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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF LOS ANGELES, CENTRAL DISTRICT

10 PHANTOM LABS, INC., a California
corporation,

11 Plaintiff,

12 vs.
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14 YE, f/k/a KANYE OMARI WEST, an
individual; VERY GOOD TOURING, INC., a
15 California corporation; YEEZY APPAREL
LLC, a California limited liability company;
16 YEEZY LLC, a Delaware limited liability
company; and DOES 1 through 10, inclusive,

17 Defendants.
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CASE NO. 22ST CV 22734

COMPLAINT FOR DAMAGES FOR:

- (1) BREACH OF ORAL CONTRACT;**
- (2) QUANTUM MERUIT;**
- (3) PROMISSORY ESTOPPEL; AND**
- (4) ACCOUNT STATED**

20 Plaintiff Phantom Labs, Inc. (“Plaintiff” or “Phantom”) alleges as follows:

21 **INTRODUCTION**

22 1. Plaintiff is a Los Angeles-based design and production firm. From approximately
23 June 2021 to March 2022, Plaintiff and its principals produced several large-scale projects and
24 events for Defendant Ye, f/k/a Kanye Omari West, including four weeks of “Sunday Service,” his
25 and Drake’s “Free Larry Hoover” concert at the Los Angeles Coliseum, a “listening event” for the
26 *Donda 2* album held at LoanDepot Park in Miami, and Ye’s then-scheduled performance at
27 Coachella Music Festival. Phantom faithfully performed all the work that Ye and his team
28 requested and approved, often on short notice, incurring millions of dollars in budgeted expenses

1 13. In approximately October 2021, Ye requested that Phantom run a renovation
2 project at a warehouse in Downtown Los Angeles known as the E6 Warehouse, which Ye and the
3 Yeezy Defendants used as an office and creative space. Ye and his representatives approved a
4 budget for the underlying costs and expenses and promised that Phantom would be timely paid
5 pursuant to the budget. In reliance on these promises and agreement of the parties, Phantom
6 completed the E6 Warehouse renovation project for Ye and the Yeezy Defendants. Phantom was
7 not paid.

8 14. In approximately October 2021, Ye and the Yeezy Defendants’ representatives and
9 agents requested that Phantom produce four “Sunday Service” events in Los Angeles. Ye and his
10 representatives approved a budget for the underlying costs and expenses and promised that
11 Phantom would be timely paid pursuant to the budget. In reliance on these promises and
12 agreement of the parties, Phantom produced four weeks of “Sunday Service,” on November 7, 14,
13 21, and 28, 2021. Phantom was not paid.

14 15. In or around the first week of November 2021, Ye requested that Phantom render
15 services for his so-called “Yeezy Music Department,” which included paying an artist who Ye and
16 the Yeezy Defendants’ representatives previously failed to pay, arranging for and advancing
17 expenses for travel and accommodations, and outfitting a music studio. Ye and his representatives
18 promised that Phantom’s fees and expenses for this project would be added to the “reconciliation”
19 for outstanding expenses. Based upon these promises and agreement of the parties, Phantom
20 provided the requested services. Phantom was not paid.

21 16. Also in or around the first week of November 2021, Defendant requested that
22 Plaintiff do work for him and the architecture arm of the Yeezy Defendants, “Yeezy Architecture,”
23 which included running a renovation project at a property on Seward Street in Los Angeles. Ye
24 and his representatives approved a budget for the underlying costs and expenses and promised that
25 Phantom would be paid pursuant to the budget. In reliance on these promises and agreement of
26 the parties, Phantom completed the agreed-upon services for Ye. Thereafter, Phantom
27 inexplicably received only partial payment.

28 17. On or around December 6, 2021, one or more representatives and agents of Ye and

1 the Yeezy Defendants provided assurances that the remainder for the Seward Street project as well
2 as all outstanding invoices for Phantom’s work on “Sunday Service” would be paid promptly.
3 Phantom was instructed to send the outstanding invoices and all “invoice/payment
4 correspondence” “going forward” to the accounts payable department at the Yeezy Defendants for
5 payment.

6 18. In or around December 2021, Ye and his representatives and agents requested that
7 Phantom scout locations in Miami, Florida to build a recording studio for Ye. Phantom performed
8 these services. Ye then decided that he preferred Los Angeles, and Ye and his representatives
9 requested that Phantom retrofit a location known as the Soho Warehouse. Ye and his
10 representatives promised that Phantom would be paid for this work. In reliance on these promises
11 and agreement of the parties, Phantom performed the requested services. Phantom was not paid.

