action between citizens of different states in which the matter in controversy

California, organized under the laws of the State of California and having its

Little and Merrrick are each citizens of the State of California.

of the world-renowned music group The Killers.

JURISDICTION AND VENUE

exceeds, exclusive of costs and interest, Seventy Five Thousand Dollars (\$75,000).

principal place of business in Los Angeles, California. The members of FTF, Larry

Plaintiff Merrick is a citizen of the State of California.

Defendant Flowers is a citizen of the State of Nevada.

Defendant Vannucci is a citizen of the State of Nevada.

Defendant Keuning is a citizen of the State of Nevada.

Defendant Stoermer is a citizen of the State of Nevada.

Defendants Flowers, Vannucci, Keuning and Stoermer are the members

Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(a)

On information and belief, defendants Flowers, Vannucci, Keuning and

Defendant Reynolds is a citizen of the State of Nevada and upon

information and belief, was at all times relevant, licensed as an attorney in the State

and (b) in that one or more of the defendants reside in, and a substantial part of the

Stoermer were, at all material times, the agent, partner, and/or joint venturer of each

other and at all times material herein were acting within the course and scope of that

defendant alleged herein was known to, authorized by, and/or ratified by each other

agency, partnership, and/or joint venture, and the acts and omissions of each said

events giving rise to the claims alleged herein occurred in this judicial district.

This Court has jurisdiction under 28 U.S.C. § 1332 in that it is a civil

Plaintiff FTF, a limited liability company, is a citizen of the State of

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King, Holmes. Paterno & Berliner LLP

of said defendants and each of them.

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- 12. In September of 2002, Merrick was a regional consultant for a major record label, searching for recording artists who might have success in the music industry. While looking to discover the next famous rock band, Merrick happened upon a small, local music website featuring bands from the Las Vegas area. Merrick, while listening to bands from the website, was impressed by the raw vocals and melodic lines of the instruments in a rough version of a song by a band called The Killers named "Mr. Brightside." Merrick, sensing that he might have a chance to make The Killers a musical force, contacted The Killers to obtain more information about their music, goals and ambitions.
- 13. Excited about what he had found, Merrick attempted to get his supervisors at the record label interested in offering the band a recording agreement and support in attempting to break through and achieve success in the music industry. Notwithstanding a rather tepid response and his label's rejection of the band, Merrick continued to work with The Killers to try to attract interest from others. After driving nine (9) hours to Las Vegas to see The Killers perform before twenty (20) people at a long since shuttered club called the "Junkyard," Merrick's belief in the band was solidified and he determined that the band needed to produce a high quality demonstration CD (referred to in the music business as a "demo") as a tool to attract the attention of other record labels.
- 14. Merrick arranged for the transportation to and lodging and recording studio services in the San Francisco Bay area, at no cost to the band, so as to allow The Killers to record a "demo" which would help start them on the road to musical success.
- 15. On March 1, 2003, Merrick and The Killers entered into a Production Agreement to have Merrick and Jeff Saltzman produce recordings of The Killers in an attempt to secure a recording agreement. Merrick then worked intently with the band helping them polish their creative work into professional, cohesive recordings

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label record deal. 16.

to be incorporated into a "demo" to be used to achieve The Killers' goal, a major

- In April of 2003, Merrick arranged for a showcase performance for The Killers in Los Angeles, California, attended by the entire artists and repertoire staff from the Warner Bros., Sire, and Reprise record labels, along with many senior executives. Unfortunately, those record labels declined to offer a recording agreement, causing the band to become angry and dejected. Merrick assured them that there was a record deal out there for them and that he would assist them in achieving their goals.
- On April 8, 2003, Merrick's company, FTF and The Killers entered 17. into an Exclusive Management Agreement pursuant to which FTF was to be The Killers sole and exclusive personal manager in the entertainment industry throughout the world for what was envisioned to be at least a four (4) year relationship.
- 18. Thereafter, Merrick scoured the industry looking for a label interested in The Killers. Initially, all major record labels passed, but Merrick persisted. Due to the efforts of Merrick and FTF, The Killers finally entered into a recording agreement with the Island Def Jam Music Group.
- The Killers then recorded "Hot Fuss," which has sold over six million 19. compact discs as well as millions of recordings in other configurations. With the guidance and support of Merrick and FTF and owing to their immense talent, the band has grossed income from publishing and artist royalties, touring, merchandise sales and related items well in excess of \$25 Million. That success should have been enjoyed by those responsible for its attainment – The Killers and Merrick. Instead, The Killers greedily determined, after having achieved only dreamt-of success, to torpedo Merrick and FTF, to terminate the professional relationship and to replace Merrick and FTF with Reynolds. It is that termination for which Merrick and FTF seek recompense.

