9 6. Late in 2006, FFI and some companies controlled by James began meetings and
10 negotiations on a licensing agreement for licensed merchandise bearing the mark West Coast
11 Choppers, whereby FFI would sell specifically manufactured goods bearing the West Coast
12 Choppers logos to Wal-Mart, and pay James' companies a royalty. Edwards was deeply involved
13 in those meetings and anticipated future negotiations on behalf of FFI.

14 7. During the course of those meetings, FFI and James discussed a separate concept
15 related to doing business through Wal-Mart, with whom both FFI and James had longstanding
16 relationships. Specifically, this concept was referred to as "America's Brand," which was
17 envisioned to be a brand of various types of apparel, designed, merchandised and promoted by
18 FFI, to be sold at Wal-Mart to compete with brands such as Levi's and Wranglers and others,
19 including but not limited to tee shirts and tank tops, work shirts, headwear, underwear, work
20 pants, socks and denim. Edwards was also deeply involved in meetings and negotiations related
21 to "America's Brand" on behalf of FFI. "America's Brand" was a placeholder name for the
22 concept. FFI is informed and believes that "America's Brand" ultimately became known as the
23 "Jesse James" brand at Wal-Mart.

24 8. As an inducement to FFI to prepare designs, artwork and samples for the
25 America's Brand concept, James orally represented, to Lee Rosenblatt and others at FFI, that if
26 Wal-Mart liked the "America's Brand" concept, an entity to be formed by James and FFI would
27 be 50-50 joint venturers in the project, in the form of an LLC given the placeholder name
28 "Newco." James also advised FFI that he had been unsuccessfully attempting to sell this concept

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1 to Wal-Mart and needed FFI's merchandising experience and contributions to accomplish his
2 goals.

3 9. The terms of the joint venture, as represented by James to Rosenblatt, Edwards
4 and others at FFI, were that as to goods manufactured by third parties, "Newco" would receive a
5 2% - 4% licensing fee from Wal-Mart, and as to goods such as shirts and headware to be
6 manufactured by FFI, the net profits would be split 50-50 between the joint venturers. Jesse
7 James would promote the brand, with his fame, through video presentations and personal
8 appearances.

9 10. In reliance on James' representations, FFI spent in excess of \$200,000, consisting
10 of out-of-pocket expenses and time expended by its top executives and employees, developing
11 and collecting designs, artwork and samples for the "America's Brand" concept. Edwards
12 directed and spearheaded FFI's efforts. Edwards and Daniel Barcenas of FFI flew to New York,
13 Nashville and Kentucky to meet with a number of Wal-Mart's vendors about potential
14 participation in the America's Brand project. Barcenas and Sheldon Schwartz and others had
15 previously supervised the creation of "tech packs" from scratch, which included detailed
16 sketches, detailed step by step sewing instructions, fabric information, trim information (buttons,
17 zippers, etc.) and placement of labels and tags that were provided to these manufacturers for the
18 creation of factory samples of the various types of apparel.

19 11. On May 10, 2007, James and FFI made a major presentation of the "America's
20 Brand" concept to several representatives of Wal-Mart including Claire Watts, head of all
21 apparel at Wal-Mart, at James' office in Long Beach. At that meeting, a booklet jointly prepared
22 by FFI and James (and his employee Paula Neff) and produced by FFI was given to the Wal-Mart
23 representatives, and a video prepared by James' employee Andrea Nunes, using art developed by
24 FFI's art department, was shown. Edwards led the presentation on behalf of the joint venture.
25 Wal-Mart was very enthusiastic about the concept and wanted to proceed to the next step. If
26 Wal-Mart accepted the concept, "America's Brand" would be enormously valuable to FFI and
27 James.

