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DISTRIBUTION COMPANY, L.P., KNIGHT
7 TAKES KING PRODUCTIONS, LLC, and MRC
II HOLDINGS L.P.

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

11 MRC II DISTRIBUTION COMPANY, L.P., a
12 Delaware limited partnership, KNIGHT
TAKES KING PRODUCTIONS, LLC, a
13 California limited liability company, and MRC
14 II HOLDINGS L.P., a Delaware limited
partnership,

15 Petitioners,

16 vs.

17 KEVIN SPACEY, an individual, M. PROFITT
18 PRODUCTIONS, INC., a California
corporation, and TRIGGER STREET
19 PRODUCTIONS, INC., a New York
corporation,

20 Respondents.

Case No. **21STCP03831**

**PETITION TO CONFIRM
ARBITRATION AWARD**

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1 Petitioners MRC II Distribution Company, L.P., Knight Takes King Productions, LLC, and
2 MRC II Holdings L.P. allege as follows:

3 **INTRODUCTION**

4 1. Petitioners Knight Takes King Productions, LLC and MRC II Distribution
5 Company, L.P. (collectively, “MRC”) are the producer and distributor of the hit television series
6 *House of Cards* (the “Show”), in which Respondent Kevin Spacey (“Spacey”) starred for five
7 seasons on Netflix as the co-lead character “Frank Underwood.” Starting in October 2017, dozens
8 of explosive allegations surfaced in the press accusing Spacey of systematically preying upon,
9 sexually harassing, and groping young men that he had worked with throughout his career on film,
10 television, and theater projects.

11 2. Among them was a November 2, 2017 article on CNN.com accusing Spacey of a
12 pattern of sexually “predatory” behavior directed at young crew members on the set of *House of*
13 *Cards*. MRC had no prior knowledge of any of these accusations. Once MRC became aware of the
14 accusations, it took immediate action by suspending Spacey’s performance; conducting a
15 thorough, months-long investigation with a preeminent workplace investigator; writing Spacey out
16 of the final season of the Show; and ultimately terminating Spacey’s acting and executive
17 producing contracts, and standing its ground by refusing to pay any further compensation to
18 Spacey, who demanded in spite of everything that he continue receiving all fixed and contingent
19 compensation otherwise provided for in his agreements.

20 3. After years of litigation in a confidential arbitration proceeding in the Century City
21 office of JAMS, after extensive discovery including more than 20 depositions, and after an 8-day
22 evidentiary hearing, a neutral JAMS arbitrator (“Arbitrator”) found entirely in favor of MRC on
23 the parties’ competing claims for breach of contract, and ordered Spacey and his loan-out and
24 producing entities to pay MRC *more than \$30 million* in compensatory damages, attorneys’ fees,
25 and costs. In a detailed 46 page single-spaced Final Award dated October 19, 2020 (the “Award”),
26 the Arbitrator found that Spacey—as a result of certain conduct in connection with several crew
27 members in each of the five seasons that he starred in and executive produced *House of Cards*—
28 had repeatedly breached his contractual obligations to provide his services “in a professional

1 manner” and “consistent with [MRC’s] reasonable directions, practices, and policies,” including
2 MRC’s Harassment Policy—all without the knowledge of MRC.

3 4. The Arbitrator found that Spacey’s conduct constituted a material breach of his
4 acting and executive producing agreements with MRC, and that his breaches excused MRC’s
5 obligations to pay him any further compensation in connection with the Show. The Arbitrator
6 further found that Spacey’s egregious breaches of contract proximately caused and rendered him
7 (and his affiliated entities) liable for the tens of millions of dollars in losses MRC suffered when it
8 had no choice, upon the revelations of Spacey’s pattern of harassment, to halt the production of
9 Season 6 of the Show, to rewrite the entire season to omit Spacey’s character, and to shorten
10 Season 6 from 13 to 8 episodes to meet delivery deadlines.

11 5. Pursuant to the JAMS Optional Arbitration Appeal Procedure—which Spacey
12 invoked—a panel of three additional arbitrators rejected each of Spacey’s claims of error on
13 appeal and affirmed the Award in its entirety. Accordingly, the Award in MRC’s favor is now
14 final.

15 6. Pursuant to California Code of Civil Procedure sections 1285 *et seq.*,
16 MRC petitions this Court to confirm the Award in its favor and enter judgment against Spacey
17 and his loan-out and producing companies, Respondents M. Profitt Productions, Inc. and
18 Trigger Street Productions, Inc., in the amount of **\$30,960,919.60**, comprising (i) \$29,527,586 in
19 compensatory damages, and (ii) \$1,197,626.85 in attorneys’ fees and \$235,706.80 in costs
20 awarded to MRC as the prevailing party in the arbitration.

