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11 *William Frederick Durst; Limp Bizkit;*
12 *Flawless Records, LLC*

13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA

15 Case No. 2:24-cv-08630

16 WILLIAM FREDERICK DURST,
17 an individual; LIMP BIZKIT;
18 FLAWLESS RECORDS, LLC, a
19 California limited liability
20 company;

21 Plaintiffs,

22 vs.

23 UNIVERSAL MUSIC GROUP,
24 INC., a Delaware corporation; and
25 DOES 1 through 20, inclusive,
26 Defendants.
27

COMPLAINT FOR:

1. **RESCISSION**
2. **BREACH OF CONTRACT (RECORDING AGREEMENT)**
3. **BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING (RECORDING AGREEMENT)**
4. **BREACH OF CONTRACT (FLIP AGREEMENT)**
5. **BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING (FLIP AGREEMENT)**
6. **BREACH OF CONTRACT (FLAWLESS AGREEMENT)**
7. **BREACH OF COVENANT OF GOOD FAITH AND FAIR**

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- DEALING (FLAWLESS AGREEMENT)**
- 8. BREACH OF FIDUCIARY DUTY**
- 9. FRAUDULENT CONCEALMENT**
- 10. INTENTIONAL MISREPRESENTATION**
- 11. NEGLIGENT MISREPRESENTATION**
- 12. PROMISSORY FRAUD**
- 13. ACCOUNTING**
- 14. COPYRIGHT INFRINGEMENT**
- 15. VIOLATION OF CAL. BUS. & PROF. CODE § 17200 ET SEQ.**
- 16. DECLARATORY RELIEF RE COPYRIGHT RIGHTS**

DEMAND FOR JURY TRIAL

Plaintiffs William Frederick Durst (“Durst”), FLAWLESS RECORDS, LLC (“Flawless Records”), and LIMP BIZKIT (collectively, “Plaintiffs”), by and through their attorneys, hereby allege for their Complaint against Defendant UNIVERSAL MUSIC GROUP, INC. (“UMG” or “Defendant”) as follows:

PARTIES

1. Durst is an individual with his principal residence located in Los Angeles, California.
2. Limp Bizkit is a musical artist. Durst is the controlling member of Limp Bizkit and has full authority to act on its behalf, including in the filing of this lawsuit.

1 3. Flawless Records is a California limited liability company with its
2 principal place of business at 11812 San Vicente Blvd., 4th Floor, Los Angeles, CA
3 90049.

4 4. Plaintiffs are informed and believe that UMG is, and at all relevant
5 times was, a Delaware corporation with its principal place of business at 2220
6 Colorado Avenue in Santa Monica, California. Plaintiffs are informed and believe
7 that UMG is the owner and operator of the record label “Interscope Records” and is
8 its legal successor in interest.

9 5. Plaintiffs are ignorant of the true names and capacities of the
10 Defendants named herein as Does 1 through 20, inclusive. Plaintiffs are informed
11 and believes, and thereon alleges, that Does 1 through 20 are liable, in whole or in
12 part, for the claims asserted in this Complaint against the Defendants. When
13 Plaintiffs learn the true identities and capacities of Does 1 through 20, they will seek
14 leave to amend this Complaint to allege the true names and capacities of Does 1
15 through 20.

16 6. At all times material to the allegations herein each Defendant was an
17 agent and/or employee of each of the remaining Defendants, and in doing the acts
18 alleged herein, each of the Defendants was acting within the course and scope of
19 such agency or employment and with the permission and consent of the other
20 Defendants. Plaintiffs are further informed and believes that in doing the acts
21 alleged herein, each of the Defendants was acting in concert with each of the other
22 Defendants.

23 **JURISDICTION AND VENUE**

24 7. This Court has personal jurisdiction over UMG. On information and
25 belief, UMG’s principal place of business is located in this District.
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1 8. UMG has transacted business in this District, contracted to supply
2 goods or services in this District directly or through its agents, has offered for
3 sale, sold and/or advertised its products and services in this District.

4 9. This action is for copyright infringement, in violation of the law of the
5 United States. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§
6 1331 and 1338 (a) and (b) in that the case arises under the laws of the United States
7 pursuant to the Copyright Act of 1976, 17 U.S.C. § 101 *et seq.*

8 10. This Court has supplemental jurisdiction over Plaintiffs' state law
9 claims pursuant to 28 U.S.C. § 1367(a). The federal and state claims alleged herein
10 are so related that they form part of the same case or controversy.

11 11. Venue is properly asserted in this District pursuant to 28 U.S.C.
12 1391(b)(1) or 28 U.S.C. 1400(a) because UMG resides in this District, and 28
13 U.S.C. 1391(b)(2) because a substantial part of the events or omissions giving rise
14 to the claims herein arose in this District.

15 **FACTUAL ALLEGATIONS**

16 12. Durst is the lead member of the influential rock band Limp Bizkit. The
17 band was nominated for three Grammys and is estimated to have sold in excess of
18 45 million records and record equivalents. Limp Bizkit saw the height of its
19 popularity in the late 1990s and 2000s, a time during which Limp Bizkit sold
20 millions of copies of each of its records and had many hit singles. However, in
21 recent years, interest has grown in the band and it currently has millions of
22 streaming users per month on Spotify alone. Year-to-date in 2024, Limp Bizkit has
23 over 450 million streams, and is on track to have over 793 million streams by the
24 end of 2024. Indeed, starting around 2017-2018, interest in Limp Bizkit began to
25 increase exponentially, and the band went from having a relatively quiet period
26 during the 2010s to exploding in popularity. Currently, the band is selling out arenas
27 and headlining major festivals—without producing any new music.

1 13. The performance of Limp Bizkit’s assets has been on a consistent and
2 substantial upward trend, seeing approximately 68% growth the past year alone.
3 Prior to that, the band’s assets have been steadily growing approximately 30-40%
4 each year, again despite the fact that the band has not released any new music.
5 Despite this tremendous “come back,” the band had still not been paid a single cent
6 by UMG in any royalties until taking action against UMG, leading one to ask how
7 on earth that could possibly be true.

8 14. UMG—one of the biggest record companies in the world—holds itself
9 out as a pro-artist company that fights for the rights of artists and “provide[s] the
10 most creative and commercial opportunities possible.”¹ UMG also claims that its
11 “ongoing investment in our royalty reporting systems allows us to provide detailed
12 royalty data to our artists, along with many other significant features including
13 proprietary reporting, search capabilities and trend analysis.”² As set forth herein,
14 Plaintiffs have discovered that, contrary to these claims, not only did UMG never
15 have any intention of paying Plaintiffs, it designed and implemented royalty
16 software and systems that were deliberately designed to conceal artists’ (including
17 Plaintiffs’) royalties and keep those profits for itself. On information and belief,
18 Plaintiffs’ discovery of UMG’s design flaw in its royalty software is systemic and
19 affects not only Plaintiffs but possibly hundreds of other artists who have unfairly
20 had their royalties wrongfully withheld for years. UMG’s creation of such a system,
21 while holding itself out as a company that prides itself on investing in and protecting
22 its artists, makes Plaintiffs’ discovery of UMG’s scheme all the more appalling and
23 unsettling.

24 15. On December 1, 2000, Limp Bizkit and Interscope Records entered
25 into a recording agreement related to the creation and recording of musical albums

26 ¹ Overview, For UMG Artists, available at <https://www.universalmusic.com/for-umg-artists/>
27 (last accessed September 12, 2024).

² *Id.*

1 by Limp Bizkit (the “Recording Agreement”). A true and correct copy of the
2 Recording Agreement is attached hereto as Exhibit A and incorporated by reference.
3 Prior to entering into the Recording Agreement, UMG (via Interscope Records) was
4 the successor in interest to recording agreements between Limp Bizkit and Flip
5 Records, Inc. (“Flip Records”), which dated back to July, 1996 (“Flip Agreement”),
6 a copy of which is attached hereto as Exhibit B and incorporated by reference.

7 16. Under the original Flip Agreement, Limp Bizkit agreed to author,
8 create and record musical albums, and Flip Records agreed to pay the cost of such
9 recording, and sell and distribute such albums. Flip Records and Limp Bizkit further
10 agreed that Flip Records would pay Limp Bizkit fifty percent (50%) of the Net
11 Profits from the sale and/or exploitation of the Masters under the Flip Agreement.
12 (Exh. B, par. 7.) The Flip Agreement also provided that Flip Records “shall set up
13 two separate accounts for the calculation of Net Profits: one for the calculation of
14 Net Profits in relation to the EP and the First Album and one for the calculation of
15 Net Profits in relation to the Second Album (i.e. Costs incurred in connection with
16 the EP and the First Album shall only be deducted from Proceeds derived from the
17 exploitation of the EP and the First Album and costs incurred in connection with
18 the Second Album shall only be deducted from Proceeds derived from the
19 exploitation of the Second Album.”) (Exh. C, par. 7(c).)

20 17. Flip Records agreed to conduct bi-annual accountings of such Net
21 Profits and pay Limp Bizkit its share within ninety (90) days of such accounting.
22 (Exh. B, par. 8(a).) Flip Records agreed that “each such payment shall be
23 accompanied by a statement setting forth in reasonable detail the computation of
24 the amount thereof.” (Exh. B, par. 8(a).) Flip Records further agreed to maintain
25 “true and accurate books of account concerning the sales and exploitation of
26 Records hereunder, the receipt of Proceeds and the deductions therefrom in the
27 calculation of Net Profits.” (Exh. B, par. 8(c).)

1 18. In or around approximately September 1996, Limp Bizkit and Flip
2 Records entered into an amendment of the Flip Agreement (“Flip Amendment I”),
3 attached hereto as Exhibit C and incorporated by reference. Among other things,
4 the Flip Amendment I converted the EP to an Album, increased the Advances
5 payable to the band, and provided that Flip Records “shall set up two separate
6 accounts for the calculation of Net Profits: one for the calculation of Net Profits in
7 relation to the Converted Album and the First Album and one for the calculation of
8 Net Profits in relation to the Second Album (i.e. Costs incurred in connection with
9 the Converted Album and the First Album shall only be deducted from Proceeds
10 derived from the exploitation of the Converted Album and the First Album and costs
11 incurred in connection with the Second Album shall only be deducted from
12 Proceeds derived from the exploitation of the Second Album).” (Exh. C, par. 6(c).)

13 19. In or around approximately December 1996, Limp Bizkit and Flip
14 Records entered into another amendment of the Flip Agreement (“Flip Amendment
15 II”), a copy of which is attached hereto as Exhibit D and incorporated by reference.
16 The Flip Amendment II, *inter alia*, provided Flip Records with an additional option
17 period, and required Limp Bizkit to produce more records during such option
18 periods. The Flip Amendment II also changed Limp Bizkit’s compensation—
19 instead of receiving fifty percent (50%) of Net Profits, the band would now
20 primarily receive royalties as set forth therein (although some exploitations resulted
21 in a split of net receipts), and the band would also receive certain Advances as
22 provided therein. (Exh. D, par. 6, 7.) The Flip Amendment II provided that “all
23 monies paid by Flip to you during the term of this agreement, except royalties or
24 your share of net receipts or credits, as applicable, paid pursuant to sections 7, 9,
25 and 21, will constitute recoupable non-returnable advances.” (Exh. D, par. 6(c).)
26 The Flip Amendment II provided that Flip Records would pay Limp Bizkit an
27 Advance for each Commitment Album “in the amount by which the applicable sum

1 indicated below (“Recording Fund”) exceeds the Recording Costs (including
2 reasonably anticipated Recording Costs not yet paid or billed) for such commitment
3 Album.” (Exh. D, par. 6(d).) The Recording Funds were subject to minimum and
4 maximum amounts that ranged from a minimum of \$325,000 to a maximum of
5 \$800,000. (Exh. D, par. 6(d)(1)(A)(III).)

6 20. Limp Bizkit and Interscope Records (as successor-in-interest to Flip
7 Records) entered into a third amendment to the Flip Agreement, in or around
8 October 15, 1999 (“Flip Amendment III”), a copy of which is attached hereto as
9 Exhibit E and incorporated by reference. Among other things, the Flip Amendment
10 III provided Limp Bizkit with additional monetary consideration, including an
11 Execution Advance of \$7 million, and gave Interscope further option periods. The
12 Flip Amendment III also increased the Recording Fund for the band’s Third Album
13 to two million dollars, subject to increase in the event that record sales of the band’s
14 album “Significant Other” exceeded sales of five or six million units.

15 21. None of Flip Amendment I, Flip Amendment II or Flip Amendment
16 III altered Flip Records’ obligations with respect to accounting, payment, and record
17 keeping under paragraph 8 of the Flip Agreement.

