Electronically FLED by Superior Court of California, County of Los Angeles on 11/19/2021 05:28 PM Sherri R. Carter, Executive Officer/Clerk of Court, by J. Lara, Deputy Clerk

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	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
8 9	FOR THE COUNTY OF LOS ANGELES	
9 10	MICHAL STORY, an Individual,	) Case No.: 21STCV29163
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12	Plaintiff,	JUDGE: Hon. Theresa M. Traber
13	vs.	
14	DAVID CARLSON, an Individual and	OPPOSITION TO DEFENDANTS'
15	FILM FOETUS, INC, and DOES 1	SPECIAL MOTION TO STRIKE COUNTS 1, 2, 3, 6 AND 7 OF PLAINTIFF'S FIRST
16	THROUGH 100	AMENDED COMPLAINT.
17		Date: December 3, 2021 Time: 9:00 a.m.
18	Defendants.	) Dept.: 47
19		Action Filed: August 6, 2021
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23		Reservation IDs: 326394406716 & 865724959919
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	I       OPPOSITION TO DEFENDANT'S SPECIAL MOTION TO STRIKE COUNTS 1, 2, 3, 6 AND 7 OF         PLAINTIFF'S FIRST AMENDED COMPLAINT.	

 The special motion to strike is untimely pursuant to the provisions of Code of Civil Procedure Section 425.16(f) because the complaint was served upon defendants on August 24, 2021, and defendants did not file the special motion to strike until October
 26, 2021 and defendants did not seek leave of court to file a late motion. Defendants
 being out of state residents were served by mail, return receipt requested. Attached as
 exhibit 1 are the receipts, dated August 24, 2021.

While a court can consider the merits of the motion to determine whether the purposes of the anti-SLAPP statute would best be served if the court considers the merits of and grants the motion, the court has the discretion to and should deny this motion as untimely without considering the merits of the motion. *Chitsazzadeh v. Kramer & Kaslow* (2011)199 Cal. App. 4th 676, 681-682.

In *Chitsazzadeh*, defendants argue they were not properly served with the complaint and that plaintiff's failure to seek their defaults precluded them from asserting that defendants were served with the complaint more than 60 days before the filing of the special motion to strike. The court rejected defendants' argument.

In the instant case there is not even a color of argument that the within motion should not be stricken. Even though the motion is without merit, there is no difference between a little bit late and a lot late.

2. <u>A plaintiff opposing a late anti-SLAPP motion need not demonstrate prejudice.</u>

In *Olsen v. Harbison* (2005) 134 Cal.App.4th 278, defendant argued that plaintiff must show prejudice arising from a late anti-SLAPP motion. The appellate court found that argument to be without merit even if the belated anti-SLAPP motion was otherwise meritorious.

3. <u>The special motion to strike cannot be granted because the defendants' acts were</u> <u>not in furtherance of defendant's right of petition and free speech in connection with a</u> <u>public issue as defined in Code of Civil Procedure Section 425.16(e).</u>

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4. <u>That a broad and amorphous public interest can be connected by stretching it to</u> <u>a specific dispute is not sufficient to meet the statutory requirements of CCP § 425.16.</u>

Defendant's own relied upon case, *Dyer v. Childress* (2007) 147 Cal.App.4th 1273, repudiates defendants' contention that plaintiff's lawsuit is one of public interest so as to be accorded protection under the anti-SLAPP statute.

In Dyer, plaintiff filed a lawsuit for defamation and false light and invasion of privacy. The defendants were filmmakers and actors. Defendants contended that the movies involved free speech and were therefore of public significance. The appellate court focused on whether the issue was the specific nature of the speech rather than generalities abstracted from it. Id. at 1280. In support of its ruling, the court of appeal concluded there was no discernible public interest in plaintiff, even though a topic of widespread public interest may be addressed. The Dyer court further articulated that the fact that a broad and amorphous public interest can be connected to a specific dispute is not sufficient to meet the statutory requirements. The court additionally rejected defendants' contention in Dyer that because they are media defendants and movies are entitled to free speech protection, the anti-SLAPP statute can be invoked. In rejecting that argument the appellate court noted that where media plaintiffs inject themselves into public debate CCP § 425.16 may apply. Such is not the case here. Merely because there may be some undefined public interest does not convert a specific dispute to being subject to anti-SLAPP protection. Defendants' arguments to the contrary are arguments of conclusion and ignore the "principal thrust or gravamen" of the claim. The foregoing determines whether CCP § 425.16 applies. Martinez v. *Metabolife Internat., Inc.* (2003) 113 Cal.App.4th 181, 188.