21 7. All testimony introduced in the arbitration hearing, including of Spacey and all
22 third party witnesses, was designated “confidential” under a Stipulated Protective Order entered in
23 the arbitration. Accordingly, not even a redacted copy of the Award is attached to this Petition.
24 Once this action has been filed and assigned to a Judge, MRC will take all necessary and
25 appropriate steps to file the Award under seal with the Court.

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THE PARTIES

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2 8. Petitioner MRC II Distribution Company, L.P. (“MRC II Distribution”) is a
3 Delaware limited partnership with its principal place of business in Los Angeles County,
4 California.

5 9. Petitioner Knight Takes King Productions, LLC (“KTK”) is a California limited
6 liability company with its principal place of business in Los Angeles County, California.

7 10. Petitioner MRC II Holdings L.P. (“MRC II Holdings”) is a Delaware limited
8 partnership with its principal place of business in Los Angeles County, California.

9 11. MRC II Distribution, KTK, and MRC II Holdings are referred to herein
10 individually and collectively as “MRC.”

11 12. Respondent Kevin Spacey is an individual who previously resided in Los Angeles
12 County, California, and who, on information and belief, currently resides in Baltimore, Maryland
13 and London, England.

14 13. Respondent M. Profitt Productions, Inc. (“M. Profitt”) is a California corporation
15 that serves as Spacey’s loan-out corporation. On information and belief, M. Profitt’s principal
16 place of business is located in Los Angeles County, California.

17 14. Respondent Trigger Street Productions, Inc. (“Trigger Street”) is a New York
18 Corporation that has served as Spacey’s producing company. MRC is informed and believes that
19 Trigger Street’s principal place of business is located in New York, New York.

20 15. Spacey, M. Profitt, and Trigger Street are referred to herein individually and
21 collectively as “Spacey.”

22 **JURISDICTION AND VENUE**

23 16. Jurisdiction is proper in this Court because the arbitration clause in Paragraph V(h)
24 of the acting agreement between MRC, Spacey, and M. Profitt provides that “the state and federal
25 courts in Los Angeles County, California will have personal jurisdiction over Player [*i.e.*, Spacey],
26 and will be the exclusive forum for any lawsuits arising out of this Agreement” *See* Cal. Code
27 Civ. Proc. § 1293. Jurisdiction is further proper in this Court because Paragraph 6 of the Guaranty
28 appended to the executive producing agreement between MRC, Spacey, and Trigger Street (under

1 which Spacey asserted claims in the arbitration) provides: “This Agreement shall be governed by
2 and construed under the laws of the State of California, and Guarantor [*i.e.*, MRC II Holdings] and
3 Artist [*i.e.*, Spacey] irrevocably submit to the jurisdiction of its courts” *See id.*

4 17. Venue is proper in this Court because the arbitration was held in the Century City
5 office of JAMS in Los Angeles County, California. *See* Cal. Code Civ. Proc. § 1292.2.

6 **FACTUAL AND PROCEDURAL ALLEGATIONS**

7 **Spacey’s Acting And Executive Producing Agreements On *House Of Cards***

8 18. *House of Cards* was an enormously successful television series produced by
9 Petitioner KTK—the single-purpose entity established to produce the Show—and distributed by
10 Petitioner MRC II Distribution. The Show ran for six seasons on Netflix and garnered critical
11 acclaim and numerous Emmys, Golden Globes, and other awards. For the first five seasons of
12 *House of Cards*, Spacey both executive produced and starred in the Show in the lead role of
13 “Frank Underwood.”

14 19. Spacey’s acting services were governed by a written agreement dated as of March
15 2, 2011 (as amended) between Spacey and his loan-out corporation, M. Profitt, on the one hand,
16 and KTK, on the other (the “Acting Agreement”). His executive producing services were
17 governed by a written agreement also dated as of March 2, 2011 between KTK and Spacey and his
18 producing company, Trigger Street (the “Executive Producing Agreement”).

19 20. Spacey’s Acting and Executive Producing Agreements set forth the services he was
20 to provide, the manner in which he was to provide them, and the fees to which he and his
21 companies were entitled *provided* they were not in material breach or default. Together, the
22 Agreements required that Spacey provides his acting and executive producing services “in a
23 professional manner” and “consistent with [MRC’s] reasonable directions, practices, and
24 policies.” Among the policies Spacey was obligated to comply with was MRC’s Harassment-Free
25 Workplace Policy & Procedure (“Harassment Policy”), which was distributed to all cast and crew
26 before each season.