18 22. By the time that Limp Bizkit entered into the Recording Agreement, it
19 had already released its first three albums (“LPs 1-3”) pursuant to the Flip
20 Agreement, as amended. Each of those albums sold millions of records and remain
21 Limp Bizkit’s highest selling albums. Although UMG was the successor-in-interest
22 to the Flip Agreement, the parties entered into a new agreement, the Recording
23 Agreement, which terminated and replaced the Flip Agreement, except to the extent
24 that UMG was obligated to continue paying the band royalties or other amounts
25 under the Flip Agreement.³

26 ³ Flip Records sold fifty percent (50%) of its share in royalties under the Flip Agreement to UMG,
27 and UMG became the successor-in-interest under the Flip Agreement, and became responsible
for calculating and paying royalties to Limp Bizkit and Durst, as well as to Flip Records, on an

1 23. Under the Recording Agreement, Limp Bizkit was engaged as a
2 musical artist to compose, make and record Master Recordings, which Limp Bizkit
3 caused to be produced and delivered to UMG. (Exh. A, par. 2.01(a).) Limp Bizkit
4 had the right to select and hire producers of its Master Recordings. (Exh. A, par.
5 2.02(a).) Interscope was not allowed to assign its own producer(s) unless
6 specifically consented to by Limp Bizkit. (Exh. A, par. 2.01(b).)

7 24. The Recording Agreement provided that Limp Bizkit and Interscope
8 were required to agree, prior to recording, on the selection of producer, selection of
9 material (including the number of Compositions to be recorded), selection of dates
10 of recording and studios (including the cost), and a proposed budget. (Exh. A, par.
11 4.01(a).)

12 25. The Recording Agreement provides that all “Recording Costs”
13 constitute “Advances” and will be paid by Limp Bizkit (or recouped by UMG).
14 (Exh. A, par. 5.02(a).) All payments other than royalties are deemed Advances.
15 (Exh. A, par. 6.01.) Advances were subject to certain deductions. (Exh. A, par.
16 6.02.) UMG also agreed to provide Limp Bizkit with annual payments, ranging from
17 nine thousand to twelve thousand dollars per year, split amongst all band members,
18 which was also subject to certain deductions. (Exh. A, par. 6.04(a) – (c).) Article 9
19 of the Recording Agreement outlines the royalties owed by UMG to Limp Bizkit,
20 which in some cases was a share in net receipts.

21 26. The Recording Agreement requires UMG to compute Limp Bizkit’s
22 royalties bi-annually for any period in which there “are sales or returns of Records
23 or any other transactions on which royalties are payable to you”. (Exh. A, par.
24 11.01.) Within three months of such computation, UMG is also required to send a
25 royalty statement, and pay such royalties due “after deducting unrecouped
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ongoing basis. To this day, Flip Records maintains a fifty percent (50%) share of net profits that
it shares with UMG related to Limp Bizkit’s Master Recordings under the Flip Agreement.

1 Advances and chargeable costs under this Agreement paid or incurred during or
2 prior to the accounting period in question” (*Id.*)

3 27. UMG was required to maintain books and records reporting the sales
4 or other exploitations of the records under the Recording Agreement for calculating
5 royalties and “charges to your royalty account.” (Exh. A, par. 11.03.)

6 28. On June 28, 1999, Flawless Records (as successor-in-interest to Fred
7 Durst, Inc.)⁴ and UMG (as successor-in-interest to Interscope Records) entered into
8 a First Look Agreement (the “Flawless Agreement”), whereby Flawless Records
9 agreed to provide A&R, producer, and related services to UMG. The Flawless
10 Agreement was amended on June 28, 2001 (the “2001 Amendment”). A true and
11 correct copy of the Flawless Agreement (including the 2001 Amendment) is
12 attached hereto as Exhibit F and incorporated by reference.

13 29. Plaintiff Durst is the 100% owner of Flawless Records.

14 30. Pursuant to the Flawless Agreement, Durst was tasked with finding,
15 signing, and producing new bands to his “Flawless Records” imprint on Interscope
16 Records. The Flawless Agreement provides, *inter alia*, that Durst (via Flawless
17 Records) would share in fifty percent (50%) of the profits generated by the new
18 artists signed to Flawless Records. (Exh. F, 2001 Amendment, par. 11.). However,
19 the profit sharing split for certain existing agreements with artists, including Puddle
20 of Mudd, was twenty-five percent (25%) to Flawless Records, in lieu of any
21 advances under agreements related to those artists, and seventy-five percent (75%)
22 to UMG. (Exh. F, 2001 Amendment, par. 14(2A(a)(i).)

23 31. The Flawless Agreement also provides that Flawless Records owned
24 twenty-five percent (25%) of all Master Recordings, Website Material, ECD
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26 ⁴ Although the Flawless Agreement references “Flawless Records, Inc.” as well as Flawless
27 Records, LLC, Durst is only the owner of the latter entity, and has no affiliation with “Flawless
Records, Inc.” Thus, any reference to the corporate entity appears to be in error, and Flawless
Records, LLC is the only relevant entity at issue in this lawsuit.

1 Material, Album Artwork, and any other Materials, in perpetuity, and that UMG
2 owned seventy-five percent (75%), for artists on the Flawless Record label,
3 including Puddle of Mudd. (Exh. F, 2001 Amendment, par. 14(2A(a)(ii).)

4 32. Like the Recording Agreement, the Flawless Agreement required
5 UMG to calculate and compute royalties and profit shares owed to Flawless and to
6 send bi-annual written statements showing the profit share and any other royalties
7 earned by Flawless Records, as well as the deductions for “advances and charges
8 under this agreement”. (Exh. F, 2001 Amendment, par. 14(5(c)(i).)

9 33. UMG was also required to maintain books and records reporting the
10 sales and exploitations of all records subject to profit sharing or for which any other
11 royalties were owed to Flawless Records. (Exh. F, 2001 Amendment, par.
12 14(5(c)(ii).) The Flawless Agreement also provided Flawless Records with certain
13 accounting and audit rights. (Exh. F, 2001 Amendment, par. 14(5(c)(ii)-(iii).)

14 34. UMG is the owner and operator of Interscope Records. Plaintiffs are
15 informed and believe that the entity that executed the Recording Agreement on
16 behalf of Interscope Records (Interscope Records, a California general partnership)
17 is no longer in existence, and that UMG is the legal successor in interest to that
18 entity.

19 35. In or around early April 2024, Durst retained new representation and
20 explained that he had not received any money for any Limp Bizkit exploitations—
21 *ever*. Durst’s representatives were shocked because they were aware of Limp
22 Bizkit’s phenomenal increase in popularity over the past several years. Not only
23 that, Durst was informed by the prior owner of Flip Records that Flip Records was
24 receiving millions of dollars in recent years on Limp Bizkit assets, and that the
25 amounts that Flip Records was getting from UMG had grown exponentially over
26 the past few years, as interest in the band was renewed. Knowing that UMG knew
27 that revenues had exploded since they were paying exponentially more and more to

1 their label partner Flip Records, Durst and his representatives started to look for
2 Durst's royalty statements from UMG and couldn't find any. Durst explained that
3 he had been informed by UMG that he had not received any royalty statements
4 because UMG told him over the years that it was not required to provide them since
5 his account was still so far from recoupment. Durst's representatives, suspicious
6 that UMG was wrongfully claiming Plaintiffs' accounts were unrecouped,
7 suggested investigating further.

8 36. Plaintiffs were also suspicious because UMG had recently reached out
9 to Plaintiffs several times regarding new exploitations of the Limp Bizkit assets—
10 but Plaintiffs had still not been paid any royalties. For example, beginning in or
11 around May 30, 2023, UMG reached out to Durst to get his approval related to
12 reissuing "Chocolate Starfish and the Hot Dog Flavored Water" on vinyl, and for
13 UMG's plans for a "big anniversary" for the following year. UMG also sought
14 approval for an "Americana Remix" of the Limp Bizkit single "Behind Blue Eyes"
15 on September 13, 2023. In February – April, 2024, UMG repeatedly asked Durst to
16 get involved with the 25th anniversary re-release of Limp Bizkit's album
17 "Significant Other", which would include new songs, artwork, and other assets. On
18 April 2, 2024, Durst replied that he did not approve any "new art, new tracks,
19 unreleased tracks, new versions of songs, new mastering, or remixes, etc." because
20 it seemed like a "money grab" that would only benefit UMG, as Plaintiffs had not
21 seen a dime in royalties on any Limp Bizkit assets at that point. The fact that UMG
22 had sought to exploit Limp Bizkit's assets shows that they knew that they would
23 generate significant revenues due to the band's newly reignited popularity. Thus,
24 UMG knew that, although Limp Bizkit's assets were generating millions in income
25 for UMG and Flip Records, and could be further exploited to generate even more,
26 that UMG had still never paid Limp Bizkit a cent in royalties on any of those assets.

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1 37. On or about April 9, 2024, Plaintiffs’ business managers contacted
2 UMG, stating that they had not received any royalty statements from UMG, and
3 requested access to UMG’s portal to view them. Once Plaintiffs’ business managers
4 were able to access the UMG portal, they noticed that one of Limp Bizkit’s accounts
5 had a balance due of \$679,942.00, and another Limp Bizkit account had a balance
6 due of \$358,379.87. When Plaintiffs’ business managers inquired how to get these
7 amounts immediately paid, UMG responded on May 22, 2024 that they needed to
8 “create a royalty vendor for Limp Bizkit,” and requested that they fill out various
9 forms (such as a W9) and provide bank verification. Upon information and belief,
10 UMG had never previously set up Plaintiffs as payees because it had no intention
11 of actually paying them. Indeed, according to UMG’s royalty statements, Plaintiffs’
12 accounts had been payable starting in 2019, and then fraudulently reclassified as
13 “unrecouped” to prevent payment. Had Plaintiffs not discovered this fraud,
14 Plaintiffs have every reason to believe that UMG would have found a way to
15 fraudulently turn its positive accounts back into negative “unrecouped” accounts,
16 as it had done in the past, to continue to avoid its payment obligations in perpetuity.
17 Had UMG intended to actually make payment to Plaintiffs from the beginning, it
18 should have obtained standard documents like W9s much sooner or used ones that
19 it already had from when UMG paid Plaintiffs advances in the past. The fact that
20 UMG allegedly needed new information for people it had paid advances before is
21 highly suspicious, and suggests this was either a delay tactic or that something in
22 UMG’s system wrongfully shut Plaintiffs down as payees.

23 38. UMG did not explain why it failed to alert Limp Bizkit that it had over
24 \$1 million sitting with UMG that was payable to Limp Bizkit, why UMG had never
25 even obtained the documents and forms it allegedly needed in order to actually make
26 these payments, or why UMG could not use the documents already in their
27 possession that it had used to pay Plaintiffs advances in the past.

1 39. As a result, Plaintiffs began to suspect whether UMG had failed to
2 make payments with respect to other accounts, and began to question UMG’s
3 accounting and payment practices. Thus, Plaintiffs decided to conduct a review of
4 their royalty statements.

5 40. In reviewing the documents Plaintiffs had access to, they discovered
6 that UMG had not provided a detailed accounting of its alleged recoupment costs,
7 had claimed recoupment costs for an extraordinarily long time, and had failed to
8 issue any royalty statements at all for certain periods, including those during which
9 Limp Bizkit was selling millions of albums. Even if an account was in recoupment,
10 UMG was still required to account to Plaintiffs during those periods, and UMG’s
11 statements to Plaintiffs that UMG was not required to provide Plaintiffs with
12 statements because the account was so unrecouped were material misstatements.
13 Indeed, this is belied by the fact that UMG did in fact prepare many accounting
14 statements during periods in which the accounts were in recoupment. Apparently,
15 UMG just never provided those statements to Plaintiffs until now.

16 41. UMG failed to issue any royalty statements for a number of accounting
17 periods, including those during the height of Limp Bizkit’s fame that likely
18 generated significant sales and/or royalties. By way of example only, Plaintiffs have
19 found that UMG failed to issue any royalty statements for the following periods for
20 Limp Bizkit’s “LP 1-3”: Q4 1997-Q4 2004; Q4 2005-Q2 2006; Q2 2010; Q2 2011-
21 Q4 2011; Q2 2013-Q2 2014; Q2 2015. UMG did generate royalty statements during
22 several other periods which showed that the account was unrecouped until 2018.
23 Plaintiffs did not receive any such statements until April 2024.

24 42. Limp Bizkit’s “LP 1-3” includes the band’s first three and most
25 successful records, which were released between 1997 – 2000. Limp Bizkit’s third
26 album, titled “Chocolate Starfish and the Hot Dog Flavored Water,” was released
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1 on October 17, 2000, and sold 1,055,000 copies in the first week after its release.⁵
2 Only twenty four albums have achieved this feat and sold over 1 million copies in
3 their first week.⁶ The album quickly hit No. 1 on the Billboard chart, and became
4 “the first rock record ever to sell a million copies in a single week.”⁷ Limp Bizkit’s
5 first and second albums also sold several million records each.

6 43. Thus, UMG’s failure to issue royalty statements in particular from
7 1997-2004—the height of the band’s fame and during periods in which they made
8 record-breaking sales—with respect to its most popular albums suggests that UMG
9 was intentionally concealing the true amount of sales, and therefore royalties, due
10 and owing to Limp Bizkit in order to unfairly keep those profits for itself.