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FIRST CLAIM FOR RELIEF

(BREACH OF CONTRACT BY FTF)

- 20. Plaintiffs incorporate by reference as if set forth in full herein the allegations of Paragraphs 1 through 19, hereinabove.
- 21. On April 8, 2003, FTF entered into an Exclusive Management Agreement ("Management Agreement") with Flowers, Vannucci, Keuning and Stoermer, collectively and professionally known as The Killers (defined therein as the "Artist"), pursuant to the terms of which, among other things, the Artist engaged FTF as Artist's sole and exclusive personal manager in the entertainment industry throughout the world for an initial term of one (1) year with three (3) separate options to extend the term for three (3) consecutive one (1) year periods. A true and correct copy of the Management Agreement is attached hereto as Exhibit "A" and incorporated herein by this reference.
- 22. Plaintiff FTF has performed each and every obligation under the Management Agreement, except to the extent that such obligations have been excused, prevented or waived by the Artist.
- 23. On May 19, 2005, The Killers, by and through Reynolds, provided written notice that The Killers were terminating the Management Agreement.
- 24. Defendants have breached the Management Agreement by unilaterally and without justification or reason terminating the Management Agreement, selecting Reynolds as their replacement personal manager, failing to make payments as and when due and providing notice to persons and entities in the music industry that FTF no longer represents The Killers.
- 25. By reason thereof, FTF has suffered damages in an amount according to proof, in the form of, among other things, unpaid commissions earned as of the date of the wrongful termination in the approximate amount of \$4 Million and loss of projected commissions which would be earned through the remaining term of the Management Agreement in excess of \$11 Million.

SECOND CLAIM FOR RELIEF

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(BREACH OF CONTRACT BY MERRICK AGAINST THE KILLERS)

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26. Plaintiffs incorporate by reference as if set forth in full herein the allegations of Paragraphs 1 through 25, hereinabove.

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On March 1, 2003, Merrick, together with Jeff Saltzman, as "Producers," entered into that certain Production Agreement with Flowers,

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Vannucci, Keuning and Stoermer, collectively known as The Killers (defined

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therein as the "Artists") (the "Production Agreement") pursuant to the terms of which, among other things, Merrick was to provide production services and studio

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facilities for the purpose of producing recordings of the Artists and to attempt to

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secure a recording agreement between the Artists and a major record label. A true

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and correct copy of the Production Agreement is attached hereto as Exhibit "B" and

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incorporated herein by this reference.

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Plaintiff Merrick and Jeff Saltzman have performed each and every 28. obligation under the Production Agreement, except as excused, prevented or waived

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by the Artists.

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29. Defendants have breached the Production Agreement by failing to pay the sums due and owing to Merrick thereunder.

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By reason thereof, Plaintiff Merrick has suffered damages in an amount 30. according to proof in excess of \$1 Million.

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THIRD CLAIM FOR RELIEF

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(INTERFERENCE WITH CONTRACTUAL RELATIONS

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BY FTF AGAINST REYNOLDS)

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31. Plaintiffs incorporate by reference as if set forth in full herein the allegations of Paragraphs 1 through 30, hereinabove.

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32. Throughout the time period in which FTF and Merrick performed their respective obligations on behalf of The Killers pursuant to the Management

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Agreement and the Production Agreement, Reynolds was ostensibly employed to

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FIRST AMENDED COMPLAINT

provide legal advice to the members of the band. However, Reynolds, with no experience, knowledge, professional contacts or business acumen within the recording industry, continuously sought to insinuate himself into The Killers' 3 business activities with respect to matters other than those legal in nature. Among 4 other things, Reynolds sought to select musical material to be performed by The Killers, sought to act and acted as a liaison between the record label and The Killers and sought to be involved in and involved himself in the touring, press and promotional activities of The Killers. In March, 2003, Reynolds appeared at recording sessions while The Killers were making the "demo," making artistic suggestions, and thereafter, on information and belief, making claims that he had 10 written or collaborated on the writing of certain songs recorded by The Killers. 11 From March to October, 2003, Reynolds periodically traveled to performances of The Killers, including "showcases" in the United States, offering opinions as to song 13 selections and live performances. In September, 2003, Reynolds traveled to performances in Great Britain before The Killers achieved commercial success, 16 again offering opinions as to song selection and live performances. In October, 2003, Reynolds attended The Killers' recording sessions of "Hot Fuss" in Chatsworth, California, again offering opinions about the song selections, 18 19 performances, engineering and mixing. In June, 2004, Reynolds attended The Killers' showcase just after the release of "Hot Fuss" and engaged in discussions with the record label regarding marketing and promotion of "Hot Fuss." In April, 2005, Merrick was informed that Reynolds had told The Killers that he was 23 available to provide management services if Merrick was unable to meet the needs of "The Killers." Reynolds constant attendance at events involving The Killers, at which no legal services were necessary, eventually reached a point where members 26 of The Killers referred to Reynolds as a "groupie."

33. By and through various artifices, including his gratuitous involvement in non-legal matters and attendance at events not requiring legal services, Reynolds

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was able to contrive and manipulate the members of The Killers. In an early demonstration of his ability to exploit the naïve band members, Reynolds initially charged the outrageous fee for legal services he provided equal to fifteen percent (15%) of The Killers' gross income. Merrick advised The Killers that such a fee was unreasonable, inappropriate and greatly exceeded fees generally paid to music lawyers who were far more experienced than Reynolds. Thereupon, The Killers reduced Reynolds' legal fee to a more customary but still healthy fee of five percent (5%).

