

Assigned for all purposes to: Stanley Mosk Courthouse, Judicial Officer: Robert Broadbelt

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10  
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 FOR THE COUNTY OF LOS ANGELES

13 MICHAEL FLYNN,

14 Plaintiff,

15 vs.

16 WARNER MUSIC GROUP CORP.; WARNER  
17 RECORDS INC.; AARON BAY-SCHUCK;  
18 and DOES 1 through 20, inclusive,  
19 Defendants.

Case No. 20STCV04420

COMPLAINT FOR:

1. BREACH OF ORAL CONTRACT;
2. PROMISSORY ESTOPPEL;
3. INTENTIONAL INTERFERENCE  
WITH PROSPECTIVE ECONOMIC  
RELATIONS;
4. NEGLIGENT INTERFERENCE WITH  
PROSPECTIVE ECONOMIC  
RELATIONS; AND
5. INTENTIONAL INTERFERENCE  
WITH CONTRACTUAL RELATIONS

DEMAND FOR JURY TRIAL

1 Plaintiff Michael Flynn (“Flynn”), demanding trial by jury, complains and alleges on  
2 information and belief as follows:

3 **PARTIES**

4 1. Plaintiff Michael Flynn (“Flynn”) is, and at all relevant times was, an individual  
5 residing in the County of Los Angeles, State of California.

6 2. Defendant Warner Music Group Corp. (“WMG”) is, on information and belief, a  
7 Delaware corporation with its principal place of business in the State of New York.

8 3. Defendant Warner Records, Inc. (“WR”) is, on information and belief, a Delaware  
9 corporation with its principal place of business in the County of Los Angeles, State of California.  
10 On information and belief, WR is a wholly owned subsidiary of WMG.

11 4. Defendant Aaron Bay-Schuck (“Bay-Schuck”) is, and at all relevant times was,  
12 an individual residing in the County of Los Angeles, State of California.

13 5. Plaintiff is ignorant of the true names and capacities of the Defendants sued herein  
14 as Does 1 through 20, inclusive, and therefore sues such defendants by fictitious names. Plaintiff  
15 will seek leave of Court to amend this Complaint to allege their true names and capacities when  
16 they have been ascertained. Plaintiff is informed and believes, and thereon alleges, that each of  
17 the fictitiously named Defendants was responsible in some manner for the occurrences herein  
18 alleged, and that Plaintiff’s losses, as herein alleged, were proximately caused by such conduct.

19 6. Throughout this Complaint, WMG, WR, Bay-Schuck, and Does 1 through 20 are  
20 sometimes referred to collectively as “Defendants.”

21 **GENERAL ALLEGATIONS**

22 7. Flynn is a seasoned music executive and record producer. Flynn’s career has  
23 spanned more than 20 years. Flynn spent more than 10 years as a senior Artists and Repertoire  
24 (A&R) executive, eventually becoming the head of A&R and staff producer, for Sony/Epic  
25 Records. He later served as an executive vice president, head of A&R, and staff producer at  
26 UMG/Capitol Records (“Capitol”), where he discovered and/or supervised multi-platinum artists  
27 including Katy Perry, Troye Sivan, Jon Bellion, Tori Kelly, and NF, as well as legendary artists,  
28 such as Rod Stewart, Lionel Richie, Don Henley, and Brian Wilson. Flynn’s work has generated

1 over 30 million adjusted, worldwide album sales, including over 18 billion on demand streams,  
2 and that work led to multiple Grammy nominations. Flynn was recognized in the 2013, 2014,  
3 and 2015 annual Special Issue of *Billboard Magazine* as one of the 40 most influential Music  
4 Executives under the age of 40.

5 8. In or about June 2017, Flynn began searching for new employment opportunities  
6 in the music industry.

7 9. In or about October/November 2017, Flynn began negotiating with WMG for a  
8 position as an executive vice president (or in the alternative, as a senior vice president) in WR's  
9 A&R division (WMG and WR are collectively referred to herein as "WARNER"). Flynn's  
10 negotiations with WARNER occurred on many different fronts. For example, in September  
11 2017, a press release announced that Defendant Bay-Schuck would be leaving his position as the  
12 President of A&R at Universal/Interscope Records ("Interscope") for a position at WARNER.  
13 On October 3, 2017, Flynn text messaged Bay-Schuck regarding the press release, and Bay-  
14 Schuck immediately began recruiting Flynn to join WARNER. Additionally, in November 2017,  
15 Flynn began negotiating with WARNER through his transactional counsel, Joel A. Katz ("Katz")  
16 and Duane Sitar ("Sitar").

