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

1 2 3 4 5 6 7	FREEDMAN + TAITELMAN, LLP Bryan J. Freedman (SBN: 151990) <a href="mailto:bfreedman@ftllp.com">bfreedman@ftllp.com</a> Theresa Troupson, Esq. (SBN: 301215) <a href="mailto:ttroupson@ftllp.com">ttroupson@ftllp.com</a> 1801 Century Park West, 5 <sup>th</sup> Floor  Los Angeles, California 90067  Telephone: (310) 201-0005  Facsimile: (310) 201-0045  Attorneys for Plaintiffs Kiari Cephus aka Offset and Sallie Smith, LLC		
8	ana Saine Smith, LLC		
9	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
10	FOR THE COUNTY OF LOS ANGELES – CENTRAL DISTRICT		
11	KIARI CEPHUS aka OFFSET, an individual;)	Case No. 228TCV27458	
12	and SALLIE SMITH, LLC, a limited liability) company,	COMPLAINT FOR DECLARATORY	
13	Plaintiffs,	RELIEF	
14	vs. )		
15	)		
16 17	QUALITY CONTROL MUSIC, LLC, a ) limited liability company; and DOES 1 ) through 10, inclusive, )		
18 19	Defendants.		
20			
21 22 23 24	Plaintiffs KIARI CEPHUS aka OFFSET and SALLIE SMITH, LLC hereby bring the following causes of action against Defendants QUALITY CONTROL MUSIC, LLC, and DOES 1-10, and with knowledge as to themselves and otherwise on information and belief, claim and allege as follows:		
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26	INTRODUCTION INTRODUCTION		
27	1. Plaintiff Kiari Cephus aka Offset ("Offset") is an internationally acclaimed hip hop and rap artist. He has achieved worldwide commercial and critical success not only as a member of the hip hop group Migos, but as a solo artist. He has repeatedly appeared in the top ten of the		
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COMPLAINT

Billboard 100 and 200 charts, including his appearance as a featured artist on the song "Taste" by Tyga, which was certified 7x Platinum. Offset's solo song "Ric Flair Drip" was an immediate hit; it was certified platinum before it was even released as a single and went on to be certified 3x platinum, and has over a billion streams on Spotify.. He was nominated for a Grammy Award in 2020 for his song "Clout" featuring his wife, Cardi B. He also produced and judged the streetwear competition reality series "The Hype" on HBO Max.

- 2. Quality Control Music, LLC ("Quality Control") is Offset's former record label. For nearly a decade, Quality Control controlled Offset's career as a solo recording artist and songwriter under a production agreement. Quality Control also collected a sizeable proportion of all of the money that Offset made through his ingenuity and hard work.
- 3. When he came to understand the full ramifications of the deal that he had entered into, Offset set out to regain control of his solo career (notwithstanding Quality Control's overreaching deal with Migos as a group, which remains in place). In January 2021, Offset negotiated a deal in which he reclaimed the rights to his own solo recording and songwriting from Quality Control—and he paid handsomely for those rights. Once he was finally free to record his music as a solo artist on his own terms, Offset released a new hit single, "54321."
- 4. Yet Quality Control persists in asserting that it has an ownership interest in "54321" and, presumably, all Offset's future solo recordings. Quality Control went so far as to demand that Motown Records publicly and falsely assert that Quality Control had an ownership interest in "54321." This ownership claim is wrongful and knowingly violates Offset's rights to his own music.
- 5. Offset now brings this action to vindicate his rights and to make it clear to the world that Offset, not Quality Control, owns Offset's music.

## A. Offset's Production Agreement with Quality Control

6. On August 21, 2013, Quality Control and Offset (as well as the other two members of Migos) entered into a contract (the "Production Agreement") pursuant to which Quality Control (i) controlled all of Offset's recording, songwriting, and performance services, (ii) had the right to obligate Offset to deliver to Quality Control up to 5 albums, (iii) owned all the rights in and to the sound recordings created by Offset during the term of the Production Agreement, and (iv) amongst

other remuneration, received 50% of all of Offset's "Net Advances and Royalties" derived from his recording services, 50% of the rights in and to all of Offset's musical compositions, and 50% of all publishing income derived from Offset's musical compositions.