34. Commencing in late 2004, Reynolds, recognizing the tremendous success of The Killers (which had been achieved, in part, because of the services rendered by FTF and Merrick), and still smarting from the reduction in legal fees imposed upon him by the band, began to assert that FTF was not providing the services required by the Management Agreement. He also duplicationally and in bad faith told The Killers that Merrick was in breach of or had done nothing to earn 14 monies under the Production Agreement. Such allegations by Reynolds of breach 15 and failure to provide services, which were baseless and unsupported, continued into 16 17 2005, were outside the scope of his employment as an attorney for The Killers and were motivated solely by his desire to reap a tangible personal financial benefit by 18 19 inducing The Killers to breach the Management Agreement and place himself as the personal manager for The Killers. 20

35. In furtherance of his scheme to further his own personal financial interest, on May 19, 2005, Reynolds notified FTF and Merrick that The Killers had unilaterally terminated the Management Agreement and that no further monies would be paid pursuant to the Production Agreement, nor would The Killers perform their obligations under the Management Agreement or the Production Agreement. Almost immediately thereafter, Reynolds became the personal manager of The Killers. The allegations of breach by Reynolds, as made to The Killers, and Reynolds' inducement of The Killers to act thereupon, were designed to benefit

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Reynolds directly in his quest to manage The Killers. Specifically, they were intended to cause The Killers to lose confidence in FTF and Merrick and, ultimately to cause The Killers to terminate the Management Agreement with FTF and hire Reynolds.

- 36. By reason of the acts alleged hereinabove, Reynolds has, without privilege, intentionally interfered with the contractual relationship between FTF and The Killers under the Management Agreement and FTF has been damaged in an amount according to proof in excess of \$15 Million.
- 37. In doing the acts complained of hereinabove, Reynolds acted intentionally, willfully and with oppression, fraud and malice and FTF is therefore entitled to an award of punitive damages.

FOURTH CLAIM FOR RELIEF

(INTERFERENCE WITH CONTRACTUAL RELATIONS BY MERRICK AGAINST REYNOLDS)

- 38. Plaintiffs incorporate by reference as if set forth in full herein the allegations of Paragraphs 1 through 37, hereinabove.
- By reason of the acts alleged hereinabove, Reynolds has intentionally 39. interfered with the contractual relations between Merrick and The Killers under the Production Agreement and Merrick has been damaged in an amount according to proof in excess of \$1 Million.
- 40. In doing the acts complained of hereinabove, Reynolds acted intentionally, willfully and with oppression, fraud and malice and Merrick is therefore entitled to an award of punitive damages.

FIFTH CLAIM FOR RELIEF (ACCOUNTING BY FTF AGAINST THE KILLERS)

41. Plaintiffs incorporate by reference as if set forth in full herein the allegations of Paragraphs 1 through 40, hereinabove.

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accounting of all monies heretofore received by The Killers and which constitute "Gross Compensation" under the Management Agreement against which FTF is entitled to fifteen percent (15%).

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SIXTH CLAIM FOR RELIEF

By reason of the acts alleged hereinabove, FTF is entitled to an

(ACCOUNTING BY MERRICK AGAINST THE KILLERS)

- 43. Plaintiffs incorporate by reference as if set forth in full herein the allegations of Paragraphs 1 through 42 hereinabove.
- 44. By reason of acts alleged hereinabove, Merrick is entitled to an accounting of all monies heretofore received or received in the future by The Killers for album sales, against which Merrick is entitled to receive a defined percentage for first, second and third album, as set forth in the Production Agreement.

WHEREFORE, Plaintiffs FTF and Merrick pray for judgment against The Killers and Reynolds, as follows:

ON THE FIRST CLAIM FOR RELIEF AGAINST THE KILLERS

1. To FTF, actual damages according to proof in the amount of at least \$15 Million.

ON THE SECOND CLAIM FOR RELIEF AGAINST THE KILLERS

1. To Merrick, actual damages according to proof in the amount of at least \$1 Million.

ON THE THIRD CLAIM FOR RELIEF AGAINST REYNOLDS

- 1. To FTF, actual damages according to proof in the amount of at least \$15 Million.
 - 2. For punitive damages.

ON THE FOURTH CLAIM FOR RELIEF AGAINST REYNOLDS

- 1. To Merrick, actual damages according to proof in the amount of at least \$1 Million.
 - 2. For punitive damages.

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FIRST AMENDED COMPLAINT

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 1900 Avenue of the Stars, 25th Floor, Los Angeles, California 90067-4506.

On March 29, 2006, I served the following document(s) described as: FIRST AMENDED COMPLAINT FOR BREACHES OF CONTRACTS AND INTERFERENCE WITH CONTRACTUAL RELATIONS on all interested parties in this action by placing true copies thereof addressed as follows:

SEE ATTACHED SERVICE LIST

	BY MAIL, enclosed in sealed envelope(s): I am "readily familiar" with the
9	tirm's practice of collection and processing correspondence for mailing. Under that
	practice it would be deposited with the U.S. postal service on that same day with
10	postage thereon fully prepaid at Los Angeles, California in the ordinary course of
- 1	business. I am aware that on motion of the party served, service is presumed invalid
11	if postal cancellation date or postage meter date is more than one day after date of
ŀ	deposit for mailing in affidavit.
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BY FEDERAL EXPRESS DELIVERY, enclosed in sealed envelope(s): I am "readily familiar" with the firm's practice of collection and processing items for Federal Express delivery. Under that practice it would be deposited at Los Angeles, California, in an envelope or package designated by Federal Express in a facility regularly maintained by Federal Express or delivered to a courier or driver authorized to receive documents on its behalf with delivery fees paid or provided for.