28 12. Two meetings were scheduled for May 16, 2007 at Wal-Mart's headquarters in

1 Bentonville, Arkansas. One was to discuss the licensed West Coast Choppers merchandise, and
2 the other to further discuss the "America's Brand" project. The "America's Brand" meeting was
3 scheduled to be a joint presentation by FFI and James. On May 15, 2007 James contacted FFI,
4 and said that only he and his employee Andrea Nunes would be taking the "America's Brand"
5 meeting with Wal-Mart. James' excuses for in effect cutting FFI out of any proposed deal with
6 Wal-Mart on "America's Brand" included the following: 1) Wal-Mart allegedly had some
7 concerns about some of the vendors FFI had proposed (although FFI proposed no vendors and
8 was using vendors selected by Wal-Mart); 2) he was hearing negative rumblings from Wal-Mart
9 about FFI or its President, Lee Rosenblatt (although FFI is currently doing high volume business
10 with Wal-Mart and Lee Rosenblatt is still its president and just months earlier, Wal-Mart had
11 given an award to FFI as its supplier of the quarter for the menswear department). In spite of her
12 responsibilities as FFI's Vice President of Sales, and lead representative of FFI at both meetings,
13 Edwards thereafter refused to go on the trip to Arkansas or attend either meeting. Shortly
14 thereafter, Edwards left FFI and James never again discussed "America's Brand" or "Newco"
15 with FFI.

16 13. Prior to the May 2007 events, on March 12, 2007 Edwards arranged a lunch
17 meeting with Fred Kayne and Lee Rosenblatt of FFI where she outlined a proposal that she
18 change her focus at FFI from sales to brand development. She also asked for a leadership role in
19 the "America's Brand" joint venture on behalf of FFI, and a profit participation in FFI's 50
20 percent interest therein, which she felt would be enormous.

21 14. When James cancelled FFI's participation in the May 15, 2007 meeting with Wal-
22 Mart about "America's Brand," Edwards' response was to tell James to "Forget Fortune
23 Fashions' or Lee, why not at least have me in the meeting?" Edwards advised Lee Rosenblatt at
24 FFI that James was being "greedy" and that she felt "betrayed" "personally." Days after,
25 Edwards resigned from FFI, she went to work for James shortly thereafter and continued working
26 with James on developing the "America's Brand" concept with Wal-Mart. Specifically, Edwards
27 left FFI's employ effective June 11, 2007 and was paid through the end of July, 2007. On or
28 about August 1, 2007 Edwards went to work for one or more of James' companies. In August

1 believes and thereon alleges that Edwards conspired with James to eliminate FFI from the
2 "America's Brand" concept, and to continue to develop the "America's Brand" concept at Wal-
3 Mart without FFI's participation. FFI is further informed and believes and thereon alleges that
4 Edwards aided and abetted James' fraud by helping him develop and sell the "America's Brand"
5 concept without FFI, specifically, by continuing to actively communicate and negotiate about
6 "America's Brand" with Wal-Mart and to develop the "Jesse James" brand without FFI, knowing
7 that FFI had a joint venture with James, that James was wrongly trying to exclude FFI from
8 "America's Brand" because of greed, and which Edwards thought was so potentially profitable to
9 FFI that she had sought a portion of FFI's share for herself.

10 24. FFI actually and reasonably relied on James' misrepresentations in expending
11 money and manpower in excess of \$200,000 in helping James to develop the "America's Brand"
12 concept with Wal-Mart. Had FFI known James' true intentions, it would not have done so.

13 25. As a proximate result of its reliance on James' false statements, FFI has been
14 damaged. FFI expended in excess of \$200,000 in out-of-pocket costs and manpower in helping
15 James develop the "America's Brand" concept. Additionally, FFI disclosed valuable business
16 ideas to James, and FFI's contribution was integral to Wal-Mart's continued interest in
17 "America's Brand" after the May 10, 2008 meeting. FFI is therefore entitled, pursuant to the
18 terms of the joint venture agreement, to 50% of the net profits James and/or his related entities
19 have made and will make from "America's Brand." FFI is also entitled to disgorgement of any
20 profits made by Edwards as a result of her fraudulent conduct.

