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12/10 ORIGINAL

7 Attorney for Cross-complainant Samuel J. Levin, C.P.A., Inc.
8 d/b/a Levin & Company Management, Inc.
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**SUPERIOR COURT OF CALIFORNIA
FOR LOS ANGELES COUNTY**

NICOLAS CAGE, an individual,
Plaintiff,

Case No. SC105285 (Hon. Lisa Hart Cole)

vs.

LEVIN'S VERIFIED CROSS-COMPLAINT FOR:

SAMUEL J. LEVIN, an individual;
SAMUEL J. LEVIN, C.P.A., Inc.; a
California corporation; LEVIN &
COMPANY MANAGEMENT, INC., a
business entity; and DOES 1 through
50, inclusive,

- 1. DECLARATORY RELIEF**
- 2. BREACH OF ORAL CONTRACT**
- 3. FRAUD**

Defendants.

JURY TRIAL REQUESTED

SAMUEL J. LEVIN, C.P.A., INC. d/b/a
LEVIN & COMPANY MANAGEMENT,
INC., a California corporation,

Cross-complainant,

vs.

NICOLAS COPPOLA a/k/a NICOLAS
CAGE, an individual; and ROES 1-50,

Cross-defendants

COMES NOW Defendant and Cross-complainant Samuel J. Levin, C.P.A., Inc.,

1 d/b/a/ Levin & Company Management, Inc., alleging and stating *under oath*
2 as follows:

3 **Factual Background**

4 1. Cross-defendant Nicolas Coppola ("Coppola"), who filed this
5 lawsuit using his stage name "Nicolas Cage," retained Cross-complainant
6 Samuel J. Levin, C.P.A. d/b/a Levin & Company Management, Inc. ("Levin")
7 on a verbal contract in or about September, 2001, to render business
8 management and accounting services and provide the services of Samuel J.
9 Levin, C.P.A. ("Business Management Agreement"). In 2001, by the time
10 Coppola hired Levin, Coppola had already squandered tens of millions of
11 dollars he had earned as a movie star, he was deeply in debt, and he owed
12 million of dollars in accrued but unpaid income taxes, with no funds available
13 to pay the tax debt. Thus, from the inception of the Business Management
14 Agreement, Coppola knew all about his perilous financial situation and he
15 knew he was behind on paying his taxes. Moreover, after making an initial
16 evaluation of the files, Levin warned Coppola that he needed to earn
17 \$30,000,000 a year just to maintain his lavish lifestyle.

18 2. At the outset of the Business Management Agreement, Levin
19 advised, and Coppola agreed, that the objectives of Levin's engagement were:

- 20 • First, to reduce Coppola's spending and use Coppola's
21 assets and earnings to pay off his debts and eliminate the tax arrearage; and
22 • Second, thereafter to accumulate, over a period of years, a cash
23 "cushion" of at least \$10,000,000 and preferably as much as \$20,000,000, so
24 Coppola would have financial security, to alleviate the financial pressure to
25 take film roles that might be detrimental to his career, and to provide for the
26 future, since Coppola's earning capacity would inevitably taper off with his
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1 increasing age. Coppola agreed with these goals. Thereafter, with Coppola's
2 consent, Levin sold off Coppola's \$1.6 million comic book collection and sold
3 more than a dozen of his automobiles.