BY PERSONAL SERVICE, enclosed in sealed envelope(s): I delivered such envelope(s) by hand to the office of the addressee(s).

BY FACSIMILE: I caused the foregoing document(s) to be served by facsimile transmission from sending facsimile machine number (310) 282-8903. to each interested party at the facsimile machine telephone number shown. Each transmission was reported as complete and without error. A transmission report was properly issued by the sending facsimile machine for each interested party served.

Executed on March 29, 2006, at Los Angeles, California.

(Federal) I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Tivoli J. Williams

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EXCLUSIVE MANAGEMENT AGREEMENT made as of this 8th day of April, 2003, by and between From The Future, LLC (hereinafter referred to as "Manager"), 3872 24th Street San Francisco, CA, 94114, and Brandon Flowers, Dave Kenning, Mark Stoermer, and Ronnie Vannsucci, collectively and professionally known as "The Kiffers" (hereinafter individually and collectively referred to as "Artist"), located at 1316 Wheatland Way, Las Vegas, Nevada 89128

1 Term:

- (a) (i) Artist hereby engages Manager as Artist's sole and exclusive personal manager in the entertainment industry throughout the world during the Term (hereinafter defined) commencing on the date hereof and continuing for one (1) year thereafter (the "Initial Period").
- (ii) Subject to the provisions of subparagraphs 1(d)(i) and 1(d)(ii) below. Artist hereby irrevocably grants Manager three (3) separate options to extend the Term on the same terms and conditions as are set forth herein with respect to the Initial Period for three (3) consecutive one (1) year periods (the "First Option Period," the "Second Option Period," and the "Third Option Period," respectively).
- (b) (i) Subject to the provisions of subparagraph 1(d)(i) below, the option to extend the Term for the First Option Period shall be deemed automatically exercised by Manager upon expiration of the Initial Period unless Manager, by written notice to Artist no later than thirty (30) days prior to the date that the Initial Period would otherwise expire, informs Artist that Manager does not wish to exercise such option.
- (ii) The First Option Period shall commence immediately upon the expiration of the Initial Period and each successive Option Period shall commence immediately upon conclusion of the preceding Option Period unless Manager gives written notice of its intention to not exercise such Option prior to the expiration of the Initial Period or the then-current Option Period.

(c) Notwithstanding the foregoing

- (i) Artist shall have the right to terminate the Term on thirty (30) days written notice given to Manager if a Recording Agreement is not entered into during the Initial Period, and
- (ii) Artist shall have the right to terminate the Term on thirty (30) days written notice given to Manager within thirty (30) days after one (1) year from the date of execution of the Recording Agreement if Artist has not earned an aggregate amount of at least \$500,000 in Gross Compensation during such year.
- (d) Manager hereby accepts that engagement as Artist's personal manager subject to the terms herein set forth. The Initial Period, the First Option Period, if any, the Second Option Period, if any, and the Third Option Period, if any, are hereinafter referred to as the "Term"
- (e) As used herein, the term "Recording Agreement" shall refer to any recording agreement entered into between Artist or any company furnishing Artist's services, on the one hand, and any Major Record Label (hereinafter defined), on the other hand, during the Term hereof, for our recording services as a featured recording artist. As used herein, the term "Major Record Label" shall mean any one of the following. BMG, Sony, WEA, Universal or Capitol/EMI or any record label distributed exclusively by any of the foregoing through normal retail channels.
- 2. Services: Manager shall be available upon reasonable notice at reasonable times to advise and to counsel Artist in the entertainment industry throughout the world, including, without limitation, in the salection of artistic talent to work with and musical and other material to be performed by Artist; in matters pertaining to publicity, public relations, and advertising for Artist; and with regard to general practices, including compensation and terms of contracts, in the entertainment industry. Manager shall render all services customarily

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rendered by managers in the United States music business, including acting as a liaison between the record label and Artist and supervising and coordinating touring, press and promotional activities of Artist (if applicable and if reasonable). Manager shall not be obligated to travel away from Manager's primary place of business in connection with Artist's career, except that upon Artist's reasonable request, at Artist's expense, and subject to Manager's reasonable availability. Manager shall attend meetings concerning Artist's career in the entertainment industry. Manager shall use all reasonable efforts to further Artist's career and shall cooperate with Artist to further Artist's career as and when Artist reasonably requests. Artist understands that Manager's services hereunder are not exclusive to Artist and that Manager shall at all times be free to perform similar or dissimilar services for others as well as to engage in any and all other business activities. Artist agrees that Artist's failure during the Term to continue to seek Manager's services shall not affect Artist's obligation to pay commissions and other money to Manager as set forth herein.