27 21. The Acting and Executive Producing Agreements both contained mandatory
28 arbitration clauses requiring the arbitration of any disputes among the parties. Specifically,

1 Paragraph V(h) of the Acting Agreement states: “All disputes, claims or controversies (‘Dispute’)
2 in connection with Lender’s and Player’s engagement with respect to the Series shall be resolved
3 by mediation and, if Studio and Lender and Player are unable to resolve any such Dispute by
4 mediation, by binding arbitration under the JAMS/Endispute [] Comprehensive Arbitration Rules
5 and Procedures in effect as of the date hereof, including the JAMS appeal procedure.”

6 Paragraph 21 of the Executive Producing Agreement likewise provides: “All disputes, claims or
7 controversies (‘Dispute’) in connection with Lender’s and Artist’s engagement with respect to the
8 Series shall be resolved by mediation and, if Studio and Lender and Artist are unable to resolve
9 any such Dispute by mediation, by binding arbitration under the JAMS/Endispute []
10 Comprehensive Arbitration Rules and Procedure in effect as of the date hereof, including the
11 JAMS appeal procedure.”

12 **The Public Revelations Of Spacey’s Alleged Sexual Harassment And Assault**
13 **Of House Of Cards Crew Members**

14 22. In October 2017, principal photography started on Season 6 of *House of Cards*,
15 which MRC and Netflix had previously decided would be the final season of the Show. By the end
16 of October, much of the season had been written and the first two episodes were being shot, both
17 featuring Spacey as “Frank Underwood.” Starting on October 29, however, a series of horrendous
18 stories concerning Spacey upended the production, beginning with an accusation published on
19 October 29, 2017 by BuzzFeed that in or about 1986, Spacey attempted to have sex with actor
20 Anthony Rapp, then 14 years old, at a party at Spacey’s house.

21 23. Shortly after the BuzzFeed article, MRC temporarily suspended production of
22 Season 6 to address any concerns of the Show’s cast and crew, and to encourage employees to
23 report misconduct (by anyone) with impunity, which they could do through direct contact with
24 MRC and/or its employment counsel, as well as through an anonymous hotline.

25 24. In the week following BuzzFeed’s publication of Anthony Rapp’s allegations,
26 numerous other accusations against Spacey, spanning his entire career, were published online.
27 Actors with whom he had worked on films and in theater productions—as well as random persons
28 Spacey had purportedly encountered in bars, restaurants, etc.—accused him of forcibly grabbing

1 their genitals, of exposing himself, and of other offensive behavior. Some of the accusers claimed
2 to be under age at the time Spacey attempted to or did have a sexual relationship with them.

3 25. With the allegations mounting against Spacey, on November 1, 2017, his
4 representatives released a public statement in *Variety* that he was “taking the time necessary to
5 seek evaluation and treatment.”

6 26. The following day, on November 2, 2017, CNN.com published a detailed story
7 with allegations from eight anonymous crew members of *House of Cards* who accused Spacey of
8 sexually harassing and assaulting young male crew members, and creating a “toxic” work
9 environment through his “predatory” behavior. For example, the CNN story included one crew
10 member’s claim that she had seen Spacey “approach ‘multiple people’” to “say hello, greet them,
11 shake their hand and pull their hand down to his crotch or touch their crotch.” Prior to the CNN
12 article, MRC had *no knowledge whatsoever* of any such conduct by Spacey with any cast or crew
13 associated with the Show.

14 MRC’s Investigation And Termination Of Spacey

15 27. Immediately upon MRC becoming aware of the allegations in the CNN article,
16 MRC suspended Spacey’s performance in order to conduct a thorough investigation. MRC hired a
17 leading workplace investigator to handle the investigation, who interviewed dozens of witnesses
18 before submitting a lengthy final report to MRC.

19 28. Based on the findings of that report, as well as complaints that were made directly
20 to MRC in the aftermath of the October 29 BuzzFeed article about Spacey, MRC concluded that
21 Spacey had breached provisions of both the Acting and Executive Producing Agreements that set
22 standards for his workplace conduct, including by breaching MRC’s Harassment Policy.
23 Accordingly, MRC notified Spacey that it was terminating the Acting and Executive Producing
24 Agreements and would be paying him no further compensation in connection with the Show.