4 3. For a while it looked like Levin's objectives might be achieved, but
5 the attempt to bring financial sense into Coppola's life was short lived,
6 because Coppola had a string of hit films, his earnings soared, and Coppola
7 abandoned the economic conservatism he had agreed to with Levin. As Levin
8 sold off automobiles, Coppola bought new ones. Then, Cross-defendant set off
9 on a spending binge of epic proportions, and by July, 2008, Coppola owned
10 15 palatial homes around the world; four yachts (one for the Caribbean, one
11 for the Mediterranean, one for Newport Beach and one for Rhode Island); an
12 island in the Bahamas; a Gulfstream jet; and millions of dollars in jewelry and
13 art. Commencing in 2005 and with increasing urgency in 2006-2007, Levin
14 implored Coppola to stop buying real estate and urged him to reduce his real
15 estate holdings, warning Coppola that the financial press was filled with
16 references to a "real estate bubble." During this time period, also with
17 increasing urgency, Levin implored Coppola to reduce his spending and build
18 up a cash reserve as a defense against a potential economic downturn.
19 Coppola rejected this advice and continued his compulsive spending. As a
20 result, in 2007 Coppola's shopping spree entailed the purchase of three
21 additional residences at a total cost of more than \$33,000,000; the purchase
22 of 22 automobiles (including 9 Rolls Royces); 12 purchases of expensive
23 jewelry; and 47 purchases of artwork and exotic items. Coppola also spent
24 huge sums taking his sizeable entourage on costly vacations and threw
25 enormous, Gatsby-scale parties at his residences. Warnings by Levin that this
26 spending was excessive and beyond Coppola's means were not just ignored; at
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1 times Levin was *rebuked* for trying to restrain the outflow of cash. The
2 pinnacle of Coppola's spending spree came with his quixotic acquisitions of
3 Midford Castle in England and Schloss Neidstein Castle in Bavaria. As a
4 business manager, Levin borrowed and juggled and did what was necessary to
5 pay Coppola's bills, but Levin warned Coppola that the castles were decrepit
6 and needed huge expenditures just to make them habitable - money which
7 Coppola lacked. Coppola ignored Levin's advice and bought both castles
8 anyway.

9 4. In this lawsuit, Coppola alleges he was kept ignorant about
10 his financial condition during the period 2001 to 2008. That allegation is
11 false, because Levin briefed Coppola regularly on his financial condition.
12 Coppola further alleges that he only learned he was in financial difficulty
13 when he hired a new business manager in 2008. This allegation is also false.
14 From the beginning to the end of the relationship, Levin repeatedly warned
15 Coppola that he was living beyond his means, urged him to spend less, and
16 warned him that financial disaster loomed if he continued to spend
17 uncontrollably. Levin described the folly of several other well-known
18 entertainers who compulsively overspent their way into bankruptcy, and
19 warned Coppola "it could happen to you." Moreover, Levin notified Coppola's
20 lawyers and agents about the spending problem. Actually, they already knew
21 about it, because Coppola owed large sums to his entertainment law firm
22 (Bloom Hergott) and to his talent agency. Levin had many discussions about
23 Coppola's uncontrollable spending with Coppola's attorney, Jacob Bloom, and
24 there were meetings and conference calls with Coppola and his lawyers and
25 representatives, during which Coppola's excessive need for cash was
26 discussed. Every purchase, both large and small, was controlled by Nicolas
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1 Coppola, and he signed every check for every monetary transaction
2 throughout the relationship. Hence, the allegation that Coppola was kept in
3 the dark about his finances is totally false.

4 5. As a result of Coppola's uncontrolled spending, he was forced to
5 borrow large sums of money and he never set aside the cash "cushion" that
6 Levin had urged him to create in 2001, and on many occasions thereafter.
7 Instead, Coppola continued to acquire more property and take on more debt
8 each year - *against Levin's advice*. Coppola got away with it, and was even
9 motivated to continue it (and disregard Levin's advice), because Coppola made
10 millions of dollars in capital gains from buying and selling his residences.
11 However, when real estate values plunged in 2008, most of Coppola's
12 residences turned "upside down," just as the global credit crunch made it
13 impossible to cover Coppola's endless cash calls by borrowing more money.
14 Since he had never accumulated any cash reserves (as Levin had urged), even
15 with his considerable earnings as a movie star, Coppola fell further and
16 further behind on his personal debts, mortgages, and income taxes. Coppola
17 terminated Levin as his business manager and hired Robert Philpott, C.P.A. to
18 take over the account. However, Levin was asked by Philpott to *continue*
19 *rendering services*, and Levin continued to work on Coppola's behalf on an
20 hourly basis until October 13, 2009, when Levin filed Coppola's 2008 tax
21 returns.