- 3. Key Person: Manager recognizes, understands and agrees that Braden Merrick is a material reason why Artist has elected to enter into this Agreement. In the event that Braden Merrick dies, becomes no longer employed by Manager or otherwise creases to be the primary individual responsible for the performance of Manager's obligations under this Agreement, Artist shall have the right, but not the obligation, to terminate this Agreement upon written notice to Manager.
- 4. Not an Agent: Artist agrees that Manager is not expected to nor shall Manager procure, offer, or attempt to procure employment or engagements for Artist. Manager is not an employment agency or theatrical agency, or "artist's manager" as that term is defined in Section 1700.4 of the California Labor Code. Manager does not engage in the occupation of procuring, offering, promising, or attempting to procure employment or engagements; and Manager does not perform any services which might require Manager to have a professional license. Artist agrees to utilize proper theatrical or other employment agencies to obtain engagements and employment for Artist, and Artist agrees to consult with Manager before obtaining the service of any such theatrical or employment agency. Artist agrees to submit all offers of employment to Manager for Manager's advice and counsel.
 - 5. Authority: Subject to express prior approval by Artist, Manager is hereby authorized:
- (a) to approve and permit any and all publicity and advertising for Artist; approve and permit the use of Artist's name, photograph, likeness, voice, sound effects, caricatures and other identifying features and characteristics, and literary, and musical material for purposes of merchandising, tie-ins, sponsorships, advertising and publicity and in the promotion and advertising of any and all products and services or otherwise;
- (b) to prepare, negotiate, consummate, sign, execute and deliver for Artist, in Artist's name or on Artist's behalf, any and all agreements, documents and contracts relating to Artist's personal appearances (only as a part of an ongoing tour or otherwise for approved appearances in the entertainment industry), for periods of two (2) consecutive days or less only, and to alter, renegotiate, modify, extend and/or terminate any and all such agreements; and
- (c) to direct for Artist, and in Artist's name, accountants, business managers, auditors, talent agents, attorneys, publicists and others in connections with Artist's career, provided, however, that Artist and Manager shall mutually agree upon the selection of a business manager ("Business Manager"), which Business Manager shall be a certified public accountant and whom Artist shall engage at Artist's sole expense. Manager agrees that Manager's approval of any Business Manager shall not be unreasonably withheld.

6. Accounting:

(a) Gross Compensation (as "Gross Compensation" is defined in paragraph 7 below) shall be paid directly to Artist's business manager ("Business Manager") and then paid to Manager in accordance with the provisions hereof. Artist will cause Business Manager to account for and pay to Manager on a monthly basis all compensation payable to Manager hereunder, including, without limitation, all monies payable to Manager pursuant to paragraphs 6 and 7 below;

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- (b) If Manager shall collect or otherwise directly receive any Gross Compensation, Manager shall promptly remit the full amount thereof to Business Manager without deduction or offset (unless Artist otherwise agrees or instructs Manager);
- (c) At any time when a mutually agreed upon Business Manager has not been designated by Manager and Artist, Artist shall authorize and direct all third parties who are obligated to pay Artist Gross Compensation to deduct Manager's commission therefrom and to account for and pay that compensation directly to Manager, as and when Gross Compensation shall be payable by any such third party to Artist. In order to effectuate the foregoing, Artist shall execute any and all documents deemed reasonably necessary or desirable by Manager and third party payor;
- (d) Within ten (10) days after the close of each calendar month during the Term and thereafter as long as Artist or Business Manager collects or receives any Gross Compensation subject hereto, Artist shall direct Business Manager to tender a written accounting statement to Manager (or if there is no Business Manager, then Artist shall render such statement) setting forth all such Gross Compensation payable on Artist's behalf hereunder during the proceeding calendar month, specifying the source thereof and the deductions therefrom. Each such accounting statement shall be accompanied by payment to Manager of all monies due to Manager for such accounting period. Without limiting Manager's rights and remedies in such event, if Artist should receive any Gross Compensation directly, Artist shall comply with this subparagraph 6(d) as if Artist were Business Manager;
- (e) Manager and its representatives (provided that such representatives are not being paid on a contingent basis based on the outcome of the audit) may inspect and audit Artist's and Business Manager's books and records to ascertain the amounts due Manager, and Artist and its representatives (provided that such representatives are not being a paid on a contingent basis based on the outcome of the audit) may inspect and audit those portions of Manager's books and records (as "books and records" are defined below) which concern Artist. The aforementioned audits and/or inspections, if any, shall be conducted upon reasonable notice to the party to be audited or inspected, no more often than once during any calendar year, no more than once with respect to any particular statement and within two (2) years after receipt of the particular statement to be audited. "Books and records" as used herein shall include ledgers, journals, receipt books, checks and all other records concerning Artist's financial matters as they relate to Gross Compensation and Artist's antertainment career.

Commission

- (a) In full consideration for Manager's services hereunder, Manager shall be entitled to receive, as and when earned by Artist a commission equal to (the "Commission") fifteen percent (15%) of the "Gross Compensation" of Artist as set forth in subparagraphs 7(b)-(c) below;
- (b) "Gross Compensation", as used herein, shall mean all monies or other consideration (in any form, including, without limitation, stocks, bonds, real or personal property or otherwise) directly or indirectly earned at any time and in perpetuity from Artist's zervices in the emertainment field throughout the universa during the Term, whether as a recording artist, musician, songwriter, performer, producer, engineer, mixer, publisher, singer, supervisor, composer, commercial endorser, lyricist, executive, director or otherwise, or from the sale or other disposition of any creative or intellectual property (excluding any such disposition from Artist to Manager), or from any and all judgments, awards, settlements, payments, damages and proceeds telating to any suits, claims, actions, proceedings, or arbitration proceedings arising out of any alleged or actual breach, nonperformance or infringement by others of any comracts or employment referred to herein for which Manager is otherwise entitled to receive a Commission hereunder after deduction of all costs Artist incurs in connection with such suits, claims, actions and proceedings, including, without limitation, legal costs, or other rights, or from any payments for termination of Artist's activities otherwise subject to Commission hereunder, or as a result of creative, intellectual or other tangible or intangible property initially created during the Term including recordings commenced during the Term or Compositions written, in whole or in part, during the Term. Gross Compensation shall also include all such monies or other consideration received by Artist after the Term, as a result of personal appearance services rendered