17 10. Notwithstanding the fact that Bay-Schuck was still under contract at Interscope,  
18 i.e., a direct competitor to WARNER, and, on information and belief, was contractually  
19 prohibited from soliciting employees and engaging in competitive actions against Interscope, he  
20 played an integral role in convincing Flynn to enter into what would become the Employment  
21 Agreement between WARNER and Flynn. For example, in October/November 2017, while Bay-  
22 Schuck was still employed by Interscope, Bay-Schuck and Flynn met in person, spoke over the  
23 phone on numerous occasions, and exchanged numerous text messages regarding the  
24 Employment Agreement. In the course of these negotiations, Flynn advised Bay-Schuck and  
25 WARNER that Flynn was also in the midst of negotiating other lucrative employment  
26 opportunities with Sony Music/Columbia/Records ("Sony") and 300 Entertainment. Bay-  
27 Schuck told Flynn that he hoped Flynn would choose WARNER over these other opportunities.

28 11. Bay-Schuck's negotiations with Flynn fed into and complimented the

1 negotiations between Flynn's counsel and WARNER. For example, on November 17, 2017,  
2 Bay-Schuck sent a text message to Flynn confirming that he had relayed the substance of  
3 their communications to Tom Corson ("Corson") and Max Lousada ("Lousada") at  
4 WARNER. Corson is the Chairman and COO of WR, and Lousada serves as WMG's CEO  
5 of Recorded Music and as the CEO of Warner Music UK. On or about January 10, 2018,  
6 WARNER sent an initial proposal to Katz. Bay-Schuck followed up and confirmed: "Yes we  
7 gave Joel [Katz] a number yesterday. He didn't want to send us any guidance so we just  
8 kicked it off. Hit me after you speak w him."

9 12. As of February 10, 2018, WARNER and Flynn had reached an agreement as to  
10 the material terms upon which Flynn would be employed at WARNER (the "Employment  
11 Agreement"). The material terms of the Employment Agreement were as follows:

- 12 (1) Term: 3 years, with start date to be determined;
- 13 (2) Title: Senior Vice President, A&R;
- 14 (3) Base Salary: \$500,000 per year;
- 15 (4) Signing Bonus: \$25,000 paid upon signing;
- 16 (5) Incentive Bonus: Participation in the executive bonus plan with  
17 target bonus equal to \$150,000/year; and
- 18 (6) Recording Studio: Reimbursement of recording studio costs of \$5,000 per  
19 month.

20 The terms of the Employment Agreement also allowed Flynn to perform producer services for  
21 WARNER-signed artists and entitled Flynn to a four percent (4%) royalty stemming from those  
22 services.

23 13. Between October 2017 and February 2018, Bay-Schuck and Flynn had numerous  
24 phone conversations and exchanged text messages concerning the Employment Agreement and  
25 future plans on working together.

26 14. On information and belief, and without Flynn's knowledge, Interscope (Bay-  
27 Schuck's then employer) learned of Bay-Schuck plan to join WARNER, and Interscope told Bay-  
28 Schuck and/or WARNER that Bay-Schuck should not be working on WARNER's behalf while

1 Bay-Schuck was still under contract with Interscope. On information and belief, Interscope sent  
2 a cease-and-desist letter to Bay-Schuck and/or WARNER warning them of the consequence of  
3 Bay-Schuck violating his contractual obligations and duties owed to Interscope, which would  
4 have necessarily included Bay-Schuck's involvement in recruiting Flynn to work for WARNER.

5 15. Flynn, not knowing any of this at the time, and in reliance upon the Employment  
6 Agreement, and upon numerous communications with Bay-Schuck, Katz, Sitar, Corson,  
7 WARNER, and others, informed 300 Entertainment on February 6, 2018 and Sony on February  
8 12, 2018 that he was going to work for WARNER and, therefore, would no longer be pursuing  
9 employment with those companies. WARNER and Bay-Schuck were fully aware that Flynn was  
10 in the midst of talking with competitors, had been discussing potential employment with those  
11 companies, and that Flynn would be informing these companies that he was going to work for  
12 WARNER.

13 16. On February 14, 2018, just days after Flynn terminated his negotiations with Sony  
14 and 300 Entertainment in complete reliance of WARNER's actions and statements, WARNER  
15 reneged on the Employment Agreement. WARNER initially attempted to justify its decision to  
16 back out of the Employment Agreement based on a false claim that a human resource "internal  
17 investigation" into Flynn had uncovered negative issues about him. WARNER even asserted  
18 that Bay-Schuck – an employee of Interscope at the time – "confirmed" information that came  
19 from the alleged investigation into Flynn. The reasons WARNER gave to Flynn for reneging on  
20 the deal were false.