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*Martinez* recognized that even if the complaint made some reference to speech or petitioning activity does not serve to create protected activity. That case found advertising and labelling references to be only *incidental* to the dispute. Actually, the instant complaint makes no reference to speech. Instead, plaintiff seeks to recover proceeds due her and to secure other contractual obligations. This does not implicate

OPPOSITION TO DEFENDANT'S SPECIAL MOTION TO STRIKE COUNTS 1, 2, 3, 6 AND 7 OF PLAINTIFF'S FIRST AMENDED COMPLAINT.

free speech. The anti-SLAAP statute does not apply merely because the subject matter is a documentary film.

5. The gravamen of the first amended complaint.

The gravamen on the complaint is expressly set forth in paragraphs 12, 14 and 26 through 37. Nothing contained therein implicates free speech or constitutional rights. As is common in the entertainment industry, the entity receiving proceeds from exploitation of the filmed product must account in accordance with the contract between the parties. And as is not unusual in the entertainment industry, the movie studio, television network, or as in this instance, the distributor, gets sued because they failed to account.

Defendants leap from their failure to provide budgets and changes thereto, monies raised, identifying investors, disbursing proceeds, and business related issues as acts in furtherance of the exercise of free speech.

As developed hereafter, Joe Frank had sole final cut approval of the documentary and exercised that right. Final cut approval means once it has been exercised the film is completed. Nothing else is to be done to the film, be it production or post-production. Decl. of Story, ¶ 6.

Defendants assert that it is beyond 'peradventure' that "creation of a film (including conduct that advances or assists in the creation of a film) constitutes the exercise of free speech and, therefore, that conduct in connection with the production, creation and distribution of films is protected by the anti-SLAPP statute." Production and creation ceased after final cut approval. Left to do was distribution of the film.

Defendants offer a hornbook presentation of the anti-SLAPP statute. But they do not address the manner in which plaintiff's conduct falls within the provisions of CCP § 425.16. They do not connect the dots. They provide conclusions but no facts. Stating that Carlson produced and directed the film, and also stating that Carlson created the film are not only merely conclusory statements, they are contrary to fact.

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Defendants make serious charges, viz: that plaintiff is intruding on free speech and constitutional rights. Carlson states he completed the film in 2019. Joe Frank exercised his sole right to approve the final cut in 2017. That means the documentary was completed in 2017. Defendants attempt to twist the issue of meaningful consultation within the orbit of the anti-SLAPP statute. Defendants cannot take advantage of the anti-SLAPP statute merely because the subject matter is a movie.

The moving papers repeatedly make reference to the "development" of the project. Significant is that defendant seeks to equate "development" with "creative activity" so that development falls within the purview of CCP § 425.16. Development as adverted to by defendant refers to business and financial issues. Decl. of Story, ¶¶ 43-91.

In acting unilaterally after the film was completed in 2017 and final cut exercised, defendant acted in breach of contract. He now attempts to convert that into a component of protected activity. In support of his thesis, he adverts to business and financial issues—factors which have nothing to do with free speech and constitutional rights. Defendants make an attempt—albeit futile—to blend the business and distribution factors into his free speech rights. This attempt is pure obfuscation. The film was completed at the time of the final cut as provided by Joe Frank. Final cut means final cut. The contract governs. Free speech rights do not arise merely because defendant states he has creative control and they do not supersede the contract.

Defendants' reliance on ¶ 2(c) of the Production Agreement reflects a
misrepresentation of what the provision means. The provision contains four
components: production, completion, distribution and exploitation of the picture.
Exhibit 2.

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Frank and Carlson worked on the production in accordance with 2(a) of the
Production Agreement. Frank approved the final cut. At that time the documentary
was completed. Nothing else needed to be done concerning the creation and content of
the documentary. After completion defendant was to <u>distribute and exploit</u> the picture.
Exhibit 2 at 1(a). <u>Defendant had no right to alter the picture.</u> Decl. of Story, ¶ 6.

Carlson's misrepresentation of ¶ 2(a) of the Production Agreement is a desperate attempt to invoke the anti-SLAPP statute. What he was required to do after completion of the film—after the final cut—was to generate sales and licenses for the product. Anything beyond that, such as altering the film, constitutes a breach of contract. One cannot avail himself of being in breach of contract as a means to manufacture free speech violations.