11 44. Further, on the royalty statements that UMG did provide, they show an
12 “unrecouped” balance until Q4 2018 on Limp Bizkit’s LP 1-3. It is highly suspect
13 that UMG could claim unrecouped balances on all of these three albums until the
14 end of 2018, and then proceed to pay Limp Bizkit paltry sums that are suspected to
15 be only a fraction of what is truly owed, given that these albums had each sold
16 millions of records over the past decades and are the band’s best-selling albums
17 with a number of hit singles. Not only that, Defendants’ royalty statements failed to
18 comport with Limp Bizkit’s massive explosion in popularity over the past five or
19 so years, during which the band’s original recordings have generated millions in
20 revenues, and should be generating the same in royalties to the band.

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23 ⁵ See *Only 24 albums in history have sold 1 million copies in a single week — here they all are*,
24 Business Insider, available at <https://www.businessinsider.com/best-selling-albums-all-time-one-week-2021-10#7-chocolate-starfish-and-the-hot-dog-flavored-water-by-limp-bizkit-7> (last
25 accessed, September 11, 2024)

26 ⁶ *Id.*

27 ⁷ *Limp Bizkit’s Sales Record*, ABC News, October 25, 2000, available at
<https://abcnews.go.com/Entertainment/story?id=114143&page=1> (last accessed September 11,
2024).

1 45. Similarly, the UMG statements showed that Limp Bizkit’s “Greatest
2 Hitz” album did not generate any positive royalties payable to the band, and was
3 still showing unrecouped losses, until as recently as Q4 2022, and UMG failed to
4 provide any royalty statements in 2006, 2008, and from 2012-2021. The Q4 2022
5 statement shows the first positive royalty balance of \$12,375.06. Again, this is
6 highly suspicious, given that the album was first released in 2005.

7 46. UMG also failed to provide any royalty statements for Limp Bizkit’s
8 fourth album, released in 2003, from 2003-2006, 2007-2008, 2009, 2011, and 2013.
9 This record was also a Platinum-selling album, and UMG’s failure to provide
10 royalty statements particularly in the years surrounding the album’s release again
11 suggests that UMG is intentionally concealing its profits and depriving Plaintiffs of
12 their royalties.

13 47. Plaintiffs also discovered that UMG failed to provide them with
14 royalty statements relating to music videos utilizing the Master Recordings during
15 significant periods of time, for which they are also entitled royalties. By way of
16 example only, UMG failed to issue royalty statements for music videos for Limp
17 Bizkit’s videos from its first 4 albums until 2005 or 2006, at the earliest. Again, the
18 videos would have been released during the height of the band’s fame between
19 1997-2003, meaning that UMG’s failure to produce royalty statements covering
20 those years suggests that UMG was intentionally concealing the true royalties in
21 relation to those assets. These royalties were also likely to be significant, as MTV
22 and music videos were also at the zenith of their popularity in this era.

23 48. Plaintiffs have also discovered fraudulent accounting practices
24 reflected in Limp Bizkit’s royalty statements. For example, the account for Limp
25 Bizkit’s “LP 4 Video” shows a balance payable beginning in Q2 2020 that grew to
26 \$176,470.05 by Q2 2022. However, in the statement for Q4 2022, the account shows
27 that it is “unrecouped” by \$186,549.65. The statement does not explain how this

1 account was in the positive, and then suddenly in the negative, or what the charged
2 recoupment was for. The statement shows that, of the \$176,470.05 positive balance,
3 UMG then overdrafted the account by transferring “-376,146.05” to the account for
4 Limp Bizkit’s LP 4 video, recognized \$13,126.35 of earnings, and thereby
5 generated the allegedly “unrecouped” balance of \$186,549.65. But where did this
6 additional \$199,676.00 charged to the account come from? It seems to have come
7 out of thin air to overdraft Limp Bizkit’s due and payable account in order to defraud
8 Limp Bizkit and show an unrecouped account, when in reality it had been in the
9 positive since Q2 2020, and there was no reason that additional recoupments should
10 have been charged to that account.

11 49. Similarly, the account for Limp Bizkit’s “LP 4” record showed a
12 positive payable balance from Q4 2019 to Q4 2021, at which point UMG again
13 overdrafted the account and transferred an amount that exceeded the available funds
14 to another Limp Bizkit account to show the LP 4 account as allegedly “unrecouped,”
15 when in fact it had a positive, payable balance for over two years.

16 50. UMG never alerted Limp Bizkit or Durst about the positive balances
17 in these accounts, or sought to make payment of the payments in the accounts,
18 despite the fact that the accounts showed a payable balance for two years. Moreover,
19 UMG’s accounting practice of overdrafting these accounts, without any idea where
20 the additional charges came from or back up to show their validity, was fraudulent
21 and intentionally designed to show the Limp Bizkit accounts as all unrecouped,
22 when in fact they were not. The addition of unsubstantiated costs in these overdrafts
23 is also fraudulent since they have no legitimate basis in fact.

24 51. Likewise, UMG had failed to pay Flawless Records any of the profit
25 share income or royalties owed under the Flawless Agreement, despite the fact that
26 Flawless Records had signed a number of artists, including the commercially
27 successful bands Puddle of Mudd, She Wants Revenge, and several others, and

1 failed to provide Flawless Records with accounting statements for its profit share.
2 Despite repeated requests, Plaintiffs have still not received any profit share
3 accounting statements for Flawless Records since 2008.

4 52. On July 15, 2024, counsel for Plaintiffs sent a letter to UMG alleging
5 that UMG had grossly underpaid Plaintiffs with respect to their royalties, had failed
6 to provide accurate royalty statements for all periods in which there were sales of
7 any albums, and apparently had seemed to design a royalty system that
8 systematically prevented artists from being paid their royalties. Plaintiffs demanded
9 immediate payment, provision of documents, and return of the Limp Bizkit Master
10 Recordings.

11 53. In or around the days after Plaintiffs' counsel sent the July 15, 2024
12 letter, Plaintiffs' manager had a telephone conversation with UMG's SVP of
13 Business Affairs, Jason Kanejsza. During this phone call, Mr. Kanejsza claimed
14 that the non-payment of Plaintiffs' royalties as alleged in the letter was a "one-off
15 mistake" due to an error with UMG's new software. He was apologetic over what
16 he considered an "egregious" and "embarrassing" alleged mistake. However, when
17 questioned about how an allegedly one-off mistake could happen to two completely
18 separate accounts (i.e. Limp Bizkit and Flawless Records), Mr. Kanejsza was not
19 able to offer any logical explanation.

20 54. On July 26, 2024, UMG's agent Scott Bauman responded to Plaintiffs'
21 letter, claiming that it paid Limp Bizkit "approximately \$43 million" in recoupable
22 "advances" "over the years", which is why the account only recently began paying
23 the band any royalties. UMG did not provide any back-up for this alleged amount,
24 and did not provide Plaintiffs with any of the missing accounting records.

25 55. With respect to Flawless Records, UMG claimed that the account
26 remained unrecouped "for many years" but stated that "the account is now recouped
27 and has a positive balance of approximately \$2.3 million." UMG then directed

1 Flawless Records to fill out forms via UMG’s portal and/or “help desk” in order to
2 route payment to Flawless Records. Again, UMG did not provide any back-up for
3 this alleged amount, and did not provide Plaintiffs with any of the missing
4 accounting records.

5 56. Notably, Flawless Records and Limp Bizkit are completely separate
6 operations (although Durst is involved in both). There is no cross-collateralization
7 or intermingling of these accounts, and they always have been completely separate
8 at UMG and otherwise (i.e. they are legally and factually separate and distinct
9 entities).

10 57. UMG also failed to offer any explanation for its failure to notify
11 Plaintiffs of these account balances, or why it had failed to set Plaintiffs up to
12 receive payment in its system. Plaintiffs do not believe that they were not paid due
13 to an allegedly “one-off” mistake or software issue, given the fact that there is no
14 rational explanation for how this alleged mistake affected two completely separate
15 accounts. On information and belief, Plaintiffs allege that Defendants’ software and
16 systems were intentionally designed to deprive Plaintiffs and potentially hundreds
17 of other artists of their royalties and profits, and keep them in the dark about positive
18 balances in their accounts.

19 58. When UMG still had not sent payment, Plaintiffs inquired further. On
20 August 16, 2024, UMG stated that “payment will be released within the next 1-2
21 weeks.” However, since Plaintiffs sent their notice of breach on July 15, 2024, UMG
22 had only thirty days to cure its material breach, and thus it had to make payment of
23 all outstanding royalties, and provide all missing royalty statements, by no later than
24 August 14, 2024, which it indisputably failed to do.

25 59. Importantly, Section 19.07 of the Recording Agreement provides:
26 “Neither party will be entitled to recover damages or to terminate the term of this
27 Agreement by reason of any breach by the other party of its material obligations,

1 unless the latter party has failed to remedy the breach within sixty (60) days
2 following notice (except thirty (30) days with respect to payment by Interscope of
3 any monies due hereunder).” (Exh. A, par. 19.07.) Thus, by shortening the cure
4 period for breaches by Interscope for non-payment, the Recording Agreement
5 recognizes that such breach is more material and severe than *any other kind of*
6 *breach* under the Recording Agreement. Indeed, after Limp Bizkit finished creating
7 and recording the albums it was required to under the Recording Agreement,
8 calculation and payment of royalties was really UMG’s only obligation under the
9 Recording Agreement, and it utterly and materially breached that primary
10 obligation.

11 60. On August 24, 2024, Plaintiffs’ attorneys emailed UMG’s Mr. Bauman
12 stating, among other things, that UMG had failed to cure the material breaches of
13 the applicable agreements within 30 days, and failed to provide the requested
14 documentation. The notice further provided that, as a result of such material
15 breaches, the agreements are null and void, and any further distributions of the
16 Master Recordings would constitute copyright infringement.

17 61. On August 26, 2024 (more than 30 days after July 15, 2024), Limp
18 Bizkit received \$1,038,321.87 in back royalties from UMG. Prior to that date, Limp
19 Bizkit *had never received any royalties from UMG.*

20 62. On August 27, 2024 (more than 30 days after July 15, 2024), Flawless
21 Records received \$2,348,060 in back profit participation from UMG. Prior to that
22 date, Flawless Records *had never received any profit sharing revenue from UMG.*

23 63. On August 30, 2024, Mr. Bauman responded that UMG had (finally)
24 paid Limp Bizkit and Flawless Records their outstanding royalties and profits. Mr.
25 Bauman further denied that UMG owed a fiduciary duty to Plaintiffs and denied
26 that Plaintiffs had the right to void or terminate the relevant agreements.

27

1 64. As of the date of the filing of this Complaint, UMG has still failed to
2 provide Plaintiffs with all of the missing royalty statements. It has been more than
3 sixty (60) days since UMG was provided notice of the same, and has also failed to
4 cure this material breach as well.

5 65. Although Limp Bizkit and Flawless Records had completely separate
6 royalty accounts with UMG, they appear to both have suffered from a critical,
7 prejudicial, and essentially fraudulent design in UMG's system whereby artists are
8 owed millions of dollars in royalties and yet know nothing about it. In both cases,
9 UMG failed to alert Plaintiffs that they had a positive royalty account, and failed to
10 obtain the allegedly necessary documents and/or forms required to make payment
11 until after Plaintiffs had contacted UMG to inquire about their royalties. Indeed, if
12 UMG had never set up the accounts to pay Limp Bizkit or Flawless Records, it
13 seems obvious that UMG had no intention of ever making such payments, had
14 Plaintiffs not taken action on their own and discovered these issues.

15 66. UMG's system appears to be designed to bilk artists out of their
16 rightful royalties by holding royalties due to artists in royalty accounts and failing
17 to notify the artists that they have positive balances. Furthermore, UMG should have
18 obtained all of the information necessary to make payment to Plaintiffs at the outset,
19 not after Plaintiffs inquired about their account. Had Plaintiffs not made such an
20 inquiry, UMG would still have control of over \$3 million that rightfully belongs to
21 Plaintiffs, with Plaintiffs having received no notice about it at all.

22 67. Not only that, UMG's claim that Plaintiffs had aggregated unrecouped
23 Advances "over the years" that only recently were recouped is misleading since the
24 Flip Agreement required calculation of Advances paid via Recording Funds to be
25 on a per-album basis, and thus UMG was required to provide Plaintiffs with
26 statements showing the recoupment of such advances on a per-Album basis, not on
27 an aggregated basis "over the years", with no back up. Given that Limp Bizkit's

1 first three albums had already sold several million copies by the early 2000s, the
2 Recording Funds and Costs should have been quickly recouped, and UMG should
3 have started paying royalties on those albums right away—not *over twenty years*
4 later.

5 68. Further, in reviewing the royalty statements that Plaintiffs do have
6 access to (which are incomplete), Plaintiffs have only been able to determine that
7 Defendants have charged \$13,107,196.26 in recoupable costs and advances to Limp
8 Bizkit, which is far below the alleged \$43 million that UMG claims constituted the
9 recoupable costs and advances charged to Limp Bizkit “over the years”, offering
10 further support for Plaintiffs’ allegations that UMG is and has been fraudulently
11 overstating the amount of recoupable costs applicable to Plaintiffs’ accounts in
12 order to avoid paying them all of the royalties to which they are entitled. Because
13 Defendants have failed to substantiate the \$43 million in recoupable costs, and the
14 documents in Plaintiffs’ possession also do not substantiate those costs, Defendants
15 must produce documents through this litigation in order to do so and bear the burden
16 of proving the same. However, on information and belief, Plaintiffs allege that
17 Defendants will not be able to substantiate the \$43 million figure because it is
18 grossly overinflated.