pursuant to an agreement, emgagement, employment or contract Artist may enter into during the Term or within six (6) months after the expiration of the Term with any person or firm with whom negotiations had been substantially completed during the Term. Further, Gross Compensation shall include all such monies or other consideration described in this paragraph earned by Artist (or by any designee, assignee, legatee, executor, heir, administrator, trustee, conservator or successor of Artist), to whomever paid (all those rights and services and the results and proceeds of those rights and services are collectively hereinafter referred to as "Property"). In the event that Artist receives as all or part of its compensation for activities hereunder stock or the right to buy stock in any corporation, or if Artist becomes the packager or owner of all or part of an entertainment property, whether as an individual proprietor, stockholder, partner, joint venture, or otherwise, Manager's percentage shall apply to Artist's said stock, right to buy stock, individual proprietorship, partnership, joint venture, or other forms of interest, and Manager shall be entitled to your percentage share thereof. Should Artist be required to make any payment of such interest, Manager shall pay his percentage share thereof.

- (c) Norwithstanding the foregoing, Gross Compensation shall not include:
- expended in connection with recording costs for or licensing of master recordings embodying Artist's performances as a featured recording artist (other than fees, including union session fees, paid to Artist in connection with the foregoing):
- (ii) Royalties, advances or other payments actually made to any producer, mixer or payable as a result of the reproduction or other exploitation of those master recordings:
- (ii) Monies actually paid by or on behalf of Artist (in connection with personal appearances by Artist) to opening acts, and for sound and light equipment and technicians, and all sums paid to Artist as actual reimbursement by a concert promoter for the cost of sound and light equipment and technicians or similar reimbursement in connection with a concert appearance by Artist;
- understood in the recording industry) and paid to Artist as "deficit rour support" (as that term is generally monies generated from a particular concert tour are less than the monies payable to Artist or on Artist's behalf to any unthout limitation, so-called "per diems") for Artist's services in connection therewith shall not be deemed "deficit tour support";
- (v) All recoupable monies payable to or on behalf of Artist and actually paid for prior approval) by the Major Record Label with which Artist is a party to a recording or similar agreement or by a third party. To the extent that Artist has or shall have the right to approve such expenditures, such expenditures shall be subject to Manager's prior approval; and
- (vi) Monies payable to unrelated third party authors, composers and/or co-publishers to the extent that such monies are deducted from monies otherwise payable to Artist.
- (d) Not withstanding anything to the contrary contained herein, in consideration of Manager's fees recouped under a separate Production Agreement with Artist, Manager shall not be entitled to
 - record royalties for the first \$00,000 units sold of the First album;
 - (ii) record royalties for the first 335,000 units sold of the Second album; and
 - (iii) record royalties for the first 165,000 units sold of the Third album

- For the avoidance of doubt, Manager's right to Commission with respect to Property (c) created during the Term shall continue after the Term in perpetuity; and
- Notwithstanding anything to the contrary contained in the foregoing, unless Manager has been terminated for a breach under this Agreement, and in lieu of the amount set forth in subparagraph 7(a) above. Manager shall be entitled to receive the following percentages of Gross Compensation carned by Artist after the Turm as a result of the exploitation of Post-Term Property (as the term "Post Term Property" is defined below) created during the following periods:
- Fifteen percent (15%) from the first six (6) month period after termination (the "First Post-Term Period");
- Ten percent (10%) for the second six (6) month period after termination (the "Second Post-Term Period"); and
- Five percent (5%) for the third six (6) month period after termination (the ."Third Post-Term Period").

As used herein, the term "Post-Term Property" shall mean Property created after the Term, but pursuant to any employment or contract in existence or emered into or negotiated for during the Term or under any extension, modification, addition or renewal of such contract or employment, regardless of when entered into, or under any substitute, direct or indirect, for such contract or employment, including, without limiting the foregoing, a contract or employment with an employer or contracting party entered into within six (6) months after the termination of a previous contract or employment if such contract or employment is commissionable hereunder