22 6. On October 16, 2009, just three days after Levin completed
23 Coppola's 2008 tax filing, Cross-defendant Coppola filed his Complaint in this
24 lawsuit. The Complaint is premised on the false allegation that Levin
25 committed malpractice by "placing" Coppola in reckless real estate
26 investments. In fact, Levin advised Coppola *not* to acquire most of his real
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1 estate and repeatedly warned Coppola he was overspending and had no cash
2 reserves. Instead of listening to Levin, Cross-defendant Coppola spent most of
3 his free time *shopping for high ticket purchases*, and wound up with 15
4 personal residences, most of which were bought *against Levin's advice*.
5 Likewise, Levin advised Coppola *against* buying a Gulfstream jet, *against*
6 buying and owning a flotilla of yachts, *against* buying and owning a squadron
7 of Rolls Royces, and *against* buying millions of dollars in jewelry and art.
8 Coppola's Complaint also alleges, falsely, that Levin "lined his own pockets"
9 by paying himself extravagant fees. In fact, from the outset of the relationship,
10 Coppola signed his own checks. As a result, each and every penny in fees paid
11 to Levin was remitted via checks signed by Coppola. Moreover, Levin's
12 compensation was based on 5% of Coppola's income with an annual cap,
13 which is a standard fee arrangement for a business manager in the
14 entertainment industry and perfectly reasonable, in light of the enormous
15 amount of labor and staff time required to service Coppola's archipelago of
16 mansions scattered around the world. Coppola approved and agreed to the fee
17 cap, which was discussed and re-negotiated with Levin on a regular basis,
18 due to the extremely high (and ever-increasing) volume of Coppola's demands
19 on Levin's time. Additionally, because Coppola was signing all the checks, he
20 was personally involved with each and every one of his real estate purchases,
21 i.e., the purchases Levin told him *not* to make, which he made anyway, and
22 now blames on Levin. In summary, the charging allegations of Coppola's
23 lawsuit are false, and Coppola *knows* them to be false. Cross-defendant
24 Coppola knows that his losses are entirely and solely the result of his own
25 compulsive, self-destructive spending, which he engaged in against Levin's
26 counsel and advice.

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2 **First Cause of Action**
3 **(Declaratory Relief)**

4 7. Cross-complainant incorporates by reference all of the
5 preceding allegations of this Verified Cross-complaint, as though fully set
6 forth herein.

7 8. Cross-complainant Samuel J. Levin, C.P.A., Inc. d/b/a Levin &
8 Company Management, Inc. ("Levin"), is a California corporation, with its
9 place of business in Los Angeles, California.

10 9. Cross-defendant Nicolas Coppola ("Coppola") is the well-known
11 motion picture actor who performs, and filed this lawsuit, *sub nomine* "Nicolas
12 Cage." At all times material hereto, Coppola was a resident of and legally
13 domiciled in Los Angeles, California.

14 10. Cross-defendant ROES 1-50 are fictitiously-named cross-
15 defendants, who in some unknown role or capacity are responsible for the
16 damages and claims asserted herein. At such time as the true role, capacity
17 and liability of said cross-defendants becomes known, this Cross-complaint
18 will be amended accordingly.

19 11. A justiciable controversy exists between Cross-complainant Levin
20 and Cross-defendant Coppola, in that Coppola asserts that Levin committed
21 professional negligence and breach of fiduciary duty by, *inter alia*, recklessly
22 "placing" Coppola's monies in imprudent investments, whereas Levin
23 contends that Coppola "placed" his money himself, acting against Levin's
24 advice. Cross-complaint therefore seeks a declaration and determination that
25 Coppola caused his own investment losses, and did so acting contrary to
26 Levin's advice. Likewise, Coppola alleges that Levin acted beneath the
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1 standard of care by neglecting and failing to file and pay Coppola's income
2 taxes, whereas Levin contends that the tax returns were properly and timely
3 filed, and the only reason some of his tax obligations were not paid was
4 because Coppola squandered such vast sums of money that no funds were
5 available to pay his income taxes. Cross-complaint therefore seeks a
6 declaration and determination that Cross-complainant acted properly and
7 consistent with the standard of care in filing Coppola's tax returns and paying
8 his taxes, and there was no malpractice, nor any *bona fide* grounds for
9 alleging malpractice.

10 12. A further, justiciable controversy exists, in that Coppola
11 contends that Levin overpaid himself fees during the period when Levin was
12 acting as Coppola's business manager, whereas Levin contends that Coppola
13 paid the fees himself and the amounts paid, which were based on 5% of
14 Coppola's gross income with an annual cap, were expressly agreed to by
15 Coppola and reasonable in light of the services rendered and consistent with
16 the standard fees paid to business managers in the entertainment industry.
17 Levin therefore seeks a declaration and determination that (a) the fees were
18 paid *by Coppola to Levin* and not self-paid by Levin to himself, and (b) the
19 amounts paid were reasonable in light of the extensive services rendered and
20 were consistent with the standard fees paid in the entertainment industry.