- 7. While Offset was subject to the Production Agreement, Quality Control entered into a recording agreement dated February 20, 2017 (the "Motown Agreement") whereby Quality Control furnished Offset's services to Motown Records ("Motown"), a division of UMG Recordings, Inc.
  - B. Offset's Settlement Agreement with Quality Control
- 8. On or about January 15, 2021, Offset and Quality Control entered into a Confidential Settlement and Release Agreement (the "Settlement Agreement").
- 9. While the Settlement Agreement contains a confidentiality clause, the Settlement Agreement permits disclosure "to comply with applicable law," such as the law governing pleading requirements for a claim for declaratory relief under a contract. Civ. Proc. Code § 1060; *Ludgate Ins. Co. v. Lockheed Martin Corp.*, 82 Cal. App. 4th 592, 606 (2000) ("A cardinal rule of pleading is that only the ultimate facts need be alleged. In a declaratory relief action, the ultimate facts are those facts establishing the existence of an actual controversy.") (citation omitted).
- 10. As of the effective date of the Settlement Agreement and in exchange for valuable consideration paid by Offset to Quality Control, Offset and Quality Control terminated the Production Agreement with respect to Offset's solo recording services, and Offset became the sole owner of all rights, title and interest in and to his services as a solo recording artist, entertainer, and songwriter.
- 11. As required by the Settlement Agreement, Quality Control assigned its rights under the Motown Agreement to Offset, and Offset became Quality Control's successor in interest under the Motown Agreement. Offset assigned his rights under the Motown Agreement to Sallie Smith, LLC as of July 22, 2022.

#### C. Quality Control Falsely Claims Ownership of Offset's New Song

12. Since January 15, 2021, Quality Control no longer has any rights, title, or interest in or to Offset's services as a solo recording artist or the recordings Offset creates, and Quality Control is not a party to the Motown Agreement. Yet Quality Control persists in asserting that it has an

ownership interest in Offset's recent and future recordings with Motown, including Offset's recent single, "54321."

- 13. Quality Control went so far as to demand that Motown publicly (though falsely) list Quality Control as holding an ownership interest in the recording of "54321."
- 14. Quality Control has asserted rights in Offset's sound recordings that are hostile to Plaintiffs' rights. By this action, Plaintiffs seek a declaratory judgment that Quality Control has no rights, title, or interest in or to Offset's recordings with Motown made on or after January 15, 2021.

#### PARTIES AND JURISDICTION

- 15. Kiari Cephus is, and at all relevant times was, an individual professionally known as "Offset."
- 16. Sallie Smith, LLC is, and at all relevant times was, a limited liability company doing business in the County of Los Angeles, State of California. Sallie Smith, LLC is Offset's "loan-out" company.
- 17. Upon information and belief, Quality Control is, and at all times relevant was, a limited liability company doing business in the County of Los Angeles, State of California.
- 18. The wrongful acts by Defendants alleged herein occurred in the County of Los Angeles, State of California.
- 19. The Settlement Agreement states that the parties thereto consent and submit to the exclusive jurisdiction of the state or federal courts located in the County of Los Angeles, California over any action at law or in equity arising out of or relating to the Settlement Agreement.
- 20. The true names and capacities, whether individual, corporate, associate or otherwise of the defendants named herein as Does 1 through 10, inclusive, are unknown to Plaintiffs who therefore sue said Doe defendants by such fictitious names. Plaintiffs allege on information and belief that each of the defendants, including those designated as a Doe, are also responsible for the events alleged herein and the damages caused thereby as a principal, agent, co-conspirator, aider and abettor, or alter ego. Plaintiffs will seek leave of this Court to amend this Complaint to allege the true names and capacities of such defendants when the same have been ascertained.
  - 21. Plaintiffs allege on information and belief that Quality Control and the Doe

defendants, at all times relative to this action, were the agents, servants, partners, joint venturers and employees of each other. Quality Control and the Doe defendants, in doing the acts alleged herein, were acting with the knowledge and consent of each of the other defendants in this action. At all times mentioned herein, each of the defendants was the co-conspirator, agent and/or employee of each of the remaining defendants and in doing the things herein mentioned was acting within the scope of such conspiracy, agency and/or employment.

## FACTS COMMON TO ALL CAUSES OF ACTION

- 22. Plaintiff Kiari Cephus aka Offset is an internationally acclaimed hip hop and rap artist. He has achieved worldwide commercial and critical success not only as a member of the hip hop group Migos, but as a solo artist. He has repeatedly appeared in the top ten of the *Billboard* 100 and 200 charts, including his appearance as a featured artist on the song "Taste" by Tyga, which was certified 7x Platinum. Offset's solo song "Ric Flair Drip" was an immediate hit; it was certified platinum before it was even released as a single and went on to be certified 3x platinum, and has over a billion streams on Spotify. He was nominated for a Grammy Award in 2020 for his song "Clout" featuring his wife, Cardi B. He also produced and judged the streetwear competition reality series "The Hype" on HBO Max.
- 23. Quality Control Music, LLC is Offset's former record label. For nearly a decade, Quality Control controlled Offset's career as a solo recording artist and songwriter under a production agreement. Quality Control also collected a sizeable proportion of all of the money that Offset made through his ingenuity and hard work.
- 24. When he came to understand the full ramifications of the deal that he had entered into, Offset set out to regain control of his solo career (notwithstanding Quality Control's overreaching deal with Migos as a group, which remains in place). In January 2021, Offset negotiated a deal in which he reclaimed the rights to his own solo recording and songwriting from Quality Control—and he paid handsomely for those rights. Once he was finally free to record his music as a solo artist on his own terms, Offset released a new hit single, "54321."
- 25. Yet Quality Control persists in asserting that it has an ownership interest in "54321" and, presumably, all Offset's future solo recordings. Quality Control went so far as to demand that

Motown Records publicly and falsely assert that Quality Control had an ownership interest in "54321." This ownership claim is wrongful and knowingly violates Offset's rights to his own music.