21 17. On information and belief, WARNER never conducted an "internal investigation"  
22 that uncovered negative issues about Flynn before reneging on the deal and that was not the  
23 reason WARNER backed out of the Employment Agreement. Instead, on information and belief,  
24 WARNER was secretly attempting to conduct damage control after Interscope warned  
25 WARNER and/or Bay-Schuck that Bay-Schuck was violating his ongoing contractual  
26 obligations and duties owed to Interscope. On February 16, 2018, Bay-Schuck sent Flynn a text  
27 message that states: "Trying to figure out how we move forward in a different way that protects  
28 us all."

1           18.     WARNER subsequently withdrew the claim that Flynn was the subject of the  
2 negative allegations allegedly turned up by WARNER's purported "internal investigation."

3           19.     As further evidence that the reason WARNER gave for reneging on the  
4 Employment Agreement was fabricated, in March 2018, WARNER offered Flynn a Consulting  
5 Services Agreement ("Consulting Agreement"). Unfortunately, the Consulting Agreement was  
6 far less lucrative than the Employment Agreement. Notwithstanding, WARNER would not have  
7 offered the Consulting Agreement to Flynn a month after it reneged on the Employment  
8 Agreement if WARNER believed it could not employ Flynn for the reason told to Flynn in  
9 February 2018. This fact alone demonstrates that the reason WARNER gave Flynn for reneging  
10 on the deal was completely fabricated and was manufactured in order to avoid repercussions from  
11 WARNER and Bay-Schuck actively working together while Bay-Schuck was employed by  
12 Interscope and Bay-Schuck knowingly violating his contractual agreement and duties owed to  
13 Interscope.

14           20.     After receiving the offer for the Consulting Agreement, in March 2018, Flynn  
15 scheduled a meeting with Bay-Schuck. At the meeting, Flynn told Bay-Schuck that the  
16 Consulting Agreement was unacceptable because, among other things it had no guaranteed term,  
17 in contrast to the Employment Agreement (which provided for a three-year, guaranteed term of  
18 employment). Bay-Schuck assured Flynn that WARNER would honor the terms of the  
19 Employment Agreement once Bay-Schuck joined WARNER. In the meantime, Bay-Schuck  
20 instructed Flynn to extend WARNER a counteroffer for WARNER to pay Flynn a monthly fee  
21 equal to the amount Flynn would have received under the Employment Agreement. Bay-Schuck  
22 promised Flynn that Bay-Schuck would replace the monthly agreement with the Employment  
23 Agreement once Bay-Schuck joined WARNER. If WARNER did not want to employ Flynn,  
24 Bay-Schuck would not have made these statements to Flynn. Flynn followed Bay-Schuck's  
25 instructions and made the counteroffer. However, WARNER did not accept Flynn's  
26 counteroffer.

27           21.     Since February 2018, Flynn has not been able to secure employment comparable  
28 to that promised by WARNER.

1 **FIRST CAUSE OF ACTION**

2 **BREACH OF ORAL CONTRACT (Against WMG and WR and Does 1-15)**

3 22. Plaintiff incorporates each and every allegation contained in Paragraphs 1 through  
4 21, inclusive, of this Complaint as though fully set forth herein.

5 23. In February 2018, Plaintiff, on the one hand, and WARNER, on the other, entered  
6 into an oral agreement whereby Plaintiff would perform work as Senior Vice President, A&R  
7 and perform producer services for WARNER. In exchange, WARNER agreed to compensate  
8 Plaintiff with a base salary of \$500,000 per year (for a guaranteed three-year term), signing bonus  
9 of \$25,000, an incentive bonus (participation in WARNER's executive bonus plan with target  
10 bonus equal to \$150,000/year), reimbursement of recording studio costs of \$5,000 per month,  
11 and a four percent (4%) royalty stemming from producer services Plaintiff performed for  
12 WARNER-signed artists (the "Employment Agreement").

13 24. Plaintiff performed all of his obligations under the Employment Agreement or  
14 was excused from performance.

15 25. Defendants breached the Employment Agreement by refusing to honor the terms  
16 of the Employment Agreement.