21 26. The aforementioned conduct of James and Edwards was malicious, in that it was
22 intended to cause injury to FFI and/or carried on with a willful and conscious disregard of FFI's
23 rights, oppressive, in that it subjected FFI to a cruel and unjust hardship in conscious disregard of
24 its rights, and fraudulent, in that it was an intentional misrepresentation, deceit, and/or
25 concealment of a material fact designed to cause injury to FFI. FFI is therefore entitled to
26 punitive damages in an amount sufficient to punish and make an example of defendants, and
27 each of them.

28 ///

1 **THIRD CAUSE OF ACTION - QUANTUM MERUIT**

2 **(Against James and DOES 1-10)**

3 27. FFI incorporates by reference the allegations set forth in paragraphs 1 - 14;
4 inclusive, as though fully set forth herein.

5 28. FFI, in performing the services described in paragraphs 10 and 11, did so at the
6 express request of James.

7 29. The services performed by FFI described in paragraphs 10 and 11 were intended
8 to benefit and did benefit James. As a proximate result of those services, Wal-Mart became
9 interested in the "America's Brand" concept.

10 30. It was understood by both FFI and James that if FFI performed those services, and
11 James went ahead with the "America's Brand" concept, FFI would be compensated by having a
12 50% equity interest in the "America's Brand" deal.

13 31. As a result of the foregoing, for reasons of justice it would be inequitable not to
14 provide FFI with damages in an amount equal to 50% of net profit earned and to be earned by
15 James and/or his related entities on the "America's Brand" line with Wal-Mart. Such damages
16 are implied by law for reasons of justice. FFI is further entitled to recoupment of the amounts it
17 advanced for services performed at James' request.

18 **FOURTH CAUSE OF ACTION - PROMISSORY ESTOPPEL**

19 **(Against James and DOES 1 - 10)**

20 32. FFI incorporates by reference the allegations set forth in paragraphs 1 - 14,
21 inclusive, as though fully set forth herein.

22 33. FFI performed the services set forth in paragraphs 10 and 11 in reliance on the
23 promises of James set forth in paragraphs 8 and 9.

24 34. James knew and intended that his promises set forth in paragraphs 8 and 9 would
25 induce FFI to provide the services to James set forth in paragraphs 10 and 11.

26 35. Because James' promise induced the action on the part of FFI that James sought
27 to induce, injustice can be avoided only by enforcement of James' promise.

28 36. FFI is therefore entitled to damages in an amount equal to 50% of James' or his

1 related entities' past and future net profit on the "Jesse James" line with Wal-Mart.

2 **FIFTH CAUSE OF ACTION -ACCOUNTING**

3 (Against James and DOES 1 - 10)

4 37. FFI incorporates by reference the allegations set forth in paragraphs 1 - 14 and 16
5 - 19, inclusive, as though fully set forth herein.

6 38. As a result of the fiduciary relationship between FFI and James, FFI is entitled to
7 an accounting of profits received and to be received by James or related entities as a result of his
8 exploitation of the "Jesse James" line with Wal-Mart, so that the Court can determine the balance
9 due from James to FFI.

10 **SIXTH CAUSE OF ACTION -DECLARATORY RELIEF**

11 (Against James)

12 39. FFI incorporates by reference the allegations set forth in paragraphs 1 - 14 and 16
13 - 17, inclusive, as though fully set forth herein.

14 40. An actual controversy now exists between FFI, on the one hand, and James, on the
15 other hand, as to FFI's right to a 50% interest in the past and future net profits in the project
16 James and/or a related entity is proceeding with at Wal-Mart using the "America's Brand"
17 concept and calling it the "Jesse James" line.

18 41. FFI seeks a declaration of its rights as a joint venturer with James in the
19 "America's Brand" project to a 50% interest in the past and future net profits in the project James
20 and/or a related entity is proceeding with at Wal-Mart using the "America's Brand" concept,
21 called the "Jesse James" line.

22 WHEREFORE, FFI prays for judgment as follows:

23 **ON THE FIRST AND SECOND CAUSES OF ACTION**

- 24 1. Amounts expended by FFI on behalf of the joint venture, in excess of
25 \$200,000.
26 2. Disgorgement of any profits made by Edwards as a result of her wrongful
27 conduct.
28 3. Punitive damages in an amount to be proven at trial.