- Loans, Advances & Expenses: Artist shall pay the costs attributable to all of Artist's activities including, but not limited to, the cost of material, equipment, facilities, transportation, lodging and living expenses, costumes, makeup, accounting and legal fees, and Manager shall not have any liability whatsoever in connection All expenses (other than Manager's office expenses) incurred by Manager in performing services hereunder, including, without limiting the foregoing, transportation and living expenses approved by Artist or incurred by Manager at Artist's request, shall be paid or reimbursed by Artist. Manager shall not, however, incur expenses in excess of Two Hundred Fifty Dollars (\$250.00) for any one (1) calendar month during the Term without Artist's prior consent, provided that such consent shall not be unreasonably withheld. Artist acknowledges that Manager is not required to make any loans or advances to Artist, but in the event Manager does so, Artist agrees to repay such loans or advances to Managor promptly, or to instruct Business Manager to repay such loans or advances to Manager or Manager is authorized to deduct the amount of such loans or advances from any sums Manager may receive for Artist's account.
- Artist: As used in this agreement, "Artist" shall include any corporation providing Artist's services owned (partly or wholly) or controlled (directly or indirectly) by Artist or Artist's family, and Artist agrees. upon Manager's request, to cause any such corporation to enter into an agreement with Manager on the same terms as contained herein. "Artist" also shall refer to the group comprised of all members of Artist who are signatories hereto (including any future members of Artist (whom Artist shall cause to execute this Agreement at such time as such person becomes a member of Artist)), as well as to each individual member of the group who is a signatory hereto, and this Agreement shall be binding jointly and severally upon said persons, and said group. Furthermore, each and all representations, warranties, agreements and obligations herein contained shall be and are deemed to be the joint and several representations, warranties, agreements and obligations of said persons, said group, and each of them. Wherever required, the singular includes the plural and, unless the context otherwise requires, the masculine gender includes the feminine and the nexter. This Agreement shall be hinding upon the group as an entity, and for such purposes, the earnings of the group shall be construed to require each individual member thereof to pay all commissions and other sums which are due to the Manager from the entire group.

- 10. Leaving Member: If one or more members leave the group, voluntarily or for any other reason, Manager shall continue to represent the group and the leaving members as separate entities in accordance with the terms hereof unless Manager shall give the remaining group and/or the leaving members notice, within thirty (30) days after Manager's receipt of written notice that members have left the group, that Manager elects to treat this Agreement as terminated by the remaining group and/or such members, in which event this Agreement shall be deemed terminated as to the party or parties to whom such notice is given. The parties to whom such notice is given shall remain obligated to pay Manager the Commission or other sums owed or accrued to the Manager's account prior to such termination and thereafter as provided herein.
- 11. Artist's Career: Artist shall at all times utilize proper theatrical or other employment agencies to obtain engagements and employment for Artist except as may otherwise be permitted by law. Artist shall endeavor to discuss all offers of employment with Manager and shall refer any inquiries or offers concurring Artist's services to Manager as well as to Artist's licensed talent agent. Artist shall use reasonable efforts to instruct irrevocably any theatrical or other employment agent engaged by Artist to remit directly to Business Manager all monies that may become due to Artist that are received by such agent.
- 12. <u>Life Insurance:</u> Manager shall have the right during the Term to obtain life insurance on Artist's life at Manager's cost, with Manager being the sole beneficiary thereof and for an amount to be determined by Manager in Manager's sole discretion. Artist shall cooperate fully in connection with obtaining such insurance, and Artist shall submit to a physical examination and promptly complete all documents necessary or desirable for such insurance. Artist hereby acknowledges that neither Artist nor Artist's extate shall have any right to claim the benefits of any such policy obtained by Manager.
- 13. Scope: This Agreement shall not constitute a joint venture or partnership between Manager and Artist, it being understood that Manager is acting hereunder as an independent contractor. Neither party may assign this agreement or delegate any of its obligations hereunder, in whole or in part.
- 14. <u>Warranties and Indemnification</u>: Each party hereto is free to enter into this Agreement and to perform all of its obligations hereunder. Artist and Manager each has not heretofore made and will not hereafter enter into or accept any engagement or commitment with any person, firm or corporation which will, can or may interfere with the full and faithful performance by such party of the covenants, terms and conditions of this Agreement. Each party agrees to indemnify and hold such other party harmless from any loss, cost or liability (including legal costs and attorneys' fees) arising out of any claim, demand or action which is inconsistent with any of such party's representations, warranties or covenants contained herein. Artist agrees to add Manager as a named insured to Artist's governing insurance policies. Artist warrants and agrees that Artist will at all times actively pursue Artist's career and do all things necessary and desirable to promote Artist's career and earnings therefrom.
- 15. Notice: Except as otherwise specifically provided herein, all notices hereunder shall be in writing and shall be given by registered or certified mail or by personal delivery at the respective addresses hereinabove set forth, or such other address or addresses as may be designated by either party. Notices shall be decreed given when mailed, except that notice of change of address shall be effective only from the date of its receipt. A copy of all notices to Manager shall be simultaneously sent to King, Purtich, Holmes, Paterno & Berliner, LLP, 1900 Avenue of the Stars, 25th Floor, Los Angeles, California 90067, Attn: Peter Paterno Esq. A copy of all notices to Artist shall be simultaneously sent to Callister & Reynolds, 823 Las Vegas Blvd. South, Las Vegas, NV 89101, Attn: Robert Reynolds, Esq.

16. Miscellaneous:

- (a) This Agreement shall not constitute a joint venture or partnership between Manager and Artist, it being understood that Manager is acting hereunder as an independent contractor,
- (b) This Agreement sets forth the entire agreement between the parties hereto, and replaces and supersedes all other agreements relating to the subject matter hereof. A waiver by either party of a breach of any provision hereof shall not be deemed a waiver of any subsequent breach, nor a permanent modification of such

provision. This Agreement cannot be modified, altered, or otherwise changed except by an agreement in writing signed by the parties hereto;