12 19. Plaintiff also provided services for the “Free Larry Hoover” concert at the Los
13 Angeles Coliseum on December 9, 2021. Ye and his representatives requested that Phantom do
14 post-production work on a recording of the concert. Ye’s representatives approved a budget for
15 the underlying costs and expenses, and Phantom completed the project accordingly. Phantom was
16 not paid.

17 20. By this time, Defendants owed Phantom nearly \$3.8 million:

Project	Amount
E6 Warehouse	\$1,249,277.73
Sunday Service	\$1,068,466.60
Yeezy Music Department	\$84,841.35
Seward Street	\$145,000.00
Miami Scouting Trip and Soho Warehouse	\$134,925.17
Free Larry Hoover	\$503,316.08
Production Fees	\$598,081.39
	\$3,783,908.32

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28 21. On or around December 9 and 10, 2021, Ye requested that Phantom produce a

1 “listening event” for his then-forthcoming album *Donda 2*. Phantom was reluctant to begin work
2 on new projects for Ye given that Ye owed Phantom millions for past work. However, Phantom
3 was assured by Ye and his representatives/affiliates that Phantom’s past invoices would be paid,
4 and that Phantom should begin work on the listening event. Based on these requests, assurances,
5 representations, and agreements, Phantom began the new project.

6 22. In or around January 2022, Defendants approved an approximately \$11.7 million
7 budget for the listening event, which was to take place in Miami on February 22, 2022. Ye and
8 his representatives provided further assurances to Phantom that Ye intended to sign a multi-
9 million dollar streaming deal for the listening event, and that Phantom would be paid including the
10 approximately \$11.7 million from that money.

11 23. Further, Ye, VGT, and the Yeezy Defendants represented to Phantom in January
12 2022 that they intended to cause VGT to execute a letter of direction requesting that roughly
13 \$1.5 million of Phantom’s past-due invoices be paid directly from Ye’s share of the “Free Larry
14 Hoover” concert revenue. At Ye’s request, and comforted by these assurances, representations,
15 and agreements, Phantom continued work on the event.

16 24. By early February 2022, Ye had not signed his streaming deal, the VGT letter was
17 never executed, and Phantom’s invoices remained past due.

18 25. On or around the week of February 11, 2022, as Phantom’s vendors’ trucks were
19 about to leave for Miami, Phantom made known that if it did not receive payment for the event,
20 Phantom and its vendors could not continue work. Accordingly, Ye and his representatives
21 arranged for Phantom and its vendors to be paid roughly \$4 million and told Phantom that the
22 remainder would be paid out of the streaming deal. At Ye’s request, and based on these
23 assurances, representations, and agreements, Phantom continued work on the event.

24 26. Around this time, the parties also discussed a proposed settlement of Phantom’s
25 then-past-due invoices whereby Phantom would waive its prior production/agency fees if and only
26 if Defendants paid their remaining balance immediately and in full. However, as detailed below,
27 Phantom was not paid immediately and in full, and thus the compromise proposal was null and
28 void.

1 27. On or around February 18, 2022, just days before the event, Ye publicly blew up
2 the streaming deal.¹ Vendors that Phantom contracted with on Ye’s behalf heard the news, and
3 told Phantom that they could not continue work unless they were paid. Accordingly, Ye and his
4 representatives agreed to pay in installments, caused VGT to pay Phantom \$2 million for critical
5 vendors arranged by Phantom, and told Phantom that Ye would instruct Adidas (with whom Ye
6 and the Yeezy Defendants had an apparel deal) to pay Phantom approximately \$500,000 more (an
7 instruction that Phantom later learned was not given). On or around February 21, 2022, Phantom
8 made known to Defendants that Phantom still needed roughly \$2.9 million of the outstanding
9 amount, or the event could not go forward. Ye and his representatives directed VGT to make this
10 payment on February 22, 2022, and agreed that Phantom would promptly receive the outstanding
11 balance for the event.

12 28. The listening event went forward and Phantom performed all of the services
13 requested by Ye. Phantom was not paid the remaining \$2,279,443.29 for the listening event.

14 29. For the next several weeks, Phantom sent Ye, the Yeezy Defendants, VGT, and
15 their representatives numerous emails and other communications seeking payment for the now
16 roughly \$6.1 million owed to Phantom for its work to date. Ye and his representatives continued
17 to provide assurances to Phantom that these amounts would be paid promptly, including that his
18 advisors were reviewing the expenses and would pay once reviewed. Meanwhile, Ye and his
19 representatives requested that Phantom continue work on Ye’s appearance at the Coachella Music
20 Festival scheduled for late April 2022, work that Phantom began at their instruction in December
21 2021 through February 2022.