26. Offset now brings this action to vindicate his rights and to make it clear to the world that Offset, not Quality Control, owns Offset's music.

### A. Offset's Production Agreement with Quality Control

- On August 21, 2013, Quality Control and Offset (as well as the other two members of Migos) entered into a contract pursuant to which Quality Control (i) controlled all of Offset's recording, songwriting, and performance services, (ii) had the right to obligate Offset to deliver to Quality Control up to 5 albums, (iii) owned all rights in and to the sound recordings created by Offset during the term of the Production Agreement, and (iv) amongst other remuneration, received 50% of all of Offset's "Net Advances and Royalties" derived from his recording services, 50% of the rights in and to all of Offset's musical compositions, and 50% of all publishing income derived from Offset's musical compositions.
- 28. While Offset was subject to the Production Agreement, Quality Control entered into a recording agreement dated February 20, 2017 whereby Quality Control furnished Offset's services to Motown Records, a division of UMG Recordings, Inc.

#### B. Offset's Settlement Agreement with Quality Control

- 29. On or about January 15, 2021, Offset and Quality Control entered into a Confidential Settlement and Release Agreement.
- 30. While the Settlement Agreement contains a confidentiality clause, the Settlement Agreement permits disclosure "to comply with applicable law," such as the law governing pleading requirements for a claim for declaratory relief under a contract. Civ. Proc. Code § 1060; *Ludgate Ins. Co. v. Lockheed Martin Corp.*, 82 Cal. App. 4th 592, 606 (2000) ("A cardinal rule of pleading is that only the ultimate facts need be alleged. In a declaratory relief action, the ultimate facts are those facts establishing the existence of an actual controversy.") (citation omitted).
- 31. As of the effective date of the Settlement Agreement and in exchange for valuable consideration paid by Offset to Quality Control, Offset and Quality Control terminated the Production Agreement with respect to Offset's solo recording services, and Offset became the sole

owner of all rights, title and interest in and to his services as a solo recording artist, entertainer, and songwriter.

32. As required by the Settlement Agreement, Quality Control assigned its rights under the Motown Agreement to Offset, and Offset became Quality Control's successor in interest under the Motown Agreement. Offset assigned his rights under the Motown Agreement to Sallie Smith, LLC as of July 22, 2022.

## C. Quality Control Falsely Claims Ownership of Offset's New Song

- 33. Since January 15, 2021, Quality Control no longer has any rights, title, or interest in or to Offset's services as a solo recording artist or the recordings Offset creates, and Quality Control is not a party to the Motown Agreement. Yet Quality Control persists in asserting that it has an ownership interest in Offset's recent and future recordings with Motown, including Offset's recent single, "54321."
- 34. Quality Control went so far as to demand that Motown publicly (though falsely) list Quality Control as holding an ownership interest in the recording of "54321."
- 35. Quality Control has asserted rights in Offset's sound recordings that are hostile to Plaintiffs' rights. By this action, Plaintiffs seek a declaratory judgment that Quality Control has no rights, title, or interest in or to Offset's recordings with Motown made on or after January 15, 2021.

## FIRST CAUSE OF ACTION FOR DECLARATORY RELIEF

## (Against All Defendants)

- 36. Plaintiffs restate and incorporate by reference, as though fully set forth herein, the allegations contained in each of the paragraphs above.
- 37. An actual controversy has arisen and now exists between Plaintiffs and Quality Control. As described above, Plaintiffs contend that, pursuant to the Settlement Agreement and the subsequent assignments of the Motown Agreement, they and Motown alone have exclusive rights, title, and interest in and to Offset's recordings with Motown made on or after January 15, 2021. Quality Control asserts that it has an ownership interest in those recordings.
- 38. Plaintiffs seek a declaratory judgment from this Court that Quality Control has no rights, title, or interest in or to Offset's recordings with Motown made on or after January 15, 2021.

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs pray for judgment in their favor against Defendants, and each of them, as follows:

- 1. For a judgment according to the declaratory relief sought; and
- 2. For such other and further relief as the court may deem just and proper.

Dated: August 23, 2022

FREEDMAN + TAITELMAN, LLP

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