25 MRC’s Losses Stemming From Spacey’s Unlawful Conduct

26 29. Spacey’s egregious conduct on the set of *House of Cards*, and the revelations of
27 that conduct in the midst of production of Season 6, caused MRC to suffer substantial losses.
28 Once it became clear that Spacey had to be removed from Season 6, MRC’s writers and producers

1 had to scrap all of the development and writing that had previously been done over the course of
2 several months, shelve two episodes of the final season that had already been shot with Spacey’s
3 performance, and rewrite in just a handful of weeks an *entire* season of the Show omitting
4 Spacey’s character. The herculean effort of the Show’s writers and producers mitigated the
5 catastrophic losses MRC would have suffered if Season 6 had been abandoned altogether,
6 but MRC still incurred losses due to (i) the wasted monies that had already been spent to develop,
7 write, and begin to shoot a final season containing Spacey’s character, and (ii) the reduction in
8 revenues caused by the shortening of Season 6 from 13 episodes as originally planned to 8.

9 **The Arbitration And Award In MRC’s Favor**

10 30. KTK and MRC II Distribution filed a demand for arbitration with JAMS on
11 January 30, 2019 asserting claims against Spacey, M. Proffitt, and Trigger Street for breach of the
12 Acting and Executive Producing Agreements. MRC sought an award of damages for the losses it
13 had suffered as a result of the breaches of contract by Spacey relating to his conduct in connection
14 with *House of Cards* crew members.

15 31. Spacey, M. Proffitt, and Trigger Street denied MRC’s claims and filed a Statement
16 of Cross-Claims on February 13, 2019. Spacey asserted breach of contract cross-claims against
17 KTK and Petitioner MRC II Holdings—the guarantor of KTK’s obligations under the Acting and
18 Executive Producing Agreements—alleging that MRC had no basis to terminate the Acting and
19 Executive Producing Agreements and had breached the Agreements by refusing to continue
20 paying Spacey as a “pay or play” actor and producer. Spacey sought an award of millions of
21 dollars in fixed and contingent compensation supposedly owed to him under the Agreements.

22 32. Pursuant to JAMS’s Commercial Arbitration Rules, Bruce Friedman, Esq.—an
23 experienced mediator and arbitrator—was selected as the Arbitrator for the case.

24 33. The parties conducted extensive discovery in the arbitration, including taking
25 *more than 20 depositions* over the course of several months. The arbitration hearing then
26 commenced on February 3, 2020. The hearing entailed 8 days of live testimony. Additionally,
27 more than 20 hours of videotaped deposition testimony was submitted from out-of-town witnesses
28 and certain witnesses for whom the parties agreed to use deposition testimony in lieu of live

1 testimony. At the conclusion of the hearing, both parties submitted extensive closing briefs and
2 delivered closing arguments to the Arbitrator.

3 34. On July 10, 2020, the Arbitrator issued an Interim Award finding in favor of MRC
4 and against Spacey on *all breach of contract claims*. MRC filed a motion to recover its attorneys'
5 fees and costs as a prevailing party, which the Arbitrator *granted* in an Interim Award No. 2 Re:
6 Claimants' Motion For Attorneys' Fees And Costs dated October 16, 2020. On October 19, 2020,
7 the Arbitrator then issued the final Award in MRC's favor and against Spacey.

8 35. The Arbitrator's 46-page, single-spaced award carefully analyzed the extensive
9 evidence in the record, focusing on the sworn testimony of several crew members from *House of*
10 *Cards*. With one exception, the Arbitrator found the third party witnesses to be credible, and found
11 the allegations against Spacey to be true.

12 36. The Award finds that Spacey's conduct at issue in connection with the testifying
13 crew members was in breach of both of the Acting and Executive Producing Agreements; that the
14 breaches were material and constituted a default under the Agreements so as to excuse MRC's
15 further performance; that Spacey's breaches proximately caused and rendered him liable for
16 MRC's losses in the amount of \$29,527,586; and that Spacey's cross-claims for breach of contract
17 failed because MRC's further performance was excused.

18 37. In so finding, the Arbitrator rejected several challenges raised by Spacey in closing
19 briefs and closing arguments:

20 a. Spacey argued that his conduct at issue was not a material breach of his
21 Agreements and did not excuse his performance because he continued to perform his services as
22 an actor and producer in spite of that conduct. Spacey contended that it was not his conduct that
23 frustrated the purpose of the agreements, but rather the business decisions of Netflix and MRC to
24 remove him from the Show. The Arbitrator analyzed and rejected Spacey's argument, holding that
25 Spacey's breaches were both a material breach and a default under the express default provisions
26 of the Agreements.

27 b. The Arbitrator rejected Spacey's statute of limitations defense. The
28 Arbitrator found that certain of the breaches occurred in Seasons Four and Five of the Show and

1 were not affected by the four year statute. As to the earlier allegations, the Arbitrator found no
2 evidence that Spacey’s conduct or complaints about it were reported to MRC until the widespread
3 reporting about Spacey’s behavior started in October 2017, such that MRC’s claims with respect
4 to these breaches were timely under the delayed discovery rule.