Defendants cites a staggering amount of cases in support of their argument. The plethora of cited cases does not help them because the cases basically repeat the statutory provisions of CCP § 425.16, viz: does the speech chill constitutional rights, was it intended to chill constitutional rights?

Defendants can double the amount of cited cases but they all address the same statutory issue: that defendants must first establish that the claim arises from activity protected by the statute and if so, plaintiff must demonstrate the merit of the claim by establishing a probability of success. See, for example, *Symmonds v. Mahoney* (2019) 31 Cal.App.5th 1096, 1103. *Fox Searchlight Pictures, Inc. v. Paladino* (2001) 89 Cal.App.4th 294 recites the same process at page 305 of the opinion. *Equilon Enterprises v. Consumer Cause, Inc.* (2002) 29 Cal.4th 53 recites the same process at page 61 of the opinion. *Wilson v. Cable News Network, Inc.* (2019) 7 Cal.5th 871 recites the same process at page 884 of its opinion. The cases are cumulative.

In *Wilson,* the California Supreme Court found a producer-writer did not have sufficient authority so as to warrant protection under the anti-SLAPP statute. The court further stated that the defendant, CNN, must demonstrate that the activity is protected by the anti-SLAPP statute.

Carlson failed to identify even one activity after the film was completed that is subject to anti-SLAPP protection. Not one. His declaration addresses post-final cut activity. That pertains to distribution of the film. That private dispute is not of public interest.

Nor can defendant point to anywhere in the complaint that makes reference to activity that is constitutionally protected. Not one sentence. Plaintiff is owed money by defendant as well as accounting and financial statements, hardly a First Amendment issue. To assert otherwise is abusive.

Defendant has not performed in accordance with his contractual obligations, and accordingly, he has been sued. The violation of contractual obligations does not implicate anti-SLAPP protection. The film was completed. Any changes he made to the documentary after Joe Frank's final cut approval would be without authority. The absence of authority cannot result in anti-SLAPP protection.

6. <u>The Second Prong–Probability of Success</u>

Defendant has failed to sustain his burden of making out a prima facie case. The special motion to strike is thereby defeated. Even if defendant did sustain his burden, plaintiff's probability of success defeats the special motion to strike.

The Production Agreement sets forth the agreement between the parties. While defendant could participate in the production, once Frank okayed the final cut, Carlson's involvement was to be limited to the distribution and financial aspects of the film, subject to meaningful consultation. As aforestated, after completion of the film defendant was to be "**involved with . . . distribution and exploitation of the picture.**" The provision further provides that if Joe Frank is unable to consult with defendant, "the company shall consult with [plaintiff] in [Frank's] place." Production Agreement at ¶ 2(a).

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As articulated in Soukup v. Law Offices of Herbert Hafif (2006) 39 Cal.4th 260, the court is to accept as true the evidence favorable to plaintiff and to evaluate the defendant's evidence only to determine if it has defeated that submitted by the plaintiff as a matter of law. Id. at 269 fn.3. The court further stated that had it neither weighs credibility nor compares the weight of the evidence.

Plaintiff has asserted that she is owned money by defendant. Decl. of Story at ¶ 6. Defendant alleges it has generated only \$4,917 in sales and presumes that defeats plaintiff's probability of success. It does not work that way.

Plaintiff further declares that defendant did not consult with her in a meaningful way. Such charge has nothing at all to do with free speech, it demonstrates defendant's ignoring his contractual obligations. Moreover, defendant has not accounted to plaintiff. Decl. of Story at ¶¶, 24, 37, 38, 42, 6.

The second prong is a summary judgment like procedure. The court's inquiry is limited to whether plaintiff has stated a legally sufficient claim and a prima facie factual showing sufficient to sustain a favorable judgment. Claims with requisite minimal effort may proceed. Baral v. Schnitt (2016) 1 Cal. 5th 376, 384. The court further noted that plaintiff's burden must be compatible with the early stage at which the motion is brought and the parties' limited opportunity to conduct discovery.

7. Defendant is Liable on the Basis of Alter Ego.

For some reason, defendant contends there is no evidence of an actual contract between Story and defendant Carlson. This, of course, ignores the alter ego allegations at ¶¶ 38, 39 and 40 of the first amended complaint.

8. <u>Conclusion</u>.

The within lawsuit is rather common in the entertainment industry. Distributors of filmed entertainment, be they studios, networks, or independents, handle the proceeds generated from exploitation of the product. Failure to report accurately or to disburse proceeds occurs. As a result lawsuits ensue. This situation is

no different except to the extent that additionally, consultation requirements have been ignored.