22 30. Beginning in or about mid-March 2022, it became clear that, despite Defendants’
23 assurances, promises, and agreements, Ye had no intention of paying Phantom for the services it
24 had already rendered or would render. Ye’s representatives continued to delay and evade
25 payment. Then, on or around March 30, 2022, Ye and his representatives told Phantom that,
26 despite their prior assurances that Phantom would soon be paid, Phantom instead would be paid

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28 ¹ <https://hiphopdx.com/news/id.68196/title.kanye-west-loses-apple-music-sponsorship-after-announcing-donda-2-stem-player#signup>.

1 out from the nearly \$9 million that Ye was reportedly set to receive for performing at Coachella.²
2 To that end, Ye and his representatives instructed Phantom to continue work on the Coachella
3 show, and approved a budget that would account for repayment to Phantom of approximately \$5
4 million. Phantom continued to perform as requested in reliance on these representations,
5 assurances, and agreements.

6 31. Then suddenly on April 4, 2022, Ye announced that he was not going to perform at
7 Coachella.³ As a result of this last-minute cancellation, Phantom was saddled with an additional
8 \$1,063,477.36, comprising requested services rendered to-date, cancellation fees from vendors
9 engaged by Phantom, and production fees for the services rendered.

10 32. Following the announcement, Phantom sent demand letters to Defendants on April
11 6 and April 14, 2022. Defendants failed to make any payments in response to these letters. Ye
12 and his representatives and affiliates also refused to pay a \$27,348.70 invoice received by
13 Phantom in May 2022 related to requested cable rentals at the E6 Warehouse project.

14 33. Of the approximately \$7,154,177.67 owed, Defendants have not paid Phantom one
15 cent, despite repeated requests for payment and providing Defendants detailed back-up. To the
16 contrary, upon information and belief, since receiving this information, Defendants and their
17 representatives have circumvented Phantom, and attempted to pay directly certain of Phantom's
18 vendors and merchants that Defendants want to work with in the future.

19 **FIRST CAUSE OF ACTION FOR BREACH OF CONTRACT - ORAL**

20 **(Against All Defendants)**

21 34. Plaintiff incorporates every allegation contained above as if fully set forth herein.

22 35. Plaintiff and Defendants entered into an oral contract and/or series of oral contracts.

23 36. Pursuant to the oral contract and/or series of oral contracts, Plaintiff agreed to
24 perform the production services requested by Defendants, and Defendants would promptly pay
25 Plaintiff according to the approved budgets and invoices. Agreement was reached between
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27 ² <https://pagesix.com/2022/04/06/kanye-blows-off-8-5m-coachella-fee-the-weeknd-demands-the-same/>.

28 ³ <https://variety.com/2022/music/news/kanye-west-pulls-out-of-coachella-1235224072/>.

1 Plaintiff and Defendants including during in person meetings, over the phone, in text messages,
2 and in emails.

3 37. At all relevant times hereto, Plaintiff fulfilled its contractual obligations under the
4 oral contract and/or series of oral contracts.

5 38. While Plaintiff rendered the agreed-upon services, Defendants failed to pay.

6 39. As a proximate and direct result of Defendant's breach of these contractual
7 obligations, Plaintiff has incurred damages in an amount to be provided at trial, which are no less
8 than \$7,154,177.67, plus pre-judgment and post-judgment interest.

9 **SECOND CAUSE OF ACTION FOR QUANTUM MERUIT**

10 **(Against All Defendants)**

11 40. Plaintiff incorporates every allegation contained above as if fully set forth herein.

12 41. Defendants requested, by their words and/or conduct, that Plaintiff perform
13 services for the benefit of Defendants. These requests came during in person meetings, over the
14 phone, in text messages, and in emails.

15 42. Plaintiff performed the services as requested.

16 43. Defendants have not paid Plaintiff for the services rendered.

17 44. The reasonable value of the services rendered is no less than \$7,154,177.67, plus
18 pre-judgment and post-judgment interest.

19 **THIRD CAUSE OF ACTION FOR PROMISSORY ESTOPPEL**

20 **(Against All Defendants)**

21 45. Plaintiff incorporates every allegation contained above as if fully set forth herein.

22 46. Defendants made clear and unambiguous promises to Plaintiff that if Plaintiff
23 performed the services requested by Defendants, Defendants would promptly pay Plaintiff at least
24 \$7,154,177.67. These promises were made during in person meetings, over the phone, in text
25 messages, and in emails.

26 47. In reliance on these promises, Plaintiff performed the requested services.

27 48. Plaintiff's reliance was foreseeable and reasonable.

28 49. As a result of Plaintiff's reliance, Plaintiff was injured in an amount to be