5 c. The Arbitrator rejected Spacey’s claim that his breaches were not a
6 substantial factor in the damages MRC suffered when it was compelled to abandon the originally-
7 planned 13-episode Season 6 containing “Frank Underwood” and rewrite in short order an 8-
8 episode version of the final season omitting Spacey’s character. The Arbitrator found that
9 Spacey’s action, though not the sole factor for the shortened Season Six, were the *impetus* for this
10 case, and thus the losses suffered by MRC were a natural and direct result of his breaches.

11 d. The Arbitrator rejected Spacey’s argument that MRC could not recover any
12 damages because while the contracting party on his Acting and Executive Producing Agreements
13 was KTK, the distribution arm of MRC that lost revenues due to the shortening of Season 6 was
14 KTK’s parent, MRC II Distribution. The Arbitrator found that an indemnity provision in Spacey’s
15 Agreements authorized MRC II Distribution to sue Spacey and recover for any losses suffered as
16 the result of his breaches of contract.

17 38. In calculating its damages, MRC presented indisputable evidence that it lost
18 revenues under its distribution deals when its discovery of Spacey’s breaches required MRC to
19 write him out of Season 6 and proceed with a shortened version of the final season. The Arbitrator
20 found that MRC presented a straightforward damages claim based on concrete numbers that were
21 appropriately conservative and relied almost entirely on MRC’s actual costs and contracted-for
22 revenues. Accordingly, the Arbitrator accepted MRC’s calculation of damages and awarded it
23 \$29,527,586 in damages.

24 39. Finally, the Arbitrator held that MRC was entitled as the prevailing party to
25 attorneys’ fees in the amount of \$1,197,626.85 and costs in the amount of the \$235,706.80.

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PRAYER FOR RELIEF


WHEREFORE, Petitioners pray for the following relief:

1. That the Court enter an Order confirming the Award; and
2. That the Court enter judgment in favor of Petitioners and against Respondents in the form of the Proposed Judgment attached hereto as Exhibit 1.

DATED: November 22, 2021

Respectfully submitted,

KINSELLA WEITZMAN ISER KUMP HOLLEY LLP

By: 

Michael J. Kump
Attorneys for Petitioners MRC II
DISTRIBUTION COMPANY, L.P., KNIGHT
TAKES KING PRODUCTIONS, LLC, and MRC
II HOLDINGS L.P.

761723

EXHIBIT 1

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11 MRC II DISTRIBUTION COMPANY, L.P., a
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17 KEVIN SPACEY, an individual, M. PROFITT
18 PRODUCTIONS, INC., a California
corporation, and TRIGGER STREET
19 PRODUCTIONS, INC., a New York
corporation,

20 Respondents.

Case No.

[PROPOSED] JUDGMENT

1 Having reviewed the Petition to Confirm Arbitration Award (“Petition”) of Petitioners
2 MRC II Distribution Company, L.P., Knight Takes King Productions, LLC, and MRC II Holdings
3 L.P., and the opposing papers filed by Respondents Kevin Spacey, M. Profitt Productions, Inc.,
4 and Trigger Street Productions, Inc., having granted the Petition, and good cause appearing, the
5 Court hereby enters judgment in accordance with the October 19, 2020 Final Award entered in the
6 arbitration between Petitioners and Respondents, as follows:

7 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

8 1. Respondents Kevin Spacey, M. Profitt Productions, Inc., and Trigger Street
9 Productions, Inc., jointly and severally, shall pay to MRC II Distribution Company, L.P. and
10 Knight Takes King Productions, LLC the total sum of **\$30,960,919.60** (comprising \$29,527,586 in
11 compensatory damages, \$1,197,626.85 in attorneys’ fees, and \$235,706.80 in costs).

12 2. Respondents Kevin Spacey, M. Profitt Productions, Inc., and Trigger Street
13 Productions, Inc., and each of them, shall take nothing by virtue of their claims and causes of
14 action against Petitioners MRC II Distribution Company, L.P., Knight Takes King Productions,
15 LLC, and MRC II Holdings L.P.

16 3. Post-judgment interest shall accrue at 10 percent per annum from the date of entry
17 of this Judgment in accordance with Code of Civil Procedure § 685.010.

18 **IT IS SO ORDERED.**

19
20 DATED: _____
21

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23 _____
24 JUDGE OF THE SUPERIOR COURT
25 FOR THE COUNTY OF LOS ANGELES

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