19 69. For the avoidance of doubt, on September 30, 2024, Plaintiffs served
20 Defendants with a formal Notice of Rescission of the Flip Agreement, the
21 Recording Agreement, and the Flawless Agreement (“Rescission Notice”) in
22 accordance with Cal. Civ. Code §§ 1688, 1689, 1691, a copy of which is attached
23 hereto as Exhibit G and incorporated by reference.

24 70. As set forth in the Rescission Notice, Limp Bizkit and Flawless
25 Records, as applicable, agree to restore to UMG everything of value which they
26 have received from UMG under the Flip Agreement, the Recording Agreement or
27 the Flawless Agreement, upon condition that the other party do likewise. However,

1 given the vast amounts of money collected by UMG in relation to sales of Limp
2 Bizkit's and Flawless Records' albums over the years, and UMG's admission that
3 it has now allegedly recouped more than \$43 million in advances and other costs as
4 to Limp Bizkit (which Plaintiffs allege is fraudulently overinflated), Plaintiffs
5 estimate that the amount owed to them following rescission of the Flip Agreement,
6 the Recording Agreement, and the Flawless Agreement will far exceed any amounts
7 received by Plaintiffs from UMG to date, and that UMG is liable to Plaintiffs for
8 tens of millions of dollars in copyright infringement, if not more. Indeed, Plaintiffs
9 allege that the amounts owed to them by UMG following the rescission of these
10 agreements will easily surpass \$200 million.

11 71. Further, Plaintiffs allege that they are owed even more due to UMG's
12 fraudulent calculation and provision of royalty statements, as alleged herein. Only
13 upon a full accounting of UMG's books and records through discovery in this action
14 can the parties understand their relative profits with relation to the exploitation of
15 the Master Recordings. However, on information and belief, Plaintiffs allege that
16 they have been grossly underpaid as a result of UMG's fraudulent practices.

17 72. As a result of the Rescission Notice, the Flip Agreement, the Recording
18 Agreement, and the Flawless Agreement were legally void *ab initio* as of September
19 30, 2024 at the latest, subject to the authority of the Court to award relief pursuant
20 to Cal. Civ. Code § 1692 or otherwise. Because UMG has failed to accept the
21 rescission, and has instead only continued its fraudulent actions, Plaintiffs have had
22 no choice but to file the instant action to ask the Court to confirm the rescission of
23 the Flip Agreement, the Recording Agreement, and the Flawless Agreement
24 pursuant to Cal. Civ. Code § 1692, and to seek recovery for UMG's ongoing
25 copyright infringement and other causes of action.

26 //

27 //

1 **FIRST CAUSE OF ACTION FOR RESCISSION**

2 **(Against All Defendants)**

3 73. Plaintiffs reallege and incorporate all of the above paragraphs as fully
4 set forth herein.

5 74. Plaintiffs bring this cause of action under Civil Code §§ 1688 et seq.
6 and common law, including but not limited to *Rano v. Sipa Press, Inc.*, 987 F.2d
7 580, 586 (9th Cir.1993) (recognizing that a material breach of licensing agreement
8 justifies rescission, and that subsequent use constitutes copyright infringement.)

9 75. Plaintiffs gave UMG proper notice of rescission in accord with Civil
10 Code section 1691. See Exhibit G attached hereto and incorporated by reference.

11 76. Plaintiffs seek the rescission of the Flip Agreement, the Recording
12 Agreement, and the Flawless Agreement based on Defendants’ material breaches
13 of the Flip Agreement, the Recording Agreement, and the Flawless Agreement,
14 fraud and contract against public policy.

15 77. Defendants materially breached the Flip Agreement, the Recording
16 Agreement, and the Flawless Agreement by failing to properly compute Plaintiffs’
17 royalties or profits, failing to provide accurate royalty statements, failing to provide
18 any royalty statements (particularly during Limp Bizkit’s and Flawless Records’
19 most successful periods), failing to notify Plaintiffs of positive royalty or profit
20 balances, improperly (and fraudulently) calculating royalties, profits and
21 recoupments, fraudulently showing Plaintiffs’ accounts as “unrecouped” when in
22 fact they were not, and failing to timely pay royalties and profits.

23 78. These breaches were so material that they affect the very essence of
24 the Flip Agreement, the Recording Agreement, and the Flawless Agreement and
25 defeat the object of the parties under such agreements. Defendants’ primary
26 obligations under the Flip Agreement, the Recording Agreement, and the Flawless
27 Agreement were the calculation, payment, and documentation of royalties and

1 profits. For example, Section 19.07 of the Recording Agreement recognizes that
2 non-payment is a material breach of the same (subject to a shorter notice and cure
3 period than any other breach), and authorizes injunctive relief. The preamble of the
4 Recording Agreement also recognizes UMG's continuing obligation to pay
5 royalties under the Flip Agreement.

6 79. Nevertheless, Defendants failed to make *any* payments to Plaintiffs
7 until August 26-27, 2024, which was after Plaintiffs discovered Defendants' fraud
8 and demanded immediate payment.

9 80. However, Defendants failed to timely cure such breach after Plaintiffs
10 provided notice of the same. Moreover, Plaintiffs allege that the payments received
11 on August 26-27, 2024 are only a fraction of what is actually owed due to
12 Defendants' fraudulent accounting practices described herein.

13 81. Given that Defendants claim that Plaintiffs were only entitled to
14 royalties or profits and out of recoupment as recently as 2022, failed to notify
15 Plaintiffs of positive royalties in their accounts totaling over \$3 million for multiple
16 years, failed to provide royalty or profit statements and accounting for Plaintiffs'
17 best-selling albums during the height of their success, and failed to properly set up
18 Plaintiffs to even receive payment in its system, it is clear that Defendants did not
19 intend to make any royalty payments unless or until Plaintiffs took action on their
20 own, and have implemented a system designed to prevent artists, including
21 Plaintiffs, from obtaining their rightful royalties by default. This is in material
22 breach of the Flip Agreement, the Recording Agreement, and the Flawless
23 Agreement, and has wrongfully defrauded Plaintiffs out of millions of dollars of
24 royalties and/or profits owed to them. As a result, Plaintiffs are entitled to rescind
25 Flip Agreement, the Recording Agreement, and the Flawless Agreement. See *Rano*,
26 *supra*, 987 F.2d at 586. Plaintiffs estimate that UMG owes Plaintiffs in excess of
27 \$200 million due to the rescission of these agreements.

Fraud

1
2 82. Fraud is an affirmative misrepresentation, suppression, concealment or
3 nondisclosure of a fact, with knowledge of falsity; intent to defraud, i.e., to induce
4 reliance; justifiable reliance; and damages. *Engalla v. Permanente Medical Group,*
5 *Inc.* (1997) 15 Cal.4th 951, 973. However, a defrauded party seeking to rescind a
6 contract need not show pecuniary damages. *Id.* at 979. A contract is subject to
7 unilateral rescission by a party whose consent to the contract was obtained through
8 duress, fraud, or undue influence. (See Civil Code § 1689(b)(1).)

9 83. Cal. Civ. Code § 1572 defines “Actual Fraud” as “any of the following
10 acts, committed by a party to the contract, or with his connivance, with intent to
11 deceive another party thereto, or to induce him to enter into the contract: . . . 3. The
12 suppression of that which is true, by one having knowledge or belief of the fact; . .
13 . 5. Any other act fitted to deceive.”

14 84. “Active concealment or suppression of facts by a nonfiduciary ‘is the
15 equivalent of a false representation, i.e., actual fraud.’” *Vega v. Jones, Day, Reavis*
16 *& Pogue*, 121 Cal. App. 4th 282, 291, 17 Cal. Rptr. 3d 26, 32 (2004) (citation
17 omitted).

18 85. As generally described herein (see, e.g., ¶¶ 35-71; 161-208),
19 Defendants suppressed, concealed and/or failed to disclose material facts to
20 Plaintiffs, including but not limited to, that Plaintiffs were entitled to royalties or
21 profits wrongfully withheld by Defendants, and that Defendants had no intention of
22 actually paying such royalties until Plaintiffs asserted their rights. Further,
23 Defendants provided Plaintiffs with fraudulent royalty or profit statements that
24 wrongfully overstated recoupment costs and understated royalties owed to
25 Plaintiffs. These statements also engaged in fraudulent accounting practices,
26 whereby UMG overdrew accounts with positive balances to show them as once
27 again allegedly “unrecouped”, without any basis for doing so.

1 86. Further, Defendants fraudulently induced Plaintiffs into the Flip
2 Agreement, the Recording Agreement and the Flawless Agreement by luring them
3 in with promises to pay Plaintiffs significant amounts of royalties and profits,
4 without any intention of actually doing so. If Plaintiffs knew that Defendants never
5 intended to pay them this money, and instead would try to do everything they could
6 to prevent paying it, Plaintiffs obviously never would have signed these agreements
7 with them.

8 87. Indeed, Defendants designed and implemented a system that
9 intentionally and wrongfully concealed Plaintiffs' positive royalty balances from
10 them by default, and such system was further built so that Plaintiffs were not
11 structured as payees who could receive payment, showing that Defendants never
12 actually intended to pay Plaintiffs. This system automatically works to the detriment
13 of Plaintiffs—and likely extends to many other artists—by withholding their
14 royalties and not even notifying them about positive royalties in their accounts for
15 years. Such systematic flaws show that Defendants intentionally designed this
16 system to attempt to avoid and/or delay paying royalties to artists for as long as
17 possible. Not only that, Defendants failed to provide Plaintiffs with royalty
18 statements for their best-selling albums during key periods of time (including but
19 not limited to 1997-2006), in order to conceal the true number of sales of records
20 and royalties generated during that time. Given that Plaintiffs sold millions of
21 records during this time period, Defendants' failure to provide royalty statements
22 during this period evidences fraudulent concealment intentionally designed to
23 prevent Plaintiffs from being paid their royalties. Not only that, the royalty
24 statements understate the royalties earned by Limp Bizkit in recent years, as the
25 band has seen an unprecedented rise in its popularity, and Flip Records has
26 acknowledged that it received exponentially larger profits from UMG in the past
27

1 several years. It seems the only people who are not profiting from this return to fame
2 are Plaintiffs.

3 88. Plaintiffs actually and justifiably relied on Defendants' concealment
4 and nondisclosure.

5 89. By providing Plaintiffs with fraudulent royalty statements, Defendants
6 committed actual fraud. Cal. Civ. Code § 1572.

7 90. Defendants also owed Plaintiffs a legal duty of disclosure because (i)
8 Defendants had exclusive knowledge of material facts not known to the Plaintiffs;
9 (ii) Defendants owed a fiduciary duty to Plaintiffs; and/or (iii) Defendants actively
10 concealed a material fact from the Plaintiffs. This duty to disclose arose from the
11 fiduciary duty that Defendants owed Plaintiffs. Specifically, Defendants and
12 Plaintiffs were joint venturers, and had a long (over 20 years) relationship that
13 spanned numerous albums and bands. Mr. Durst even had his own imprint, Flawless
14 Records, with Defendants, and the parties were clearly joint venturers, as they split
15 the profits and even shared in the ownership of the master recordings under the
16 Flawless Agreement. Not only that, Limp Bizkit had significant artistic and
17 production control over the production of its master recordings under the Recording
18 Agreement, and Mr. Durst and other members of Limp Bizkit also had solo
19 recording agreements with Defendants. Thus, the relationship between the parties
20 was long and vast, and shows that the parties were engaged in multiple joint
21 ventures over the course of their relationship. As a result, Defendants owed
22 Plaintiffs a fiduciary duty. Defendants, at a minimum, had a duty to act in utmost
23 good faith towards Plaintiffs.

24 91. Thus, Defendants were under a duty to accurately disclose Plaintiffs'
25 royalties to them, and accurately calculate recoupment costs. Defendants were also
26 under a duty to inform Plaintiffs that they had positive balances in their royalty
27

1 accounts and take all necessary actions to promptly pay such balances. Defendants
2 also had a duty to act in Plaintiffs' best interests.

3 92. Defendants intended to fraudulently deceive Plaintiffs by concealing
4 and/or misrepresenting these facts.

5 93. Plaintiffs justifiably relied on Defendants' concealment and/or
6 misrepresentations.

7 94. Plaintiffs have been harmed to the extent that Defendants' fraudulent
8 royalty statements have overinflated their recoupable costs and advances, and
9 underreported Plaintiffs' royalties and profits due and owing to them. Defendants
10 also fraudulently concealed from Plaintiffs that they had over \$3 million in their
11 royalty accounts by designing a system that intentionally failed to alert artists that
12 they had payable royalties in their accounts and by failing to obtain the necessary
13 forms and information which would allow Defendants to actually make payment to
14 artists from the beginning. Defendants also concealed Plaintiffs' royalties from
15 them by failing to provide royalty statements during the height of Plaintiffs' fame.

