Assigned for all purposes to: Stanley Mosk Courthouse, Judicial Officer: Christopher Lui

KING, HOLMES, PATERNO & SORIANO, LLP 1 HOWARD E. KING, ESQ., STATE BAR NO. 77012 JACKSON S. TRUGMAN, ESQ., STATE BAR NO. 295145 JTRUGMAN@KHPSLAW.COM 1900 AVENUE OF THE STARS, TWENTY-FIFTH FLOOR Los Angeles, California 90067-4506 TELEPHONE: (310) 282-8989 FACSIMILE: (310) 282-8903 5 Attorneys for Plaintiff Phantom Labs, Inc. 6 7 SUPERIOR COURT OF THE STATE OF CALIFORNIA 8 9 COUNTY OF LOS ANGELES. CENTRAL DISTRICT 10 PHANTOM LABS, INC., a California CASE NO. 22ST CV 22734 corporation, 11 **COMPLAINT FOR DAMAGES FOR:** Plaintiff. 12 (1) BREACH OF ORAL CONTRACT; VS. (2) QUANTUM MERUIT; 13 (3) PROMISSORY ESTOPPEL; AND (4) ACCOUNT STATED YE, f/k/a KANYE OMARI WEST, an individual; VERY GOOD TOURING, INC., a California corporation; YEEZY APPAREL 15 LLC, a California limited liability company; YEEZY LLC, a Delaware limited liability **16** company; and DOES 1 through 10, inclusive, 17 Defendants. 18 19 Plaintiff Phantom Labs, Inc. ("Plaintiff" or "Phantom") alleges as follows: 20 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 events for Defendant Ye, f/k/a Kanye Omari West, including four weeks of "Sunday Service," his 24 25 and Drake's "Free Larry Hoover" concert at the Los Angeles Coliseum, a "listening event" for the Donda 2 album held at LoanDepot Park in Miami, and Ye's then-scheduled performance at 26 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 5898.060/1803891.8

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and other costs on Ye's behalf. In delivering for Ye and his affiliated brands and entities, Phantom not only deployed countless hours of in-house talent but contracted with and advanced payment to third-party vendors and merchants. While Phantom was timely paid for the first several months of projects they did together—totaling millions of dollars—significant overdue invoices began to pile up. Event after event, Ye and his representatives promised that if Phantom continued work on the budgeted and approved projects, Phantom would be paid promptly for the balance and the new work. Millions of dollars were paid to Phantom for work on select projects, in part to induce continued performance by Phantom, but by February 2022, Defendants owed over \$6 million.

- 2. More recent events have made clear that Defendants have no intention of paying Phantom. Just weeks after promising to make Phantom whole from the reported \$9 million payday he was to receive for performing at Coachella, Ye suddenly pulled out of the festival—not only reneging on promises to pay Phantom's multi-million-dollar balance, but also saddling Phantom with an additional \$1.1 million in Coachella-related cancellation fees and other expenses incurred doing work on Coachella at Defendants' request. Despite receiving multiple demand letters from Phantom, Defendants continue inexplicably to withhold payment.
- 3. With over \$7.1 million outstanding, Phantom has been forced to file this lawsuit to recover what it is owed.

PARTIES AND VENUE

- 4. Plaintiff is and at all times material hereto has been a California corporation whose principal place of business is in the County of Los Angeles, California.
- 5. Defendant Ye is a well-known American rap artist, record producer, and fashion designer, who is formerly known as Kanye West. Ye is and at all times material hereto has been an individual who, upon information and belief, resides and does business in the County of Los Angeles, California.
- 6. Defendant Very Good Touring, Inc. ("VGT") is and at all times material hereto has been a California corporation whose principal place of business is in the County of Orange, California.

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- 7. Defendant Yeezy Apparel LLC ("Yeezy Apparel") is and at all times material hereto has been a California corporation whose principal place of business is in the County of Orange, California.
- 8. Defendant Yeezy LLC ("Yeezy" and collectively with "Yeezy Apparel," the "Yeezy Defendants") is and at all times material hereto has been a Delaware corporation whose principal place of business is in the County of Orange, California.
- 9. Defendants Does 1 through 10, inclusive, are sued herein under fictitious names. Their true names and capacities are unknown to Plaintiff. When their true names and capacities are ascertained, Plaintiff will amend this complaint by inserting their true names and capacities herein.
- 10. Upon information and belief, and at all times material hereto, each of the defendants, each defendant named herein as a Doe, were and are the agent, employee, employer, joint-venturer, representative, alter ego, subsidiary, and/or partner of one or more of the other defendants, and were, in performing the acts complained of herein, acting within the scope of such agency, employment, joint venture, or partnership authority, and/or are in some other way responsible for the acts of one or more of the other defendants. Each reference in this complaint to any defendant also refers to all defendants sued under fictitious names.
- 11. Venue in this Court is proper because Defendants regularly conducted business in the County of Los Angeles, the conduct and events giving rise to the causes of action herein occurred in this County, witnesses to the events at issue reside or regularly conduct business in this County, and the relevant evidence is believed to be located in this County.