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22 **Second Cause of Action**

23 **(Breach of Oral Contract)**

24 13. Cross-complainant hereby incorporates by reference and realleges
25 all of the foregoing allegations of this Verified Cross-complaint, as though fully
26 set forth herein.

1 on the promise to pay the hourly rate and was thereby induced to render
2 \$128,872.98 in services, culminating with Levin's filing of Coppola's 2008 tax
3 returns on October 13, 2009.

4 18. The promise to pay Levin's regular hourly rate was false when
5 made, in that Philpott's principal, Coppola, did not intend to pay Levin his
6 regular hourly rate. Instead, Coppola's intent was to defraud Levin of services
7 through the false promise to pay. As part of this plan and intent, Coppola
8 waited until the 2008 taxes were filed, when Levin's services were no longer
9 needed, then made false allegations of professional negligence and breach of
10 fiduciary duty as a pretext not to pay. As a direct and proximate result of this
11 fraud, Levin has been damaged in an amount not yet fully ascertained, but no
12 less than \$128,872.98.

13 19. Coppola's false promises and misrepresentations were willful,
14 intentional, despicable, fraudulent, and calculated to defraud Levin of
15 services. But for those false promises, Plaintiff would not have rendered the
16 services and would not have been defrauded. Accordingly, punitive damages
17 should be awarded against Coppola, in an amount sufficient to set an
18 example of him.

19 **Request for Trial by Jury**

20 20. Cross-complainant hereby respectfully requests a trial by jury of
21 all issues in this case triable by jury.

22 **Dated: November 12, 2009**

JOSEPH D. SCHLEIMER
ATTORNEY AT LAW

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25 BY 
26 **JOSEPH D. SCHLEIMER, Attorney**
27 **for Cross-complainant Samuel J.**
28 **Levin, C.P.A., Inc. d/b/a Levin &**
Company Management, Inc.

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VERIFICATION

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES:

I have read the foregoing ***LEVIN'S VERIFIED CROSS-COMPLAINT FOR: 1. DECLARATORY RELIEF; 2. BREACH OF ORAL CONTRACT; AND 3. FRAUD *** and know its contents.

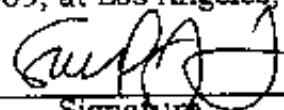
I am President of Samuel J. Levin, C.P.A., Inc., which does business as Levin & Company Management, Inc., a party to this action. The matters stated in the foregoing document are true of my own knowledge, information and belief, and as to such matters I believe them to be true.

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

Executed this 12th day of November, 2009, at Los Angeles, California.

Samuel J. Levin

TYPE OR PRINT NAME



Signature

1 **PROOF OF SERVICE**

2 **STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

3 I am employed in the County of Los Angeles, State of California. I am over the age of 18
4 and not a party to the within action; my business address is 11900 W. Olympic Boulevard, Suite
800, Los Angeles, California 90064.

5 On November 12, 2009, I served the foregoing document described as **LEVIN'S**
6 **VERIFIED CROSS-COMPLAINT FOR: 1. DECLARATORY RELIEF; 2 BREACH OF**
7 **ORAL CONTRACT; 3. FRAUD - JURY TRIAL REQUESTED** on the parties in this action
by placing a true copy of the original thereof enclosed in a sealed envelope addressed as follows:

8 Todd S. Eagan, Esq.
9 **Lavelly & Singer**
2049 Century Park East, Suite 2400
Los Angeles, CA 90067-2906

10 Telephone: (310) 556-3501
11 Facsimile: (310) 556-3615
teagan@lavellysinger.com

12 **(BY MAIL)**

13 I placed said document in an envelope addressed as shown on the service list. I am
14 "readily familiar" with the firm's practice of collection and processing correspondence for
15 mailing with the United States Postal Service. Under that practice, said correspondence
16 will be deposited with the United States Postal Service the same day in the ordinary
course of business. I sealed said envelope and placed it for collection and mailing on the
date stated below to the addressed stated on the attached service list, following the firm's
ordinary business practices.