16 95. As a direct and proximate result of Defendants' fraudulent conduct and
17 concealment, Plaintiffs seek rescission of the Flip Agreement, the Recording
18 Agreement, and the Flawless Agreement and complete relief, and any consequential
19 damages to which Plaintiffs are entitled and/or compensatory damages which
20 justice may require, including disgorgement of profits. (See Civil Code §§
21 1689(b)(1),1692.)

22 **Violates Public Policy**

23 96. A contract is also subject to an action for rescission if the contract, or
24 clauses within the contract, violates public policy or where its enforcement would
25 be prejudicial to the public interest. (See Civil Code § 1689(b)(6).)

26 97. California has a public policy in favor of timely paying workers,
27 including artists, all of their wages, compensation, and royalties. Defendants'

1 actions, which have designed a system that automatically fails to alert artists that
2 they have payable royalties and fails to set up payable accounts, unfairly delays
3 paying artists and wrongfully requires them to inquire with Defendants to obtain
4 their royalty payments. Even after Plaintiffs did so in this case, Defendants still
5 failed to timely cure their breaches, and Plaintiffs allege that the payments made are
6 only a small fraction of what is actually owed. It is certainly in the public's interest
7 to ensure that artists are timely paid all royalties when due and require Defendants
8 to build a system that automatically works in favor of paying artists, instead of
9 automatically in favor of hiding and delaying their payments.

10 98. Plaintiffs seek all available remedies, including but not limited to
11 consequential damages and disgorgement of profits, in relation to their rescission of
12 these agreements.

13 99. The actions of Defendants as alleged herein were willful, wanton and
14 malicious, subjecting Defendants to punitive and exemplary damages according to
15 the reprehensibility of their conduct.

16 **SECOND CAUSE OF ACTION FOR BREACH OF CONTRACT**

17 **[Recording Agreement]**

18 **(Against All Defendants)**

19 100. Plaintiffs reallege and incorporate all of the above paragraphs as fully
20 set forth herein.

21 101. In the event that this Court finds that Plaintiffs are not entitled to
22 rescind the Recording Agreement, then as an alternative theory of recovery, they
23 allege that Defendants breached the Recording Agreement as set forth herein.

24 102. Limp Bizkit and UMG entered into a contract, described herein as the
25 Recording Agreement, attached hereto as Exhibit A and incorporated by reference.

26 103. Limp Bizkit has duly performed all of the conditions of the Recording
27 Agreement required to be performed by Limp Bizkit and/or Limp Bizkit was

1 excused from doing those things based on Defendants’ breaches of the Recording
2 Agreement.

3 104. For all conditions required by the Recording Agreement for
4 Defendants’ performance, all such conditions occurred.

5 105. Defendants breached the Agreement by engaging in the acts described
6 above, including but not limited to, failing to properly compute Limp Bizkit’s and
7 Durst’s royalties, failing to provide accurate royalty statements, failing to notify
8 Limp Bizkit and Durst of positive royalty balances, improperly (and fraudulently)
9 calculating royalties and recoupments, failing to provide any royalty statements
10 (particularly during Limp Bizkit’s most successful periods), and failing to timely
11 pay royalties.

12 106. Indeed, Defendants’ most material obligation under the Recording
13 Agreement at this point in time is paying royalties, which is why it is subject to a
14 shorter cure period than all other breaches under Section 19.07 of the Recording
15 Agreement. Defendants’ obligation is to timely and accurately pay royalties, not to
16 design and implement a system that frustrates their only material obligation.

17 107. Limp Bizkit and Durst have suffered and continues to suffer damages
18 as a result of Defendants’ breach of the Recording Agreement, in an exact amount
19 to be proven at trial.

20 108. Defendants’ wrongful conduct has caused and, unless enjoined by this
21 Court, will continue in the future to cause irreparable injury to Limp Bizkit and
22 Durst. Limp Bizkit and Durst have no adequate remedy at law for such wrongs and
23 injuries. As a result, Limp Bizkit and Durst are entitled to an injunction restraining
24 and enjoining Defendants from any further use, distribution or exploitation of the
25 Master Recordings.

26 //

27

1 **THIRD CAUSE OF ACTION FOR BREACH OF IMPLIED COVENANT**
2 **OF GOOD STANDING AND FAIR DEALING**

3 **[Recording Agreement]**

4 **(Against all Defendants)**

5 109. Plaintiffs reallege and incorporate all of the above paragraphs as
6 though fully set forth herein.

7 110. In the event that this Court finds that Plaintiffs are not entitled to
8 rescind the Recording Agreement, then as an alternative theory of recovery, they
9 allege that Defendants breached the duty of good faith and fair dealing in the
10 Recording Agreement as set forth herein.

11 111. The Recording Agreement includes an implied covenant of good faith
12 and fair dealing between the respective parties. The implied covenant imposed on
13 Defendants, under the Recording Agreement, a duty not to do anything to deprive
14 Limp Bizkit and Durst of the benefits of the Recording Agreement, and to exercise
15 good faith and honor the terms and obligations of the Recording Agreement, in
16 performance and spirit.

17 112. The conduct of Defendants described above unfairly interfered with
18 Limp Bizkit's and Durst's right to receive the benefits of the Recording Agreement,
19 constituting a breach of the implied covenant of good faith and fair dealing.

20 113. Defendants' breach of the implied covenant of good faith and fair
21 dealing harmed Limp Bizkit and Durst in an amount to be proven at trial.

22 **FOURTH CAUSE OF ACTION FOR BREACH OF CONTRACT**

23 **[Flip Agreement]**

24 **(Against All Defendants)**

25 114. Plaintiffs reallege and incorporate all of the above paragraphs as fully
26 set forth herein.

27

1 115. In the event that this Court finds that Plaintiffs are not entitled to
2 rescind the Flip Agreement, then as an alternative theory of recovery, they allege
3 that Defendants breached the Flip Agreement as set forth herein.

4 116. Limp Bizkit and UMG (as successor-in-interest to Flip Records)
5 entered into a contract, described herein as the Flip Agreement, including multiple
6 amendments, attached hereto as Exhibits B – E, and incorporated by reference.

7 117. Limp Bizkit has duly performed all of the conditions of the Flip
8 Agreement required to be performed by Limp Bizkit and/or Limp Bizkit was
9 excused from doing those things based on Defendants’ breaches of the Flip
10 Agreement.

11 118. For all conditions required by the Flip Agreement for Defendants’
12 performance, all such conditions occurred.

13 119. Defendants breached the Agreement by engaging in the acts described
14 above, including but not limited to, failing to properly compute Durst’s and Limp
15 Bizkit’s royalties, failing to provide accurate royalty statements, failing to notify
16 Durst and Limp Bizkit of positive royalty balances, improperly (and fraudulently)
17 calculating royalties and recoupments, and failing to timely pay royalties.

18 120. Limp Bizkit and Durst have suffered and continues to suffer damages
19 as a result of Defendants’ breach of the Flip Agreement, in an exact amount to be
20 proven at trial.

21 121. Defendants’ wrongful conduct has caused and, unless enjoined by this
22 Court, will continue in the future to cause irreparable injury to Limp Bizkit and
23 Durst. Limp Bizkit and Durst have no adequate remedy at law for such wrongs and
24 injuries. As a result, Limp Bizkit and Durst are entitled to an injunction restraining
25 and enjoining Defendants from any further use, distribution or exploitation of the
26 Master Recordings.

27

1 **FIFTH CAUSE OF ACTION FOR BREACH OF IMPLIED COVENANT**
2 **OF GOOD STANDING AND FAIR DEALING**

3 **[Flip Agreement]**

4 **(Against all Defendants)**

5 122. Plaintiffs reallege and incorporate all of the above paragraphs as
6 though fully set forth herein.

7 123. In the event that this Court finds that Plaintiffs are not entitled to
8 rescind the Flip Agreement, then as an alternative theory of recovery, they allege
9 that Defendants breached the duty of good faith and fair dealing in the Flip
10 Agreement as set forth herein.

11 124. The Flip Agreement includes an implied covenant of good faith and
12 fair dealing between the respective parties. The implied covenant imposed on
13 Defendants, under the Flip Agreement, a duty not to do anything to deprive Limp
14 Bizkit or Durst of the benefits of the Flip Agreement, and to exercise good faith and
15 honor the terms and obligations of the Flip Agreement, in performance and spirit.

16 125. The conduct of Defendants described above unfairly interfered with
17 Limp Bizkit's and Durst's right to receive the benefits of the Flip Agreement,
18 constituting a breach of the implied covenant of good faith and fair dealing.

19 126. Defendants' breach of the implied covenant of good faith and fair
20 dealing harmed Limp Bizkit and Durst in an amount to be proven at trial.

21 **SIXTH CAUSE OF ACTION FOR BREACH OF CONTRACT**

22 **[Flawless Agreement]**

23 **(Against All Defendants)**

24 127. Plaintiffs reallege and incorporate all of the above paragraphs as fully
25 set forth herein.

1 128. In the event that this Court finds that Plaintiffs are not entitled to
2 rescind the Flawless Agreement, then as an alternative theory of recovery, they
3 allege that Defendants breached the Flawless Agreement as set forth herein.

4 129. Flawless Records and Defendants entered into a contract, described
5 herein as the Flawless Agreement, attached hereto as Exhibit F, and incorporated
6 by reference.

7 130. Flawless Records has duly performed all of the conditions of the
8 Flawless Agreement required to be performed by Flawless Records and/or Flawless
9 Records was excused from doing those things based on Defendants' breaches of the
10 Flawless Agreement.

11 131. For all conditions required by the Flawless Agreement for Defendants'
12 performance, all such conditions occurred.

13 132. Defendants breached the Flawless Agreement by engaging in the acts
14 described above, including but not limited to, failing to properly compute Flawless
15 Records' royalties and profit share, failing to provide accurate royalty and profit
16 share statements, failing to provide any profit sharing statements, failing to notify
17 Flawless Records of positive royalty and profit share balances, improperly (and
18 fraudulently) calculating profit shares, royalties and recoupments, and failing to
19 timely pay royalties and profit shares.

20 133. Flawless Records has suffered and continues to suffer damages as a
21 result of Defendants' breach of the Flawless Agreement, in an exact amount to be
22 proven at trial.

23 **SEVENTH CAUSE OF ACTION FOR BREACH OF IMPLIED**

24 **COVENANT OF GOOD STANDING AND FAIR DEALING**

25 **[Flawless Agreement]**

26 **(Against all Defendants)**

27

1 134. Plaintiffs reallege and incorporate all of the above paragraphs as
2 though fully set forth herein.

3 135. In the event that this Court finds that Plaintiffs are not entitled to
4 rescind the Flawless Agreement, then as an alternative theory of recovery, they
5 allege that Defendants breached the duty of good faith and fair dealing in the
6 Flawless Agreement as set forth herein.

7 136. The Flawless Agreement includes an implied covenant of good faith
8 and fair dealing between the respective parties. The implied covenant imposed on
9 Defendants, under the Flawless Agreement with Flawless Records, a duty not to do
10 anything to deprive Flawless Records of the benefits of the Flawless Agreement,
11 and to exercise good faith and honor the terms and obligations of the Flawless
12 Agreement, in performance and spirit.

13 137. The conduct of Defendants described above unfairly interfered with
14 Flawless Records' right to receive the benefits of the Agreement, constituting a
15 breach of the implied covenant of good faith and fair dealing.

16 138. Defendants' breach of the implied covenant of good faith and fair
17 dealing harmed Flawless Records in an amount to be proven at trial.

18 **EIGHTH CAUSE OF ACTION FOR BREACH OF FIDUCIARY DUTY**

19 **(Against All Defendants)**

20 139. Plaintiffs reallege and incorporate all of the above paragraphs as
21 though fully set forth herein.

22 140. As set forth above, Plaintiffs and Defendants were joint venturers.
23 Specifically, Defendants and Plaintiffs had a long (over 20 years) special
24 relationship that spanned numerous albums and bands. Mr. Durst even had his own
25 imprint, Flawless Records, with Defendants, and the parties were clearly joint
26 venturers, as they split the profits and even shared in the ownership of the master
27 recordings under the Flawless Agreement. The Flawless Agreement also fails to

1 state that the parties are not joint venturers, and the rights afforded under that
2 Agreement clearly show that the parties are in fact joint venturers. Not only that,
3 Limp Bizkit had significant artistic and production control over the production of
4 its master recordings under the Recording Agreement, and Mr. Durst and other
5 members of Limp Bizkit also had solo recording agreements with Defendants. Thus,
6 the relationship between the parties was long and vast, and shows that the parties
7 were engaged in multiple joint ventures over the course of their relationship. As a
8 result, Defendants owed Plaintiffs fiduciary duties.