Were the defendant a manufacturer of widgets the within anti-SLAPP motion would not have occurred. Because Joe Frank was a radio performer and a film was produced the motion was brought. But a basically fundamental lawsuit cannot be transformed into something involving free speech or constitutional rights.

Defendants' motion is not supported by any factual evidence that plaintiff had chilled or attempted to intrude upon defendants' rights. And even if such evidence existed, plaintiff has satisfied the requisite elements, at this phase, of the probability of success.

Plaintiff is entitled to attorney's fees.

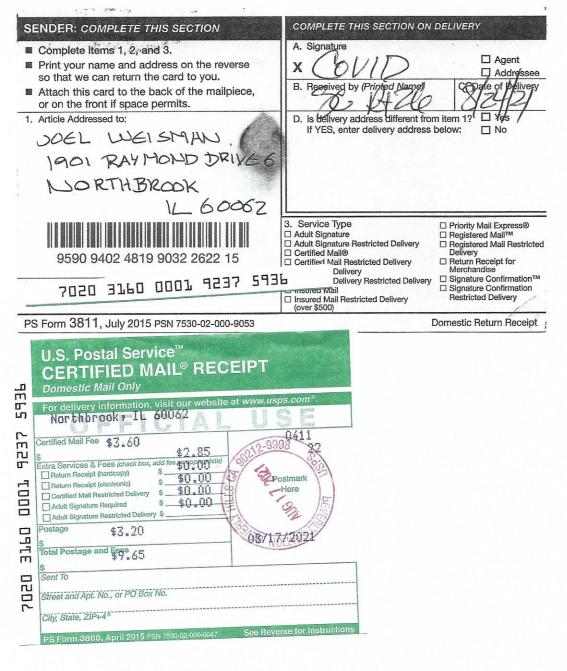
Respectfully submitted,

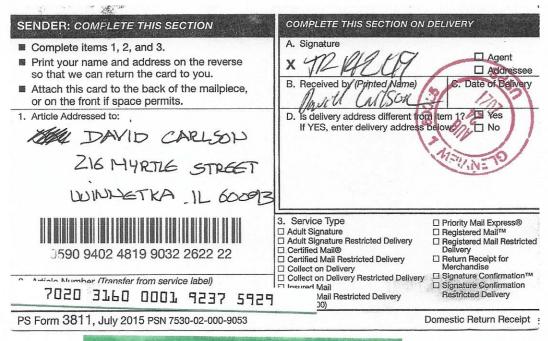
Dated November 19, 2021

Richard Ross, Attorney for Plaintiff Michal Story

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# EXHIBIT 1







# EXHIBIT 2

#### PRODUCTION AGREEMENT

#### "The Joe Frank Film"

THIS PRODUCTION AGREEMENT (the "Agreement") is entered into as of June 30, 2017, by and between Film Foetus, Inc. ("Company"), on the one hand, and Joe Frank ("Artist") and Michal Story ("Story"), on the other hand (each a "Party" and, together, the "Parties") in connection with that certain proposed feature-length theatrical motion picture currently entitled "Untitled Joe Frank Film" (the "Picture") based on the life, radio broadcasts and writings of Artist (collectively, the "Story Rights"), to be directed by D. P. Carlson ("Director"), and to be produced by Company in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company and Artist hereby agree as follows:

## 1. <u>Structure/Ownership</u>.

General. The Picture is a feature length documentary about the life and work of а. radio artist Joe Frank. For purposes of this Agreement, Story Rights shall mean the irrevocable, non-exclusive, perpetual and universal rights to use Artist's name, approved likeness, approved photograph, sobriquet, approved voice, and approved biography; depict and portray Artist, and make use of incidents of Artist's life preceding, surrounding, following and otherwise in any way relating to incidents about Artist's life and use any and all information and materials in Artist's possession or under Artist's control, which Artist shall, at Company's request, disclose and provide to Company in such forms as, without limitation, copies of any newspapers or magazine clippings, photographs (excluding professional photographs provided by Story, which shall be the subject of a separate good faith negotiation and agreement), transcripts, recordings, journals, notes, recordings, home movies, videotapes or other physical materials relating to Artist's life story and Artist's thoughts, observations, recollections, reactions and experiences surrounding, arising out of, or concerning all those events, circumstances and activities relating to Artist's life story. Subject to the terms and conditions set forth in this Agreement, Company shall finance (or secure financing for) the production of the Picture and provide producing, directing, editing and other necessary services in connection with the production and exploitation of the Picture. Company and Artist shall each co-own an undivided fifty percent (50%) interest in and to all right, title and interest in and to the Picture, including without limitation the copyright and all proceeds from the exploitation thereof and all ancillary and related rights, and all applicable copyright registrations and trademark registrations of the Picture's title filed in any country for any and all versions of the Picture in all media and formats now known or hereafter devised throughout the universe shall be in the name of both Artist and Company provided that Company shall have the sole right and authority, after full and meaningful consultation with Artist, to determine how the completed Picture will be distributed including, without limitation, who the distributor(s) will be, when such distribution(s) should occur and in which media the Picture will be distributed. The parties hereby agree that, subject to full and meaningful consultation with Artist/Story, Company shall have the right to act on behalf of Story and Artist in connection with those distribution decisions and to sign all such distribution agreements on behalf of Story and Artist. Notwithstanding anything contained in this Agreement, Artist and Story shall retain ownership of their respective footage, photographs,

show recordings, radio programs, internet content and audio selections which each furnished for incorporation into the Picture regardless of whether such materials are included in the finished Picture; provided, Artist and Story each hereby grant to the Picture a non-exclusive, perpetual, worldwide, royalty-free license solely for the use of such material in the Picture and in connection with the distribution, exploitation and promotion thereof, except that any photographs provided by Story shall not be used in any manner other than in the Film itself. In addition, Company shall pay to Story on a schedule agreed to by the parties a reasonable, customary, agreed upon fee for Company's incorporation into the Picture of those materials owned by Story. Company shall retain ownership of all footage of Artist shot by Company at Artist's live events and footage of all interviews shot by Company in connection with the Picture regardless of whether such materials are included in the finished Picture. Any footage shot by Company which includes Artist that is not included in the final cut of the Picture shall not be utilized by Company in any other project or for any other purpose without the prior written consent of Artist. In the event of Artist's death or permanent disability, all of Artist's rights under this Agreement, including without limitation consultation and approval rights, shall be automatically assigned to Story. The Parties agree to execute appropriate licenses and assignments of rights in accordance with the terms of this Agreement. For the avoidance of doubt, the ownership structure of the Picture shall not impact the revenue sharing provisions and approvals/controls set forth herein unless approved in writing by the Parties in each instance.

b. <u>Assignment of Rights</u>. If Company actually finances the production of the Picture or secures financing for the Picture from third parties, Artist shall license for use in the Picture all right, title and interest in and to the Story Rights in a manner consistent with this Agreement no later than completion of production of the Picture. Similarly, Company shall assign to the Picture all right, title and interest in and to the results and proceeds of Company's services (including without limitation producing, directing and editing services) in a manner consistent with this Agreement no later than completion of production of production of the Picture. The parties acknowledge that, as of the effective date of this Agreement as first written above, the only funding required to complete the Picture is an amount required to license the rights to the musical compositions and/or sound recordings to be incorporated into the Picture and to complete post production for the Picture.

c. <u>Abandonment</u>. If Company fails to secure funding to complete post-production for the Picture and to secure festival music rights licenses within eight (8) months following the date Artist approves the final cut of the Picture, then this Agreement shall automatically terminate as of the above applicable date, all rights in and to the Picture and underlying materials shall automatically revert to the party contributing such rights, and neither party will have any further obligation, financial or otherwise, to the other.

2. <u>Approvals and Controls</u>. Company and Artist shall have the following rights of approval, such approval not to be unreasonably withheld or delayed, over the following elements and any replacements thereof:

a. <u>Review of Director's Cut/Final Cut</u>. Company shall deliver to Artist a director's cut of the Picture. Artist shall deliver to Company written notes regarding Artist's views of the Picture within 10 business days following receipt of the applicable cut. Company shall edit the Picture according to those written notes. If Artist does not provide Company with those written

notes within the 10 business day period, Artist shall be deemed to have approved that cut and shall have no further right to comment on the content of the Picture. Company shall deliver to Artist a copy of the Picture after Company has completed editing the Picture based on any written notes provided to Company by Artist (the "Final Cut"). Artist shall notify Company in writing if it approves the Final Cut within ten (10) business days following Artist's receipt. If Artist approves the Final Cut (following any edits by Company based on Artist's written notes), Artist shall not have the right to withdraw that approval at a future date. The parties agree that any attempt at withdrawal of that approval by Artist or Artist's representative will be deemed a material breach of this Agreement.