GENERAL ALLEGATIONS

12. Phantom and Ye began working together in approximately June 2021 when representatives and agents of Ye and the Yeezy Defendants, sought Phantom's assistance on an event to promote Ye and the Yeezy Defendants. They were impressed with Phantom's work on this project and others, and requested that Phantom render production services on additional projects. Throughout the relationship, the parties understood and accepted that Phantom would receive a 20% production/agency fee in addition to and based on the expenses, labor, and other charges incurred and/or arranged by Phantom on Defendants' behalf.

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

- 14. In approximately October 2021, Ye and the Yeezy Defendants' representatives and agents requested that Phantom produce four "Sunday Service" events in Los Angeles. Ye and his representatives approved a budget for the underlying costs and expenses and promised that Phantom would be timely paid pursuant to the budget. In reliance on these promises and agreement of the parties, Phantom produced four weeks of "Sunday Service," on November 7, 14, 21, and 28, 2021. Phantom was not paid.
- 15. In or around the first week of November 2021, Ye requested that Phantom render services for his so-called "Yeezy Music Department," which included paying an artist who Ye and the Yeezy Defendants' representatives previously failed to pay, arranging for and advancing expenses for travel and accommodations, and outfitting a music studio. Ye and his representatives promised that Phantom's fees and expenses for this project would be added to the "reconciliation" for outstanding expenses. Based upon these promises and agreement of the parties, Phantom provided the requested services. Phantom was not paid.
- 16. Also in or around the first week of November 2021, Defendant requested that Plaintiff do work for him and the architecture arm of the Yeezy Defendants, "Yeezy Architecture," which included running a renovation project at a property on Seward Street in Los Angeles. Ye and his representatives approved a budget for the underlying costs and expenses and promised that Phantom would be paid pursuant to the budget. In reliance on these promises and agreement of the parties, Phantom completed the agreed-upon services for Ye. Thereafter, Phantom inexplicably received only partial payment.
 - 17. On or around December 6, 2021, one or more representatives and agents of Ye and

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

- 18. In or around December 2021, Ye and his representatives and agents requested that Phantom scout locations in Miami, Florida to build a recording studio for Ye. Phantom performed these services. Ye then decided that he preferred Los Angeles, and Ye and his representatives requested that Phantom retrofit a location known as the Soho Warehouse. Ye and his representatives promised that Phantom would be paid for this work. In reliance on these promises and agreement of the parties, Phantom performed the requested services. Phantom was not paid.
- 19. Plaintiff also provided services for the "Free Larry Hoover" concert at the Los Angeles Coliseum on December 9, 2021. Ye and his representatives requested that Phantom do post-production work on a recording of the concert. Ye's representatives approved a budget for the underlying costs and expenses, and Phantom completed the project accordingly. Phantom was not paid.
 - 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	

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

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

- 22. In or around January 2022, Defendants approved an approximately \$11.7 million budget for the listening event, which was to take place in Miami on February 22, 2022. Ye and his representatives provided further assurances to Phantom that Ye intended to sign a multimillion dollar streaming deal for the listening event, and that Phantom would be paid including the approximately \$11.7 million from that money.
- 23. Further, Ye, VGT, and the Yeezy Defendants represented to Phantom in January 2022 that they intended to cause VGT to execute a letter of direction requesting that roughly \$1.5 million of Phantom's past-due invoices be paid directly from Ye's share of the "Free Larry Hoover" concert revenue. At Ye's request, and comforted by these assurances, representations, and agreements, Phantom continued work on the event.
- 24. By early February 2022, Ye had not signed his streaming deal, the VGT letter was never executed, and Phantom's invoices remained past due.
- 25. On or around the week of February 11, 2022, as Phantom's vendors' trucks were about to leave for Miami, Phantom made known that if it did not receive payment for the event, Phantom and its vendors could not continue work. Accordingly, Ye and his representatives arranged for Phantom and its vendors to be paid roughly \$4 million and told Phantom that the remainder would be paid out of the streaming deal. At Ye's request, and based on these assurances, representations, and agreements, Phantom continued work on the event.
- 26. Around this time, the parties also discussed a proposed settlement of Phantom's then-past-due invoices whereby Phantom would waive its prior production/agency fees if and only if Defendants paid their remaining balance immediately and in full. However, as detailed below, Phantom was not paid immediately and in full, and thus the compromise proposal was null and void.