9 141. Defendants breached their fiduciary duties to Plaintiffs by engaging in
10 the conduct described above, including but not limited to Defendants' concealment
11 of material facts to Plaintiffs, including that Plaintiffs were entitled to royalties
12 wrongfully withheld by Defendants, and that Defendants had no intention of
13 actually paying such royalties until Plaintiffs asserted their rights. Further,
14 Defendants breached their fiduciary duties by providing Plaintiffs with fraudulent
15 royalty and/or profit share statements that wrongfully overstated recoupment costs
16 and understated royalties and/or profit shares owed to Plaintiffs. Defendants even
17 used fraudulent accounting practices that overdrafted positive accounts to make
18 them appear "unrecouped" without any justification to do so. Defendants also
19 designed and implemented a system that intentionally and wrongfully concealed
20 Plaintiffs' positive royalty and/or profit share balances from them by default, and
21 such system was further built so that Plaintiffs were not structured as payees who
22 could receive payment, showing that Defendants never actually intended to pay
23 Plaintiffs. This system automatically works to the detriment of Plaintiffs by
24 withholding their royalties and not even notifying them about positive royalties.
25 Such systematic flaws show that Defendants intentionally designed this system to
26 attempt to avoid and/or delay paying royalties to artists for as long as possible.

27

1 142. Defendants' breach of their fiduciary duties harmed Plaintiffs in an
2 amount to be proven at trial.

3 143. Defendants' conduct was a substantial factor in causing Plaintiffs'
4 harm. The actions of Defendants as alleged herein were willful, wanton and
5 malicious, subjecting Defendants to punitive and exemplary damages according to
6 the reprehensibility of their conduct.

7 **NINTH CAUSE OF ACTION FOR FRAUDULENT CONCEALMENT**

8 **(Against All Defendants)**

9 144. Plaintiffs reallege and incorporate all of the above paragraphs as
10 though fully set forth herein.

11 145. As described above, Plaintiffs and Defendants were joint venturers,
12 and had a long (over 20 year) relationship that spanned numerous bands and
13 ventures, and was therefore a special relationship. As a result, Defendants owed
14 Plaintiffs fiduciary duties.

15 146. As generally described herein, Defendants suppressed, concealed
16 and/or failed to disclose material facts to Plaintiffs, including, but not limited to,
17 that Plaintiffs were entitled to royalties wrongfully withheld by Defendants, and that
18 Defendants had no intention of actually paying such royalties until Plaintiffs
19 asserted their rights.

20 147. Despite repeated requests made by Plaintiffs' agents, Defendants have
21 failed to deliver to Plaintiffs numerous accounting statements, with gaps for years
22 that would have significantly enhanced revenue, intentionally concealing material
23 facts regarding the actual gross sales/receipts, recoupable costs, expenses royalty
24 calculation and/or profits owed to Plaintiffs, namely from 1997-2004, when
25 Plaintiffs made the majority of sales and released several best-selling albums.

26 148. In the accounting statements that Defendants did deliver to Plaintiffs,
27 Defendants intentionally concealed and/or omitted material facts that were known

1 only to Defendants and that Plaintiffs could not have reasonably discovered. For
2 example, Plaintiffs learned only in May 2024, following their inquiry to UMG
3 regarding its failure to send a royalty statement, that Plaintiffs had positive balances
4 in their royalty accounts totaling over \$3 million, collectively. These positive
5 balances had never otherwise been reported to Plaintiffs, and Defendants did not
6 reveal that these balances existed until Plaintiffs inquired about missing royalties
7 and statements.

8 149. Defendants also made statements designed to conceal their fraud,
9 including the statements made by UMG's SVP of Business Affairs, Jason Kanejsza,
10 claiming that UMG's failure to pay Plaintiffs' royalties was a one-off mistake due
11 to an error with UMG's new software. On information and belief, these statements
12 were made in an attempt to placate Plaintiffs and prevent them from further
13 discovering the extent of Defendants' fraud.

14 150. Plaintiffs also allege that Defendants concealed and/or intentionally
15 misrepresented facts related to the calculation of Plaintiffs' royalties, profit share
16 and/or recoupments. Defendants also designed and implemented a system that
17 intentionally and wrongfully concealed Plaintiffs' positive royalty balances from
18 them by default, and such system was further built so that Plaintiffs were not
19 structured as payees who could receive payment, showing that Defendants never
20 actually intended to pay Plaintiffs. This system automatically works to the detriment
21 of Plaintiffs by withholding their royalties and not even notifying them about
22 positive royalties. Such systematic flaws show that Defendants intentionally
23 designed this system to attempt to avoid and/or delay paying royalties to artists for
24 as long as possible. On information and belief, Plaintiffs are not the only artists to
25 suffer from Defendants' implementation of this system, and allege that discovery
26 will show that potentially hundreds of other artists have likewise been wrongfully
27

1 defrauded regarding their royalties, showing that the system was intentionally
2 designed to commit fraud on Plaintiffs and other artists.

3 151. Defendants intentionally failed to disclose these facts, which were
4 known only to Defendants and others acting in concert with Defendants, and which
5 Plaintiffs could not have discovered.

6 152. Defendants prevented Plaintiffs from discovering these facts by
7 keeping them concealed from Plaintiffs. Indeed, Plaintiffs still do not understand
8 how much money Defendants have fraudulently concealed from Plaintiffs, and will
9 not be able to do so, until Plaintiffs obtain discovery of all relevant information,
10 including all royalty statements and back up for the calculation of Plaintiffs'
11 royalties, profit share, and recoupment costs through discovery in this action.

12 153. Defendants also owed Plaintiffs a legal duty of disclosure because (i)
13 Defendants had exclusive knowledge of material facts not known to the Plaintiffs;
14 (ii) Defendants owed Plaintiffs fiduciary duties; and/or (iii) Defendants actively
15 concealed material facts from the Plaintiffs. This duty to disclose arose from the
16 relationship between the parties, as Plaintiffs and Defendants were joint venturers
17 and have had a long and special relationship for more than 20 years. As a result,
18 Defendants were under a duty of disclosure to Plaintiffs.

19 154. Plaintiffs did not know of the concealed facts until they recently
20 discovered that Defendants had failed to send royalty statements in or around April,
21 2024. Thereafter, Plaintiffs learned that Defendants had not paid Plaintiffs over \$3
22 million in royalties and/or profit shares due and owing to them, and had not even
23 notified them of such positive account balances.

24 155. In conducting further subsequent investigations, Plaintiffs learned that
25 Defendants have failed to provide royalty statements for certain periods over the
26 course of their relationship, and, on information and belief, Plaintiffs allege that the
27 royalty statements that Defendants have provided to Plaintiffs over the years

1 materially overstate the recoupment costs and understate the royalties and/or profit
2 share owed to Plaintiffs. Plaintiffs will not be able to discover the extent of
3 Defendants' fraud until Plaintiffs obtain all relevant documentary accounting
4 evidence through discovery in this action and analyze the same. However, on
5 information and belief, Plaintiffs allege that Defendants have underpaid them tens
6 of millions of dollars, or more.

7 156. Defendants intended to deceive Plaintiffs by concealing these facts.

8 157. Had the omitted information been disclosed to Plaintiffs, Plaintiffs
9 reasonably would have behaved differently. Specifically, had Plaintiffs known that
10 they were being systematically underpaid, they could have rescinded the Flip
11 Agreement, Flawless Agreement, and/or Recording Agreement sooner and
12 exploited the Limp Bizkit and/or Flawless Records Master Recordings in a manner
13 that would earn them considerably more than the royalties under the applicable
14 agreements, for example by shifting control over these assets away from Defendants
15 many years earlier. Further, had Plaintiffs been aware of Defendants' concealment
16 sooner, they could have asserted their rights sooner (including by filing this lawsuit
17 sooner, and enforcing their intellectual property rights sooner), and obtained relief
18 sooner, allowing them to have the time benefit of receiving payment and other relief
19 sooner, and interest on such amounts. Plaintiffs would also have avoided the
20 expense of fees paid to consultants and/or attorneys necessary to discover
21 Defendants' fraud. As a direct and proximate result of Defendants' concealment,
22 Plaintiffs have been harmed, the exact amount to be proven at trial.

23 158. Defendants' concealment was a substantial factor in causing Plaintiffs'
24 harm.

25 159. The actions of Defendants as alleged herein were willful, wanton and
26 malicious, subjecting Defendants to punitive and exemplary damages according to
27 the reprehensibility of their conduct.

1 **TENTH CAUSE OF ACTION FOR INTENTIONAL**

2 **MISREPRESENTATION**

3 **(Against all Defendants)**

4 160. Plaintiffs reallege and incorporate all of the above paragraphs as
5 though fully set forth herein.

6 161. Defendants made false, misleading, and incomplete statements to
7 Plaintiffs in connection with the calculation of their royalties and/or profit shares.
8 Since the beginning of their relationship, Defendants have created periodic royalty
9 and/or profit share statements to Plaintiffs, representing to Plaintiffs that the gross
10 sales/receipts, recoupable costs, expenses, royalty calculation and/or net profits
11 identified therein (including those revenues and royalties reported by Defendants)
12 were truthful and accurate.

13 162. Further, Defendants also designed and implemented a system that
14 intentionally and wrongfully concealed Plaintiffs' positive royalty balances from
15 them by default, and such system was further built so that Plaintiffs were not
16 structured as payees who could receive payment, showing that Defendants never
17 actually intended to pay Plaintiffs. This system automatically works to the detriment
18 of Plaintiffs by withholding their royalties and not even notifying them about
19 positive royalties. Such systematic flaws show that Defendants intentionally
20 designed this system to attempt to avoid and/or delay paying royalties to artists for
21 as long as possible.

22 163. Plaintiffs also allege that Defendants intentionally misrepresented facts
23 related to the calculation of Plaintiffs' royalties, profit share and/or recoupments.
24 For example, according to statements provided by Defendants, Limp Bizkit's
25 "Greatest Hitz" album did not generate any positive royalties payable to the band,
26 and was still showing unrecouped losses, until as recently as Q4 2022. The Q4 2022
27 statement shows the first positive royalty balance of \$12,375.06. This is highly

1 suspicious, given that the album was first released in 2005. Similarly, Defendants’
2 statements show an “unrecouped” balance until Q4 2018 on Limp Bizkit’s LP 1-3,
3 its most successful records that sold tens of millions of albums. Again, it is highly
4 suspect that Defendants could claim unrecouped balances until the end of 2018, and
5 then proceed to pay Limp Bizkit paltry sums that are suspected to be only a fraction
6 of what is truly owed, given that these albums had each sold millions of records
7 over the past decades.

8 164. Likewise, Defendants had failed to pay Flawless Records any of the
9 profit share income or royalties owed under the Flawless Agreement, despite the
10 fact that Flawless Records had signed a number of artists, including the
11 commercially successful bands Puddle of Mudd, She Wants Revenge, and several
12 others.

13 165. Further, Defendants provided Plaintiffs with fraudulent royalty
14 statements that wrongfully overstated recoupment costs and understated royalties
15 owed to Plaintiffs. As set forth above, Defendants even used fraudulent accounting
16 practices that overdrafted positive accounts to make them appear “unrecouped”
17 without any justification to do so. Instead, Defendants appear to have simply come
18 up with charges to Plaintiffs’ accounts out of thin air.

19 166. Defendants also designed and implemented a system that intentionally
20 and wrongfully concealed Plaintiffs’ positive royalty balances from them by default,
21 and such system was further built so that Plaintiffs were not structured as payees
22 who could receive payment, showing that Defendants never actually intended to pay
23 Plaintiffs. This system automatically works to the detriment of Plaintiffs by
24 withholding their royalties and not even notifying them about positive royalties.
25 Such systematic flaws show that Defendants intentionally designed this system to
26 attempt to avoid and/or delay paying royalties to artists for as long as possible. On
27 information and belief, Plaintiffs are not the only artists to suffer from Defendants’

1 implementation of this system, and allege that discovery will show that potentially
2 hundreds of other artists have likewise been wrongfully defrauded regarding their
3 royalties, showing that the system was intentionally designed to commit fraud on
4 Plaintiffs and other artists.

5 167. Defendants have also failed to provide back-up documentation to
6 support the calculation of their recoupment, whereby they deemed Limp Bizkit to
7 be in recoupment for a period of over 20 years, despite the commercial success of
8 their albums when they were released, as well as due to their renewed popularity in
9 recent years.

10 168. Through discovery of Defendants' accounting and other records,
11 Plaintiffs anticipate that they will be able to prove further misrepresentations and/or
12 concealments related to Plaintiffs' royalties and/or profit shares.

13 169. Defendants intentionally concealed these and other material facts from
14 Plaintiffs with the intent to deceive and defraud Plaintiffs. Defendants also
15 affirmatively represented that the accounting statements were truthful and accurate,
16 both through affirmative representations made by Defendants, and through
17 Defendants' continued delivery of cumulative accounting/royalty statements
18 without correction or amendment. Defendants through their agents further
19 affirmatively represented that they were using all available means to promote
20 Plaintiffs' assets and enforce their intellectual property to maximize revenue for the
21 creators.