b. <u>Creative Controls</u>. Except as noted otherwise herein, Company shall have exclusive control and approval with respect to all creative decisions regarding the Picture.

c. <u>Consultation</u>. Company and Artist shall meaningfully consult with each other on a regular basis with respect to the progress in production of the Picture and all other material developments involved with the production, completion, distribution and exploitation of the Picture. If Artist is unable to consult with Company for any reason, then Company shall consult with Story in Artist's place.

d. <u>Music Licenses</u>. In the event Company and/or Artist secures a third party distributor to distribute the Picture in the United States and/or any other territory, then Company shall secure all-media licenses for all musical compositions/sound recordings incorporated into the Picture including, without limitation, licenses that cover the use of those compositions/sound recordings in Picture trailers and in television/radio/internet/mobile advertising for the Picture. Notwithstanding the foregoing, unless and until Company secures a third party distributor for the Picture, Company shall only be required to secure licenses for all musical compositions/sound recordings incorporated into the Picture for film festival exhibition and those film exhibition licenses. The cost of any and all music licenses referenced herein shall be treated as a production expense.

3. <u>Crowdfunding Campaign</u>. It is contemplated that Company may conduct a non-investor crowdfunding campaign to raise approximately \$65,000 in post-production funding in order to complete the Picture. In connection with any such crowdfunding campaign, Artist hereby grants to Company the right to utilize Artist's name, approved likeness, approved biography, approved photograph and approved image as part of the crowdfunding materials and the rewards offered to consumers for donating funds.

4. <u>Producer Terms</u>. Company and Artist each shall be credited on the Picture as an individual "Producer" of the Picture and each shall provide customary creative/physical producer services in connection therewith as more fully set forth below. In this regard, the following terms and conditions shall apply:

a. In full and meaningful consultation with Artist, Company shall provide certain development and production services including without limitation preparing budgets and schedules, engaging in casting activities, hiring and paying key crew, post-production expenses, legal expenses, accounting expenses, and certain financing costs, with the actual, verifiable,

third-party cost of these items (i.e., to the extent paid to third parties and not to Company or Director) all as set out more fully in Paragraph 5 below ("Production Costs").

b. Company, Director, Artist and Story shall not be entitled to receive a producing fee or other fees for services in connection with the Picture, it being understood and agreed that their sole and exclusive compensation for producing and/or directing the Picture shall be the Parties' respective shares of Net Proceeds in accordance with Paragraphs 5.c. and 6 below.

c. Company shall have the right to recoup the Production Costs prior to any distribution of remaining Net Proceeds (as hereinafter defined) to any other party.

d. Following Company's recoupment of the Production Costs, Company and Artist/Story each shall be entitled to receive an equal (i.e., 50/50) share of the "Net Proceeds" derived from the Picture. For purposes of this Agreement, "Net Proceeds" shall mean the amount of "Gross Receipts" remaining, if any, from the distribution and exploitation of the Picture and all rights therein and by-products thereof (including without limitation soundtracks and merchandising), after the deduction of costs, expenses and fees as set forth in Paragraph 5 below. As used herein, "Gross Receipts" shall mean any and all sums actually received by Company, Artist or a collection account manager on their behalf (if applicable) from the sale, licensing, distribution and all other exploitation of the Picture and all rights therein and by-products thereof in all markets and media now known or hereafter devised throughout the universe in perpetuity. To the extent that a portion of Net Proceeds is granted to any third party(ies) (upon mutual approval of Company and Artist), each of Company and the Artist shall bear an equal (i.e., 50%) portion of such grant of Net Proceeds.

e. All other terms of Producers' producing engagement services shall be determined by Company and Artist in good faith.

5. <u>Disposition of Gross Receipts</u>. The parties acknowledge that to date Company has incurred actual, verifiable, third party Production Costs totaling \$29,000.00 for the Picture. The parties further acknowledge that Company contemplates conducting an on-line, non-investor crowdfunding campaign to secure funds totaling \$65,000.00 to complete post-production for the Picture (the "Completion Funding"). The parties agree that all funds, if any, which exceed the Completion Funding shall be included in Gross Receipts. All revenues actually received from the exploitation of the Picture after deduction of any expenses actually incurred by Company to complete post-production for the Picture (if those expenses exceed any funds retained by Company that exceeded the Completion Funding) and any third party (other than the sales agent) distribution fees and expenses ("Gross Receipts") shall be payable as follows on a continuing basis (subject to the terms of any mutually-approved production lender):