- (c) If any provision of this Agreement shall be held void, invalid or inoperative, no other provision of this Agreement shall be affected as a result thereof, and, accordingly, the remaining provisions of this Agreement shall remain in full force and effect as though such void, invalid or inoperative provision had not been contained therein;
- (d) Expiration of this Agreement shall not effect Manager's right, in accordance with the terms and provisions hereof, to payment with respect to this Agreement in any way;
- (e) In order to make Manager's obligations hereunder as specific and definite as possible and to eliminate, if possible, any controversy which might otherwise arise hereunder, Artist agrees that if at any time Artist feels that the terms of this Agreement are not being performed by Manager, as herein provided, Artist will so advise Manager in writing by certified or registered mail, return receipt requested, of the specific nature of any such claimed non-performance and shall allow Manager a period of thirty (30) days after the receipt thereof within which to cure the same. If so cured, such claimed non-performance shall not be deemed a breach of this Agreement. Artist agrees that no such claimed non-performance by Manager of the terms hereof, unless intentionally dishonest, will be construed as an incurable breach of this Agreement. No arbitration or litigation proceeding may commence prior to the expiration of the aforesaid thirty (30) day period, and no such proceeding shall be based upon any claimed non-performance by Manager except one contained in Artist's aforesaid notice to Manager.
- (f) Except as otherwise provided herein, all rights and remedies herein or otherwise shall be cumulative and none of them shall be in limitation of any other right or remedy;
- (g) Paragraph headings are for convenience only and shall not be considered in interpreting the meaning, effect and/or application of any of the provisions hereof; and
- (h) You represent and warrant that you have been advised of your right to seek legal counsel of your own choosing in connection with the negotiation and execution of this agreement and that you have, in fact, received legal counsel.
- 17. Choice of Law: This Agreement shall be construed and interpreted in accordance with the laws of the State of Nevada. The venue for any action, suit or proceeding arising from or based upon this Agreement shall be the appropriate state and federal courts located in the County of Clark, in the State of Nevada, Accordingly, Artist and Manager each agree to submit to and be bound by such jurisdiction.

IN WITNESS WHEREOF, the parties hereunder set their hands on the day and year first above written.

"MANAGER" - Braden Merrick c/o From The Future, LLC

An Authorized Signatory

"ARTIST" - The Killers

Mark Stoermer

Brandon Flowers

2316010p.01

Ronnie Vannucci

2316010p.01

PRODUCTION AGREEMENT

This Agreement is entered into as of March 1, 2003, between Braden Merrick and Jeff Saltzman ("Producers"), and Brandon Flowers, Ronnie Vannucci, Jr., Dave Keuning and Mark Stoermer, c/o Robert Reynolds, Esq., collectively known as "The Killers" (referred to individually and collectively as "Artists").

Producers and Artists agree:

- 1. Producers will provide production services and studio facilities for the purpose of producing recordings of Artists (the "Masters"). Producers further agree to use the Masters to attempt to secure a recording agreement between Artists and a major record label.
- If Artists enter into negotiations with a Record Company for a Recording Agreement: within twelve months of completion of the Masters, Producers will receive a Producer Royalty, as that term is understood in the music industry (payable retroactively to the first unit of each album sold, after recoupment of actual recording costs only, for each album separately) as follows:

Three percent (3%) of the suggested retail list price on sales of the first album, two percent (2%) on the second album, and one percent (1%) on the third album made under the Recording Agreement, including any successor agreements resulting from the assignment of Record Company's rights. As an Advance against the Producer Royalty, Producers will receive ten percent of the advance paid to Artists by the Record Company for the first album under the Recording Agreement.

- The Record Company will account to Producers and pay them the Producer Royalty and Advance directly, at the same times as the Record Company accounts to Artists. Producers will receive production credit on all CDs or other devices which include the 'Masters.
- 4. Producers will deliver the Masters to Artists in a format suitable for duplication and manufacture. All original session files, rough mixes and any derivatives or reproductions made therefrom shall also be delivered to the Artists, or, at Artists' election, maintained at a recording studio or other location designated by Artists, in Artists' name and subject to Artists' control.

- 5. All Masters produced hereunder and any other reproductions made therefrom, together with the performances embodied therein and thereto, and all renewals and extensions thereof, shall be emirely Artists' property, free of any claims whatsoever by Producers or any other person engaged in the production of the Masters.
- 6. Nothing in this agreement creates a partnership between Artists and Producers or between Braden Merrick and Jeff Saltzman.
- 7. Producers have advised Artists to seek legal counsel in connection with this agreement, and Artists have done so.

AGREED:

Braden Merrick

MS

Brandon Flowers

Romie Vannucci, Jr

Dave Keuning

Mark Stoermer

ADDENDUM TO PRODUCTION AGREEMENT

This Agreement is entered into as of June 4, 2003, between Braden Merrick and Jeff Saltzman ("Producers") and Brandon Flowers, Romie Vannucci, Jr., Dave Keuning, and Mark Stoermer, collectively known as "The Killers" (referred to individually and collectively as "Artists"), c/o Robert Reynolds, Esq.

Producers and Artists agree:

1. In consideration of certain royalties received by Braden Merrick under an Exclusive Management Agreement, dated April 8, 2003, this Agreement replaces and supercedes one (1) provision of the Production Agreement between the parties hereto, dated March 1, 2003, namely, "As an Advance against the Producer Royalty, Jeff Salteman will receive five percent (5%) of the advance paid to Artists by the Record Company for the first album under the Recording Agreement

AGREED:

Braden Memick

Jeff Saltzman

Brandon Flowers

Ronnie Vannucci, Ja

Dave Keuning

Mark Stoermer