22 170. By way of example only, on July 26, 2024, Defendants' agent Scott
23 Bauman provided a responsive letter to Plaintiffs' demand which stated that
24 Defendants paid Limp Bizkit "approximately \$43 million" in recoupable
25 "advances" "over the years," which is why the account only recently began paying
26 the band any royalties. Plaintiffs allege that this statement is false and/or misleading,
27 in that Defendants has overstated the amount of recoupable advances, and

1 understated the royalties owed. In reviewing the royalty statements that Plaintiffs
2 do have access to (which are incomplete), Plaintiffs have only been able to
3 determine that Defendants have charged \$13,107,196.26 in recoupable costs and
4 advances to Limp Bizkit, which is far below the alleged \$43 million that Defendants
5 now claim constitutes the recoupable costs and advances. Thus, Plaintiffs allege that
6 Defendants have improperly inflated the alleged advances and/or recoupments,
7 which Defendants were supposed to calculate on an itemized basis in relationship
8 to each Album and/or Recording Fund. Thus, Defendants' attempt to categorize the
9 sum total of Advances allegedly received by Limp Bizkit over the years is again
10 misleading, as they were required to properly segregate the accounts. This is
11 compounded by the fact that Defendants have provided no back up to support the
12 alleged \$43 million, and have not provided Plaintiffs with the missing royalty
13 statements. Because Defendants have failed to substantiate the \$43 million in
14 recoupable costs, and the documents in Plaintiffs' possession also do not
15 substantiate those costs, Defendants must produce documents through this litigation
16 in order to do so and bear the burden of proving the same. However, on information
17 and belief, Plaintiffs allege that Defendants will not be able to substantiate the \$43
18 million figure because it is grossly overinflated.

19 171. Further, Mr. Kanejsza's statements claiming that Defendants' failure
20 to pay Plaintiffs was a one-off mistake due to an error with UMG's new software
21 was an intentional misrepresentation. Indeed, when questioned about how an
22 allegedly one-off mistake could happen to two completely separate accounts (i.e.
23 Limp Bizkit and Flawless Records), Mr. Kanejsza was not able to offer any logical
24 explanation, showing that he knew his statements were false when they were made.

25 172. Not only that, Defendants knew that Limp Bizkit's assets were
26 generating millions of dollars in revenue due to their explosion in popularity over
27 the past several years. Defendants were aware of this because UMG was paying Flip

1 Records millions of dollars, keeping millions of dollars for itself, and willfully
2 failing to account to Plaintiffs or pay the monies rightfully owed to them.

3 173. Further, as mentioned above, UMG had reached out to Limp Bizkit
4 several times in 2023-2024 to obtain approval for new exploitations of the assets,
5 showing that Defendants were aware that there was demand for them and that even
6 more money could be made off of them, while at the same time, UMG knew that it
7 had failed to pay Limp Bizkit *any royalties at all*.

8 174. Not only that, Defendants went into Limp Bizkit's royalty accounts
9 and fraudulently changed positive accounts into purportedly "unrecouped" ones by
10 overdrawing them without providing any basis for doing so.

11 175. Thus, Defendants cannot claim ignorance or that some unknown
12 benign software issue caused these problems. Rather, these actions could only have
13 been accomplished as a result of Defendants' knowing, intentional acts that were
14 specifically designed to defraud Plaintiffs and deny them millions in revenue, while
15 keeping it all for themselves and seeking to exploit Plaintiffs further while
16 continuing to steal all their revenues.

17 176. With respect to Flawless Records, Mr. Bauman stated that the account
18 remained unrecouped "for many years" but stated that "the account is now recouped
19 and has a positive balance of approximately \$2.3 million." Mr. Bauman claimed
20 that Defendants needed Plaintiffs to fill out forms in order to route payment to
21 Flawless Records. Plaintiffs allege that this statement is false and/or misleading in
22 that Defendants has misstated the reason why Flawless Records was not paid
23 sooner; Plaintiff alleges that it was not because of Defendants' need for forms and
24 documents, but because Defendants had intentionally misrepresented profits
25 payable to Flawless Records. Further, UMG's statement about recoupments is again
26 misleading to the extent that UMG has not provided any back up, has failed to
27

1 provide missing profit share statements, and has failed to explain how the
2 recoupment was calculated.

3 177. Plaintiffs further allege that Defendants made intentional
4 misrepresentations as to the existence and/or amount of positive royalty balances in
5 Plaintiffs' accounts, which were not discovered for *years*, until Plaintiffs inquired
6 with Defendants.

7 178. As mentioned above, Plaintiffs had positive, payable balances in their
8 royalty accounts according to UMG's statements since as early as Q4 2019, and
9 Defendants never notified Plaintiffs or otherwise attempted to make payment
10 whatsoever. Instead, Defendants fraudulently overdrafted the accounts with positive
11 balances to wrongfully show them as being back in recoupment, without any basis
12 to do so. Defendants made the choice to fraudulently doctor the royalty accounting
13 by overdrawing the accounts instead of paying Plaintiffs their royalties for the past
14 several years. These were intentional, willful, knowing choices made by
15 Defendants.

16 179. Defendants also made material misrepresentations over the years to the
17 effect that Plaintiffs were not receiving royalty statements because their accounts
18 were so deeply unrecouped, which was untrue given that, at least in some instances,
19 the accounts were only "unrecouped" because Defendants fraudulently made them
20 so. Further, Defendants in fact prepared statements for periods in which the
21 accounts were unrecouped, and had an obligation to provide them to Plaintiffs, and
22 to substantiate their unrecouped costs.

23 180. Defendants knew that these statements were false, misleading, and
24 incomplete as evidenced by the system designed to keep artists from claiming their
25 rightful royalties, and Defendants' repeated false and fraudulent accounting
26 practices and statements related to Plaintiffs' royalties, recoupments, and profit
27 shares.

1 181. Plaintiffs believe that discovery of Defendants’ internal and external
2 communications will reveal further facts showing Defendants’ misrepresentations,
3 knowledge of falsity, and intent. Such evidence is presently in the exclusive
4 knowledge of Defendants.

5 182. Defendants also knew that these statements would mislead Plaintiffs
6 and deprive Plaintiffs of the full amount of royalties and/or profit share owed to
7 them, and to prevent Plaintiffs from discovering these facts or claiming such
8 payments for as long as possible. Plaintiffs were denied such royalties and profit
9 shares, to their severe detriment and to the benefit of Defendants, as a direct and
10 proximate result of Defendants’ material misrepresentations.

11 183. Defendants intended for Plaintiffs to rely on these statements and to
12 continue to be underpaid amounts they are entitled to, and to wrongfully keep those
13 amounts for themselves.

14 184. As a direct result of Defendants’ intentional misrepresentations and
15 active concealment of material facts, Plaintiffs were unaware of the true facts.
16 Plaintiffs did not discover Defendants’ fraudulent accounting practices until
17 approximately April – July, 2024, when Plaintiffs learned that, although they had
18 never been paid royalties by Defendants, that Flip Records was reportedly raking in
19 millions of dollars for the exploitation of Limp Bizkit’s Master Recordings, that
20 Limp Bizkit’s popularity had grown exponentially over the past several years, and
21 that Defendants were seeking to market and reissue various Limp Bizkit assets.
22 Plaintiffs, upon further investigation, learned that they had over \$3 million in
23 positive royalty balances that Defendants had never notified them about—for years.
24 This was when Plaintiffs first learned that they *were not even set up as payees in*
25 *Defendants’ system*, which suggested to Plaintiffs that Defendants never intended
26 to actually pay them. Plaintiffs then understood that Defendants’ system
27 automatically disfavors artists and defaults to non-payment, when it should do the

1 opposite—ensure that artists know they have royalties and make every effort to
2 actually pay them.

3 185. Plaintiffs then began further investigating Defendants’ accounting
4 practices, and realized that Defendants had failed to provide Plaintiffs with any
5 accounting statements for certain years that were likely to be some of the highest
6 grossing periods (for example, during the height of Limp Bizkit’s fame for its top-
7 selling records from 1997-2006).

8 186. In reviewing accounting statements that were provided, Plaintiffs also
9 began to suspect that Defendants had been understating royalties and profits, and
10 overstating recoupment costs. This is evidenced, for example, by Defendants
11 claiming that Limp Bizkit’s account was still in recoupment at the end of 2022—
12 over 20 years after some of their most successful and highest grossing albums had
13 been released. Not only that, Defendants’ royalty statements failed to comport with
14 Limp Bizkit’s massive explosion in popularity over the past five or so years, during
15 which the band’s original recordings have generated millions in revenues, and
16 should be generating the same in royalties to the band.

17 187. Plaintiffs reasonably and justifiably relied upon Defendants’
18 statements in continuing to work with Defendants over the course of many years,
19 spanning multiple bands and joint ventures. Had Plaintiffs known of Defendant’s
20 fraud, Plaintiffs reasonably would have behaved differently. Specifically, had
21 Plaintiffs known that they were being systematically underpaid, they could have
22 rescinded the Flip Agreement, Recording Agreement, or Flawless Agreement
23 sooner and exploited the Limp Bizkit or Flawless Records Master Recordings in a
24 manner that would earn them considerably more than the royalties under the Flip
25 Agreement, Recording Agreement, or Flawless Agreement, for example by shifting
26 control over these assets away from Defendants many years earlier. Further, had
27 Plaintiffs been aware of Defendants’ concealment sooner, they could have asserted

1 their rights sooner (including by filing this lawsuit sooner, and enforcing their
2 intellectual property rights sooner), and obtained relief sooner, allowing them to
3 have the time benefit of receiving payment and other relief sooner, and interest on
4 such amounts. Plaintiffs would also have avoided the expense of fees paid to
5 consultants and/or attorneys necessary to discover Defendants' fraud.

6 188. As a direct and proximate result of the foregoing fraudulent and
7 deceitful conduct, Plaintiffs have been damaged in an amount to be proven at trial.

8 189. Defendants' actions were a substantial factor in causing Plaintiffs'
9 harm.

10 190. The actions of Defendants as alleged herein were willful, wanton and
11 malicious, subjecting Defendants to punitive and exemplary damages according to
12 the reprehensibility of their conduct.

13 **ELEVENTH CAUSE OF ACTION FOR**
14 **NEGLIGENT MISREPRESENTATION**

15 **(Against All Defendants)**

16 191. Plaintiffs reallege and incorporate all of the above paragraphs as
17 though fully set forth herein.

18 192. As alleged above (see, e.g., ¶¶ 35-71; 161-208), Defendants made
19 false, misleading, and incomplete statements to Plaintiffs in connection with the
20 calculation of their royalties and/or profit shares. These statements were false and
21 misleading, especially in the context in which they were made.

22 193. At the time these representations were made, Defendants had no
23 reasonable grounds for believing they were true, because sufficient evidence to
24 corroborate Defendants' statements did not exist, information was known and
25 available to Defendants concerning the unreliability and/or falsity of Defendants'
26 material misstatements, and Defendants carelessly failed to check into, assess
27 and/or verify Defendants' misstatements, which were otherwise false.

1 194. Plaintiffs were ignorant of the falsity of Defendants’ representations
2 and believed them to be true. In justifiable reliance on Defendants’ representations
3 of material fact, and in ignorance of the true facts, Plaintiffs continued to work with
4 Defendants over the course of many years and through many projects, while being
5 systematically underpaid, to Plaintiffs’ severe detriment.

6 195. Defendants intended for Plaintiffs to rely on these statements and to
7 continue to be underpaid by Defendants and remain ignorant of Defendants’
8 fraudulent accounting practices and systems.

9 196. Plaintiffs reasonably relied upon Defendants’ statements in deciding to
10 continue to do business with them and believe that they were sending accurate
11 royalty statements and providing Plaintiffs with all of the royalties and profits owed
12 to them. Had Plaintiffs known of Defendant’s fraud, Plaintiffs reasonably would
13 have behaved differently. Specifically, had Plaintiffs known that they were being
14 systematically underpaid, they could have rescinded the Flip Agreement, Recording
15 Agreement, or Flawless Agreement sooner and exploited the Limp Bizkit or
16 Flawless Records Master Recordings in a manner that would earn them
17 considerably more than the royalties under the Flip Agreement, Recording
18 Agreement, or Flawless Agreement, for example by shifting control over these
19 assets away from Defendants many years earlier. Further, had Plaintiffs been aware
20 of Defendants’ concealment sooner, they could have asserted their rights sooner
21 (including by filing this lawsuit sooner, and enforcing their intellectual property
22 rights sooner), and obtained relief sooner, allowing them to have the time benefit of
23 receiving payment and other relief sooner, and interest on such amounts. Plaintiffs
24 would also have avoided the expense of fees paid to consultants and/or attorneys
25 necessary to discover Defendants’ fraud.

26 197. As a direct and proximate result of the foregoing fraudulent and
27 deceitful conduct, Plaintiffs have been damaged in an amount to be proven at trial.

1 198. Defendants' actions were a substantial factor in causing Plaintiffs'
2 harm.

3 199. The actions of Defendants as alleged herein were willful, wanton and
4 malicious, subjecting Defendants to punitive and exemplary damages according to
5 the reprehensibility of their conduct.

6 **TWELFTH CAUSE OF ACTION FOR**

7 **PROMISSORY FRAUD**

8 **(Against All Defendants)**

9 200. Plaintiffs reallege and incorporate all of the above paragraphs as
10 though fully set forth herein.

11 201. As alleged above, Defendants made promises to pay Plaintiffs royalties
12 and/or profit sharing from the exploitation of the Master Recordings of Limp Bizkit
13 and artists signed to Flawless Records. Payment was Defendants' primary, material
14 obligation, and is what induced Plaintiffs to enter into the Flip Agreement, the
15 Recording Agreement and the Flawless Agreement.