<u>First</u>, in payment of any collection account manager fees and expenses (i.e., should the . Parties elect to engage the services of a collection account manager);

<u>Second</u>, in payment of all normal and customary guild residuals, re-use fees, and similar mandatory payments, if any, to the extent not paid from a residuals reserve established by the Parties, and audit and collection costs in connection with the distribution and exploitation of the Picture;

<u>Third</u>, in payment of any sales agent's fees (i.e., should the Parties elect to engage the services of a sales agent);

Fourth, in payment of any sales agent's expenses;

<u>Fifth</u>, in payment in full to the mutually-approved production lenders, if any (including without limitation Company and/or Artist), of their entire loans, including, without limitation, all applicable interest, finance fees and costs, if any;

<u>Sixth</u>, in payment to mutually-approved equity investors, if any, in the Picture of the principal amount of their respective investments (plus any preferred return thereon) on a pro rata, pari passu basis; and

<u>Seventh</u>, to Company and Artist, the remaining balance, if any, of Gross Receipts (i.e., 50% to each of them), subject to any mutually-approved participations granted to third parties.

6. <u>Credits</u>. Subject to the requirements of any applicable guild and union agreements, the following credits will be accorded on screen in the main titles ("Screen Credit") and in the billing block of all paid ads, subject to customary distributor exclusions ("Paid Ad Credit"), as follows:

a. <u>Producer</u>: Artist shall be accorded separate card Screen Credit and Paid Ad Credit in the form "Producer."

b. <u>Director/Producer</u>: D. P. Carlson shall be accorded separate card Screen Credit and Paid Ad Credit in the form "Produced & Directed By D. P. Carlson."

c. <u>Co-Producers</u>: Michal Story and Mike Weber each shall be accorded separate card Screen Credit and Paid Ad Credit in the form "Co-Producer."

d. <u>Excluded Ad Protection</u>: The "Produced & Directed By," "Producer," "Executive Producer" and "Co-Producer" credits shall be accorded in excluded ads in which individual credit is accorded to any individual producer or executive producer (subject to the customary exceptions and exclusions of the distributors of the Picture and except for nomination and award ads in which only the honored individual(s) is accorded credit).

e. <u>Production Company Credit</u>: Company shall be accorded production company logo Screen Credit above the title of the Picture, as well as production company Screen Credit in the main titles of the Picture and corresponding Paid Ad Credit.

f. All other aspects of credit not specifically addressed above shall be subject to the mutual approval of the Parties.

7. <u>Insurance</u>. Company shall obtain and keep in full force and effect in amount, coverage, kind and form reasonably satisfactory to Artist, all types of insurance that is typically obtained for motion pictures and motion picture productions, including, without limitation, cast, negative and faulty stock insurance; customary errors and omissions insurance and comprehensive liability insurance. Company, Artist and Story shall be the named insured(s) on all such policies.

### 8. <u>Representations and Warranties</u>.

a. Company represents and warrants that:

(i) it is a duly organized company in good standing in its state/country of origin;

(ii) it has the right to enter into and fully perform this Agreement, the consent of no other person or entity is required in connection herewith, and it is capable of, and there is no impediment to, the performance of its obligations hereunder or with respect to the Picture;

(iii) it owns or controls all rights, and has not previously assigned to any third party or encumbered any of its rights, in the results and proceeds of Company's services hereunder; and

(iv) there are no actual or, to the best of its knowledge, threatened claims with respect to the Picture.

b. Artist represents and warrants that it has the right to enter and fully perform this Agreement, the consent of no other person or entity is required in connection herewith, and it is capable of, and there is no impediment to, the performance of his obligations hereunder.

# 9. <u>Indemnification</u>.

a. Company shall indemnify, defend, and hold Artist and Story and their respective successors, assigns, affiliates, agents, officers, directors, employees and shareholders harmless, against any liability, claim, cause of action, damage or expense (including, without limitation, reasonable outside attorneys fees, expert witness fees, disbursements and court costs regardless of whether litigation is commenced) ("Claims") arising from a breach by Company of its representations and warranties and covenants hereunder or arising from its (or its employees'), gross negligence or intentional misconduct (excluding only negligence that is covered by insurance).

b. Artist shall indemnify and hold Company and its successors, assigns, affiliates, agents, officers, directors, employees and shareholders harmless, against any Claims arising from a breach by Artist of its representations and warranties and covenants hereunder or arising from its (or its employees') gross negligence or willful misconduct (excluding only negligence that is covered by insurance).