17 26. As a direct and proximate result of Defendants' breach, Plaintiff has suffered  
18 damages, including but not limited to emotional distress damages, in an amount to be determined  
19 but in excess of the jurisdiction of this Court.

20 **SECOND CAUSE OF ACTION**

21 **PROMISSORY ESTOPPEL (Against WMG and WR and Does 1-15)**

22 27. Plaintiff incorporates each and every allegation contained in Paragraphs 1 through  
23 21, inclusive, of this Complaint as though fully set forth herein.

24 28. WARNER made a promise, clear and unambiguous in its terms, that if Plaintiff  
25 worked for Defendants, then Defendants would compensate Plaintiff with a base salary of  
26 \$500,000 per year (for a guaranteed three-year term), signing bonus of \$25,000, an incentive  
27 bonus (participation in WARNER's executive bonus plan with target bonus equal to  
28 \$150,000/year), reimbursement of recording studio costs of \$5,000 per month, and a four percent

1 (4%) royalty stemming from producer services Plaintiff performed for WARNER-signed artists.

2 29. Plaintiff actually relied on this promise as demonstrated by him informing 300  
3 Entertainment and Sony that he had reached a deal with WARNER and, therefore, would no  
4 longer be pursuing employment with those companies.

5 30. Plaintiff's reliance on this promise was both reasonable and foreseeable. Plaintiff  
6 received multiple assurances by Defendants. In fact, Defendants acknowledged Plaintiff's  
7 reliance on Defendants' promise and further promised to honor the terms of the Employment  
8 Agreement. Defendants knew that Plaintiff would and did forego opportunities with Sony and  
9 300 Entertainment in reliance on Defendants' promise to honor the Employment Agreement.  
10 Further, Defendants strung Plaintiff along for months and attempted to cover up for their breach  
11 by offering Plaintiff a consultancy arrangement at a fraction of the salary that was previously  
12 agreed upon.

13 31. Plaintiff's reliance on Defendants' promise was to his detriment. Plaintiff  
14 forewent employment opportunities with Sony and 300 Entertainment. In addition, Defendants'  
15 actions hindered Plaintiff from gaining other employment opportunities.

16 32. As a direct and proximate result of Plaintiff's reliance on Defendants' promise,  
17 Plaintiff has suffered damages, including but not limited to emotional distress damages, in an  
18 amount to be determined but in excess of the jurisdiction of this Court.

19 33. Injustice can be avoided only by enforcement of Defendants' promise. Plaintiff  
20 has not been able to secure employment comparable to that promised by Defendants.

### 21 **THIRD CAUSE OF ACTION**

#### 22 **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS**

#### 23 **(Against WMG, WR, Bay-Schuck and Does 10-20)**

24 34. Plaintiff incorporates each and every allegation contained in Paragraphs 1 through  
25 33, inclusive, of this Complaint as though fully set forth herein.

26 35. Plaintiff had business relationships with third parties, namely 300 Entertainment  
27 and Sony, containing the probability of future economic benefit to Plaintiff.

28 36. Defendants knew that Plaintiff had such relationships containing the probability



1 of future economic benefit.

2 37. Defendants' actions were independently wrongful because they constitute, among  
3 other things, breaches of contract and promissory estoppel as to Plaintiff, as alleged herein.  
4 WARNER's actions were also independently wrongful because they constitute, among other  
5 things, interference with the contract and duties Bay-Schuck owed to Interscope. On information  
6 and belief, Bay-Schuck's actions were also independently wrongful because his actions in  
7 working with WARNER before his contract with Interscope terminated and enticing Plaintiff to  
8 work for WARNER were breaches of Bay-Schuck's contract and/or duties that he owed  
9 Interscope (Bay-Schuck's then employer).

10 38. By engaging in the foregoing conduct, Defendants intended to disrupt the  
11 relationships or knew that disruption of the relationship was certain or substantially certain to  
12 occur.

13 39. Plaintiff's relationships with the third parties described above have been  
14 disrupted. Plaintiff lost actual and potential business opportunities because of Defendants'  
15 actions.

16 40. As a direct and proximate result of Defendants' actions, Plaintiff has suffered  
17 damages, including but not limited to emotional distress damages, in an amount to be determined  
18 but in excess of the jurisdiction of this Court.

19 41. In addition, Defendants' conduct was done with a conscious disregard of the rights  
20 of Plaintiff and was done with the intent to disrupt the business relationships of Plaintiff and to  
21 injure Plaintiff. Defendants' acts constitute oppression, fraud, and/or malice under California  
22 Civil Code §3294, entitling Plaintiff to an award of punitive damages in an amount appropriate  
23 to punish or set an example of Defendants in an amount to be determined at trial.