16 202. However, Defendants had no intention of actually performing these
17 promises and paying Plaintiffs any royalties or profit shares at the time these
18 promises were made. Indeed, Defendants never set up Plaintiffs as payees able to
19 receive payment in their system, and doctored Plaintiffs' accounts to fraudulently
20 show them as "unrecouped" when in fact they had positive balances. Plaintiffs
21 allege that Defendants never would have paid them any money had Plaintiffs not
22 discovered their fraud and took action.

23 203. Defendants intended that Plaintiffs rely on these promises.

24 204. Plaintiffs in fact reasonably relied on these promises.

25 205. Defendants failed to perform these promises. As set forth above,
26 Defendants failed to make any payments of any royalties or profit shares at all to
27 Plaintiffs until August 26-27, 2024, and Plaintiffs further allege that those payments

1 are grossly understated and do not represent the full amounts due to Plaintiffs, as a
2 result of Defendants' fraud as described herein.

3 206. Plaintiffs have been harmed as a result, and estimate that Defendants
4 have failed to pay them millions of dollars.

5 207. Plaintiffs' reliance on Defendants' promise was a substantial factor in
6 causing Plaintiffs' harm.

7 208. The actions of Defendants as alleged herein were willful, wanton and
8 malicious, subjecting Defendants to punitive and exemplary damages according to
9 the reprehensibility of their conduct.

10 **THIRTEENTH CAUSE OF ACTION FOR**
11 **ACCOUNTING**

12 **(Against All Defendants)**

13 209. Plaintiffs reallege and incorporate all of the above paragraphs as
14 though fully set forth herein.

15 210. Defendants were obligated to provide to Plaintiffs statements
16 accurately reflecting the amount of sales and revenues derived from the distribution
17 and exploitation of Limp Bizkit's Master Recordings and intellectual property, and
18 for the distribution and exploitation of Master Recordings and intellectual property
19 of artists signed to Flawless Records, and to remit to Plaintiffs their royalties and/or
20 share of revenues.

21 211. Despite demand therefor, Defendants have failed and refused, and
22 continue to fail and refuse, to provide Plaintiffs with proper and accurate
23 accountings reflecting the amount of revenues derived from the distribution and
24 exploitation of Limp Bizkit's and Flawless Records' Master Recordings and
25 intellectual property. Instead, Defendants have intentionally provided false and
26 fraudulent royalty and/or profit participation statements to Plaintiffs.

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1 212. The false and fraudulent profit participation statements submitted by
2 Defendants are cumulative, and entitle Plaintiffs to an accurate and truthful
3 accounting showing how the current cumulative numbers were calculated.

4 213. Plaintiffs are entitled to an order requiring Defendants to provide their
5 complete books and records of account in all details.

6 **FOURTEENTH CAUSE OF ACTION FOR**

7 **COPYRIGHT INFRINGEMENT**

8 **(Against All Defendants)**

9 214. Plaintiffs reallege and incorporate all of the above paragraphs as
10 though fully set forth herein.

11 215. On September 30, 2024, Plaintiffs served Defendants with the
12 Rescission Notice, a copy of which is attached hereto as Exhibit G and incorporated
13 by reference. The Rescission Notice rescinded the Flip Agreement, Recording
14 Agreement, or Flawless Agreement. Plaintiffs Limp Bizkit and Durst are the
15 creators of all of the musical compositions embodied in the Master Recordings
16 subject to the Flip Agreement and Recording Agreement. On information and belief,
17 Plaintiff Flawless Records has copyright ownership in the Master Recordings of
18 artists on the Flawless Record labels by virtue of agreements entered into between
19 Flawless Records and those artists.

20 216. Despite receiving the Rescission Notice, Defendants have continued to
21 sell, distribute and exploit the Master Recordings, including through streaming
22 platforms. However, because the Flip Agreement, Recording Agreement, and
23 Flawless Agreement have been rescinded, and Plaintiffs have not otherwise granted
24 Defendants with permission to sell, distribute and exploit the Master Recordings,
25 such acts constitute copyright infringement.

1 217. Due to Defendants' acts of infringement, Plaintiffs have suffered
2 substantial damages, including general and special damages, in an amount to be
3 proven at trial.

4 218. Due to Defendants' acts of infringement alleged herein, Defendants
5 have obtained direct and indirect profits that they would not otherwise have realized
6 but for their infringement of the Master Recordings. As such, Plaintiffs are entitled
7 to disgorgement of Defendants' profits directly and indirectly attributable to
8 Defendants' infringement of Plaintiffs' rights in the Master Recordings in an
9 amount to be proven at trial.

10 219. Plaintiffs are informed and believe and thereon allege that Defendants,
11 and each of them, have committed acts of copyright infringement, described herein,
12 which were willful, intentional and malicious, subjecting Defendants to liability for
13 statutory damages under Section 504(c)(2) of the Copyright Act in the sum of up to
14 one hundred and fifty thousand dollars (\$150,000) per infringement. Within the time
15 permitted by law, Plaintiffs will make their election between actual damages and
16 statutory damages.

17 **FIFTEENTH CAUSE OF ACTION FOR VIOLATION OF**
18 **CAL. BUS. & PROF. CODE § 17200 ET SEQ**
19 **(Against All Defendants)**

20 220. Plaintiffs reallege and incorporate all of the above paragraphs as
21 though fully set forth herein.

22 221. On information and belief, and as described more fully above (see, e.g.
23 ¶¶ 35-71; 161-208), Defendants has knowingly performed acts, including but not
24 limited to, failing to properly compute Plaintiffs' royalties, failing to provide
25 accurate royalty or profit statements, failing to notify Plaintiffs of positive royalty
26 or profit balances, improperly (and fraudulently) calculating royalties, profits, and
27 recoupments, failing to timely pay royalties and profits, intentionally

1 misrepresenting royalties and profits owed to Plaintiffs, and systematically
2 designing and implementing a system to prevent Plaintiffs from obtaining their
3 royalties and profits.

4 222. On information and belief, Defendants knowingly committed these
5 acts in order to unlawfully deprive Plaintiffs of their revenues and profits. These
6 acts constitute unlawful, unfair and/or fraudulent business practices and unfair
7 competition under Sections 17200, et seq., of the California Business and
8 Professions Code.

9 223. As a result of such conduct, Plaintiffs have suffered, and will continue
10 to suffer, irreparable harm by Defendants' unfair, unlawful and/or fraudulent
11 practices, including but not limited to, harm to its reputation, goodwill, and
12 stature in the music community, for which there is no adequate remedy at
13 law, thereby justifying injunctive relief. Until and unless injunctive relief is granted,
14 Defendants will be unjustly enriched, which should be disgorged pursuant to
15 allowable remedies under Sections 17200, et seq., of the California Business and
16 Professions Code.

17 **SIXTEENTH CAUSE OF ACTION FOR**
18 **DECLARATORY RELIEF**
19 **(Against All Defendants)**

20 224. Plaintiffs reallege and incorporate all of the above paragraphs as
21 though fully set forth herein.

22 225. In light of Plaintiffs' rescission of the Flip Agreement, the Recording
23 Agreement, and the Flawless Agreement on September 30, 2024, Plaintiffs allege
24 that Defendants have no rights in or to the Master Recordings of Limp Bizkit or
25 artists signed to Flawless Records under the Flip Agreement, the Recording
26 Agreement, the Flawless Agreement, or otherwise, and that Plaintiffs are the legal
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1 owners of all copyright, intellectual property and other rights in and to the Master
2 Recordings, in perpetuity.

3 226. Durst and Limp Bizkit, as the authors and creators of the musical
4 compositions in the Master Recordings, owned all copyrights in the works
5 immediately upon their creation including but not limited to copyrights in the
6 musical compositions, sound recordings, and any related and/or derivative assets.

7 227. On information and belief, Plaintiff Flawless Records has copyright
8 ownership in the Master Recordings of artists on the Flawless Record labels by
9 virtue of agreements entered into between Flawless Records and those artists.

10 228. A substantial controversy exists between the parties with respect to the
11 validity and legal effect of Plaintiffs' Rescission Notice (Exhibit G) and assertion
12 of Dust's and Limp Bizkit's copyrights in and to the Limp Bizkit Master Recordings
13 and Flawless Records' assertion of copyrights in and to the Master Recordings of
14 artists signed to Flawless Records. Defendants have stated to Plaintiffs that they
15 have no termination or other rights in or to the Master Recordings, and have refused
16 to acknowledge the rescission of the Flip Agreement, the Recording Agreement, or
17 the Flawless Agreement.

18 229. The controversy has sufficient immediacy and reality to warrant the
19 issuance of a declaratory judgment. A judicial declaration is necessary and
20 appropriate at this time in order that Plaintiffs may ascertain their rights and duties
21 with respect to the copyrights and ensure that they can rely on quiet, unclouded title
22 to their copyright interests.

23 230. Plaintiffs seek a declaratory judgment pursuant to 28 U.S.C. § 2201
24 and Federal Rule of Civil Procedure 57, confirming that (i) Plaintiffs Limp Bizkit
25 and Durst are the sole owners of all copyright and intellectual property rights in and
26 to the Limp Bizkit Master Recordings; (ii) Plaintiff Flawless Records is a copyright
27 owner of Master Recordings of artists signed to Flawless Records; (iii) Defendants

1 have no intellectual property or other rights in any of Limp Bizkit's Master
2 Recordings or any Master Recordings of artists signed to Flawless Records; and (iv)
3 Plaintiffs' assertion of their copyrights in the Limp Bizkit Master Recordings and
4 Flawless Records Master Recordings does not infringe upon any rights of
5 Defendants.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiffs William Frederick Durst, Limp Bizkit and
8 Flawless Records, LLC pray as follows:

9 1. For general damages in an amount to be proven at trial, but exceeding
10 at least \$10,000,000;

11 2. For special damages in an amount to be proven at trial, but exceeding
12 at least \$10,000,000;

13 3. For an award of all profits of Defendants plus all losses of Plaintiffs,
14 plus any other monetary advantage gained by Defendants through their copyright
15 infringement, the exact amount to be proven at trial, or, if elected before final
16 judgment, statutory damages as available under the Copyright Act, 17 U.S.C. § 101
17 et seq.;

18 4. For punitive and exemplary damages against Defendants on those
19 causes of action which support such an award;

20 5. For their attorney's fees and costs pursuant to the Copyright Act, 17
21 U.S.C. § 101 et seq., or any alternative;

22 6. For an order confirming the rescission of the Flip Agreement, the
23 Recording Agreement and the Flawless Agreement;

24 7. For all lawful remedies and damages allowed by law and equity as a
25 result of the rescission of the Recording Agreement, the Flip Agreement, and the
26 Flawless Agreement, including but not limited to consequential damages (see Civil
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1 Code §§ 1670.5, 1689, 1692.), as well as disgorgement of all profits received under
2 those agreements, which Plaintiffs estimate could easily exceed \$200 million;

3 8. For an order declaring that (i) Plaintiffs Limp Bizkit and Durst are the
4 sole owners of all copyright and intellectual property rights in and to the Limp
5 Bizkit Master Recordings; (ii) Plaintiff Flawless Records is a copyright owner of
6 Master Recordings of artists signed to Flawless Records; (iii) Defendants have no
7 intellectual property or other rights in any of Limp Bizkit's Master Recordings or
8 any Master Recordings of artists signed to Flawless Records; and (iv) Plaintiffs'
9 assertion of their copyrights in the Limp Bizkit Master Recordings and Flawless
10 Records Master Recordings does not infringe upon any rights of Defendants.

11 9. For an order compelling Defendants to produce the original books and
12 records of account and to satisfactorily and accurately account to Plaintiffs with
13 respect to all expenses and revenues for any Master Recordings and other
14 intellectual property subject to the Flip Agreement, the Recording Agreement or the
15 Flawless Agreement, and to disgorge the monies due to Plaintiffs therefrom;

16 10. For an order compelling Defendants to account to Plaintiffs for their
17 profits and any damages sustained by Plaintiffs from the acts of copyright
18 infringement described herein;

19 11. For a temporary restraining order and/or preliminary and/or permanent
20 injunction enjoining permanent injunction enjoining Defendants, its directors,
21 officers, agents, and employees, and those acting in privity or in concert with it,
22 and its partners, subsidiaries, divisions, successors, and assigns, from further acts
23 of (i) Copyright Infringement or (ii) engaging in further unfair, unlawful or
24 fraudulent conduct in violation of Sections 17200, et seq., of the California Business
25 and Professions Code;

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1 12. For a judgment that Plaintiffs be awarded other relief including but not
2 limited to disgorgement of any amounts by which Defendants have been unjustly
3 enriched as a result of their wrongful conduct;

4 13. For costs of suit;

5 14. For pre-judgment and post-judgment interest on any award; and

6 15. For such other and further relief as the Court may deem just and proper.

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DEMAND FOR JURY TRIAL

COMES NOW Plaintiffs William Frederick Durst, Limp Bizkit, and Flawless
Records, LLC and hereby demand a jury trial in the above matter.

Dated: October 8, 2024

SEDDIGH ARBETTER LLP

By: /s/ Alicia M. Veglia
Alicia M. Veglia
Attorneys for Plaintiffs William
Frederick Durst, Limp Bizkit and
Flawless Records, LLC