10. <u>Assignment</u>. This Agreement shall not be assignable by the Parties hereto without the prior written consent of all the Parties hereto, which consent shall not be unreasonably withheld or delayed.

11. <u>Confidentiality/Press Release</u>. Company and Artist shall mutually approve any and all press releases and public announcements related to this Agreement. Company and Artist shall otherwise keep confidential this Agreement and the subject matter hereof, which shall not be disclosed to any third party except (a) as it has become generally available to the public; (b) to the Parties' agents, representatives, attorneys and professional advisors, on a need-to-know basis; (c) in order to comply with any law, rule, regulation or order of

any governmental authority with jurisdiction over the subject matter hereof; and (d) as may be required by the Parties to enforce their respective rights under this Agreement.

12. <u>Arbitration</u>. Any disputes under this Agreement or any document or instrument relating hereto (except to the extent expressly set forth to the contrary in such document or instrument) as well as the arbitrability of such dispute shall be resolved by final, binding arbitration before a single, mutually-approved arbitrator with experience in the entertainment industry under the Commercial Rules of JAMS in the venue of the party who initiates the arbitration (to which jurisdiction Company and Artist hereby irrevocably submit). The award of the JAMS arbitrator(s) shall include an award of reasonable outside attorneys' fees and associated costs (including expert witness fees) to the prevailing party in such arbitration. The arbitration shall be conducted in the city and state where the party initiating the arbitration resides. Any award of arbitration may be confirmed and/or enforced in any court located in the county and city where the arbitration was conducted and/or any court having jurisdiction over the losing party and/or any of its assets or properties.

13. <u>No Partnership</u>. This Agreement does not establish a relationship of partners or joint venturers between Company and Artist and/or Story; and no party shall hold itself out as agent or authorized representative of the other, nor shall there be any fiduciary or other legal relationship of trust established between Company and Artist and/or Story hereunder.

14. <u>Remedies</u>. Notwithstanding any other provision of this Agreement, each Party's sole remedy for breach by the other Party of any of its obligations under this Agreement shall be an action at law for damages and each Party acknowledges that such damages are fully adequate to compensate the other Party in the case of any breach by a Party hereunder. In no event shall either Party seek or be entitled to rescission, injunctive or other equitable relief.

15. <u>Survival of Terms</u>. Notwithstanding the abandonment of the Picture or the termination of this Agreement for any reason, paragraphs 1.a., 1.c., 9, 10, 11, 12, 13, 14 and 16 shall survive.

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Miscellaneous. The validity, interpretation and legal effect of this Agreement shall be governed 16. by the laws of the Illinois applicable to contracts entered into and wholly performed entirely therein without regard to conflict of laws provisions. No amendment or modification hereof shall be valid unless contained in a writing signed by both Parties. This Agreement is the entire agreement between the Parties with respect to the subject matter hereof, and replaces any prior agreements, understandings, representations or warranties, verbal or written, as to the subject matter hereof. This Agreement shall bind and inure to the benefit of the Parties and their respective permitted assigns, licensees, successors, heirs and representatives. Each Party hereto generally consents to service of process by registered mail, return receipt requested, at the addresses set forth below to receive service of process in any action, suit or proceeding with respect to any matter as to which it has submitted to jurisdiction as set forth above. The headings of the Paragraphs hereof are for convenience only and shall not be deemed to limit or in any way affect the scope, meaning or intent of this Agreement or any portion hereof. Should any Paragraph or provision of this Agreement be held to be void, invalid or inoperative as a result of any judicial or administrative proceeding or decree, such decision shall not affect any other Paragraph or provision hereof, and the remainder of this Agreement shall be effective as though such void, invalid or inoperative Paragraph or provision had not been contained herein. This Agreement may be executed in one or more counterparts (including via facsimile or electronic transmission), each of which shall be deemed an original for all purposes but all of which together shall constitute one and the same instrument. The Parties contemplate entering into more comprehensive documentation consistent with the terms hereof; provided, however, that unless and until such more formal documentation is executed by each of the Parties, this Agreement shall be the final and binding and enforceable in accordance with its terms.

ACCEPTED AND AGREED AS OF JUNE 30, 2017:

FILM FOETUS, INC.

Bv:

D. P. Carlson President/CEO

JOE FRANK

Joe Frank

Minus St

Michal Story An Individual

An Individual