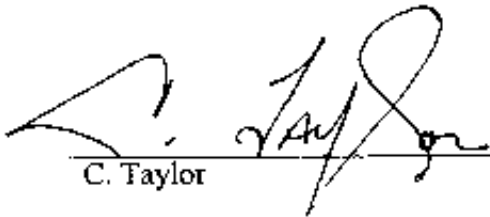
17 **(BY OVERNIGHT DELIVERY)**

18 I enclosed a true and correct copy of said document in an Overnight Express envelope
19 addressed as set forth above. The envelope was sealed and deposited with Overnight
Express the same day in the ordinary course of business at Los Angeles, California.

20 **(STATE)**

21 I declare under penalty of perjury under the laws of the State of California that the
22 foregoing is true and correct.

23 Executed on November 12, 2009, at Los Angeles, California.

24 
25 C. Taylor

26
27
28 **Levin's Verified Cross-Complaint**
Case No. SC105285

1 Mr. Cage purchased numerous personal residences in places such as New York, Rhode Island,
2 New Orleans (Louisiana), Newport Beach (California), San Francisco (California), Las Vegas
3 (Nevada), Bavaria (Germany), Bath (England), the Bahamas, and many other places. Although
4 the Complaint describes a case of alleged mismanagement by Mr. Levin, this matter actually
5 involves a client, Mr. Cage, who has insisted on a continual and consistent pattern of spending
6 against the advice of Levin and other advisors which has brought him to the path of "financial
7 ruin" as described in the Complaint.

8 GENERAL DENIALS

9 2. Accordingly, in compliance with California Code of Civil Procedure §431.30(d),
10 Levin hereby denies, generally and specifically, each, every, and all of the charging allegations
11 described in the Complaint, and the purported causes of action set forth therein. Levin further
12 denies, generally and specifically, that Mr. Cage has sustained or will sustain any damage or harm
13 other than damage or harm he has caused himself by his own failure to exercise reasonable care.

14 FIRST AFFIRMATIVE DEFENSE

15 (Contributory Negligence)

16 1. As a separate, distinct, and first affirmative defense, Levin alleges that Mr. Cage's
17 damages and harm described in the Complaint were caused in whole or in part by Mr. Cage's
18 own negligence resulting in the financial condition described in the Complaint as "financial ruin."
19 Such negligence includes, but is not limited to, knowingly and against the advice of Levin and
20 other advisors, spending millions of dollars annually to support a lavish lifestyle, as partially
21 described above, which was above even his considerable means as a successful Hollywood actor.
22 Additionally, Mr. Cage's negligence includes his failing to exercise reasonable and due care by
23 ignoring the ongoing advice of Levin, as well as other advisors, to curtail his spending patterns
24 and habits which, if left unchecked, would render it difficult, if not impossible, for Mr. Cage to
25 timely and fully pay his income taxes to the Internal Revenue Service and California Franchise
26 Tax Board.

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1 **FIFTH AFFIRMATIVE DEFENSE**

2 **(Unclean Hands)**

3 5. As a separate, distinct, and fifth affirmative defense, Levin alleges that Mr. Cage is
4 guilty of "unclean hands" in connection with the purported transactions alleged in the Complaint,
5 as more particularly described in the general denial and affirmative defenses herein and thus is
6 barred from obtaining the relief sought therein.

7 **SIXTH AFFIRMATIVE DEFENSE**

8 **(Statute of Limitations)**

9 6. As a separate, distinct and eighth affirmative defense, Levin states and alleges that
10 plaintiff's unverified Complaint, in whole and in part, or any cause of action purportedly alleged
11 therein, is barred by the applicable statute of limitations, including, but not limited to California
12 Code of Civil Procedure Sections 337,338,339, 340.6, et seq., et al.

13
14 **WHEREFORE**, the defendants pray that:

- 15 1. Plaintiff takes nothing by his Complaint, or any purported cause of action therein;
16 2. The Complaint be dismissed with prejudice, in its entirety;
17 3. The defendants be awarded their reasonable costs of suit, incurred in connection
18 herewith; and
19 4. Such other and further relief be awarded as the Court may deem just and proper.

20 DATED: November 11, 2009

21 **CHAPMAN GLUCKSMAN DEAN**
22 **ROEB & BARGER**
23 A Professional Corporation

24 By: 

25 **RANDALL J. DEAN**
26 Attorneys for Defendants,
27 Samuel J. Levin, C.P.A.; and Samuel J. Levin, C.P.A.,
28 Inc. dba Levin & Company Management, Inc.