24 **FOURTH CAUSE OF ACTION**

25 **NEGLIGENT INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS**

26 **(Against WMG, WR, Bay-Schuck and Does 10-20)**

27 42. Plaintiff incorporates each and every allegation contained in Paragraphs 1 through  
28 33, inclusive, of this Complaint as though fully set forth herein.

43. Plaintiff had business relationships with third parties, namely 300 Entertainment and Sony, containing the probability of future economic benefit to Plaintiff.

44. Defendants knew that Plaintiff had such relationships containing the probability of future economic benefit.

45. Defendants knew or should have known that these relationships would be disrupted if they failed to act with reasonable care.

46. Defendants failed to act with reasonable care.

47. Defendants' actions were independently wrongful because they constitute, among other things, breaches of contract and promissory estoppel as to Plaintiff, as alleged herein. WARNER's actions were also independently wrongful because they constitute, among other things, interference with the contract and duties Bay-Schuck owed to Interscope. On information and belief, Bay-Schuck's actions were also independently wrongful because his actions in working with WARNER before his contract with Interscope terminated and enticing Plaintiff to work for WARNER were breaches of Bay-Schuck's contract and/or duties that he owed Interscope (Bay-Schuck's then employer).

48. Plaintiff's prospective business relationships with third parties described above have been disrupted. Plaintiff lost actual and potential business opportunities because of Defendants' actions.

49. As a direct and proximate result of Defendants' actions, Plaintiff has suffered damages, including but not limited to emotional distress damages, in an amount to be determined but in excess of the jurisdiction of this Court.

### **FIFTH CAUSE OF ACTION**

## INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS

**(Against Bay-Schuck and Does 10-20)**

50. Plaintiff incorporates each and every allegation contained in Paragraphs 1 through 33, inclusive, of this Complaint as though fully set forth herein.

51. Plaintiff was in a valid contract with WARNER.

52. Bay-Schuck and Does 10-20 knew Plaintiff was in a valid contract with

1 WARNER and that Plaintiff would benefit financially from the contract with WARNER.

2 53. On information and belief, Bay-Schuck and Does 10-20 intentionally, wrongfully,  
3 and purposefully interfered with Plaintiff's contract with WARNER. Defendants intentionally  
4 acted with a design to disrupt Plaintiff's contractual relationship with WARNER or knew that  
5 interference was certain or substantially certain to occur as a result of their actions.

6 54. The conduct of Bay-Schuck and Does 10-20 was wrongful, was not privileged or  
7 authorized, and constituted more than unscrupulous business tactics.

8 55. The conduct of Bay-Schuck and Does 10-20 resulted in a disruption of the  
9 contractual relationship between Plaintiff and WARNER.

10 56. As a direct and proximate result of the actions of Bay-Schuck and Does 10-20,  
11 Plaintiff has suffered damages, including but not limited to emotional distress damages, in an  
12 amount to be determined but in excess of the jurisdiction of this Court.

13 57. In addition, the conduct of Bay-Schuck and Does 10-20 was done with a  
14 conscious disregard of the rights of Plaintiff and was done with the intent to disrupt the  
15 contractual relationship between Plaintiff and WARNER and to injure Plaintiff. The acts of Bay-  
16 Schuck and Does 10-20 constitute oppression, fraud, and/or malice under California Civil Code  
17 §3294, entitling Plaintiff to an award of punitive damages in an amount appropriate to punish or  
18 set an example of Bay-Schuck and Does 10-20 in an amount to be determined at trial.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, Plaintiff prays for judgment against Defendants, and each of them, as  
21 follows:

22 A. An award of actual, general and special damages in an amount to be determined  
23 at trial;

24 B. An award of punitive damages on the Third and Fifth causes of action;

25 C. All costs of suit incurred herein;

26 D. Pre-judgment interest as provided by law; and

27 E. An award of such other and further relief as the Court may deem just and proper.  
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Date: February 3, 2020

JAMES T. RYAN, P.C.

By: /s/ James T. Ryan  
James T. Ryan  
Attorneys for Plaintiff,  
MICHAEL FLYNN

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**DEMAND FOR JURY TRIAL**

Plaintiff Michael Flynn demands trial by jury.

Date: February 3, 2020 JAMES T. RYAN, P.C.

By: /s/ James T. Ryan  
James T. Ryan  
Attorneys for Plaintiff,  
MICHAEL FLYNN