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- 27. On or around February 18, 2022, just days before the event, Ye publicly blew up the streaming deal. Vendors that Phantom contracted with on Ye's behalf heard the news, and told Phantom that they could not continue work unless they were paid. Accordingly, Ye and his representatives agreed to pay in installments, caused VGT to pay Phantom \$2 million for critical vendors arranged by Phantom, and told Phantom that Ye would instruct Adidas (with whom Ye and the Yeezy Defendants had an apparel deal) to pay Phantom approximately \$500,000 more (an instruction that Phantom later learned was not given). On or around February 21, 2022, Phantom made known to Defendants that Phantom still needed roughly \$2.9 million of the outstanding amount, or the event could not go forward. Ye and his representatives directed VGT to make this payment on February 22, 2022, and agreed that Phantom would promptly receive the outstanding balance for the event.
- 28. The listening event went forward and Phantom performed all of the services requested by Ye. Phantom was not paid the remaining \$2,279,443.29 for the listening event.
- 29. For the next several weeks, Phantom sent Ye, the Yeezy Defendants, VGT, and their representatives numerous emails and other communications seeking payment for the now roughly \$6.1 million owed to Phantom for its work to date. Ye and his representatives continued to provide assurances to Phantom that these amounts would be paid promptly, including that his advisors were reviewing the expenses and would pay once reviewed. Meanwhile, Ye and his representatives requested that Phantom continue work on Ye's appearance at the Coachella Music Festival scheduled for late April 2022, work that Phantom began at their instruction in December 2021 through February 2022.
- 30. Beginning in or about mid-March 2022, it became clear that, despite Defendants' assurances, promises, and agreements, Ye had no intention of paying Phantom for the services it had already rendered or would render. Ye's representatives continued to delay and evade payment. Then, on or around March 30, 2022, Ye and his representatives told Phantom that, despite their prior assurances that Phantom would soon be paid, Phantom instead would be paid

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

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

- 31. Then suddenly on April 4, 2022, Ye announced that he was not going to perform at Coachella.³ As a result of this last-minute cancellation, Phantom was saddled with an additional \$1,063,477.36, comprising requested services rendered to-date, cancellation fees from vendors engaged by Phantom, and production fees for the services rendered.
- 32. Following the announcement, Phantom sent demand letters to Defendants on April 6 and April 14, 2022. Defendants failed to make any payments in response to these letters. Ye and his representatives and affiliates also refused to pay a \$27,348.70 invoice received by Phantom in May 2022 related to requested cable rentals at the E6 Warehouse project.
- 33. Of the approximately \$7,154,177.67 owed, Defendants have not paid Phantom one cent, despite repeated requests for payment and providing Defendants detailed back-up. To the contrary, upon information and belief, since receiving this information, Defendants and their representatives have circumvented Phantom, and attempted to pay directly certain of Phantom's vendors and merchants that Defendants want to work with in the future.

FIRST CAUSE OF ACTION FOR BREACH OF CONTRACT - ORAL (Against All Defendants)

- 34. Plaintiff incorporates every allegation contained above as if fully set forth herein.
- 35. Plaintiff and Defendants entered into an oral contract and/or series of oral contracts.
- 36. Pursuant to the oral contract and/or series of oral contracts, Plaintiff agreed to perform the production services requested by Defendants, and Defendants would promptly pay Plaintiff according to the approved budgets and invoices. Agreement was reached between

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https://pagesix.com/2022/04/06/kanye-blows-off-8-5m-coachella-fee-the-weeknd-demands-the-same/.

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

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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	e services requested by Defendants, Defendants would promptly pay Plaintiff at least	
24	\$7,154,177.6	7. These promises were made during in person meetings, over the phone, in text	
25	messages, and	d 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	

1	determined at trial.		
2	50.	Injustice can be avoided only by enforcement of Defendants' promises.	
3	FOURTH CAUSE OF ACTION FOR ACCOUNT STATED		
4	(Against All Defendants)		
5	51.	Plaintiff incorporates every allegation contained above as if fully set forth herein.	
6	52.	Defendants owed Plaintiff \$7,154,177.67 as reflected in the approved budgets and	
7	invoices transmitted to Defendants that were not paid.		
8	53.	Plaintiff and Defendant, by words or conduct, agreed that the amount that Plaintiff	
9	claimed to be	due from Defendants was the correct amount owed, and Defendant by words or	
10	conduct, promised to pay the stated amount owed under this account. These conversations		
11	occurred in person, over the phone, in text messages, and in emails.		
12	54.	Defendants owe Plaintiff at least \$7,154,177.67, plus pre-judgment and post-	
13	judgment interest, comprising the approved budgeted and invoiced amounts.		
14		PRAYER FOR RELIEF	
15	WHEREFOR, Plaintiff prays for judgment against Defendant as follows:		
16	1.	For general and special damages according to proof at trial, but not less than	
17	\$7,154,177.6	7;	
18	2.	For pre-judgment and post-judgment interest; and	
19	3.	For such other relief as the Court deems just and proper.	
20	PRAYER FOR RELIEF		
21	Plaintiff hereby demands a trial by jury of all issues triable as a right by jury.		
22	DATED:	July 14, 2022 KING, HOLMES, PATERNO & SORIANO, LLP	
23			
24		By: /s/ Howard. E. King	
25		HOWARD E. KING JACKSON S. TRUGMAN	
26		Attorneys for Plaintiff Phantom Labs, Inc.	
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