

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

1 Devin A. McRae, State Bar Number 223239
2 *dmcrae@earlysullivan.com*
3 Jeremy J. F. Gray, State Bar Number 150075
4 *jgray@earlysullivan.com*
5 EARLY SULLIVAN WRIGHT
6 GIZER & McRAE LLP
7 6420 Wilshire Boulevard, 17th Floor
8 Los Angeles, California 90048
9 Telephone: (323) 301-4660
10 Facsimile: (323) 301-4676

11 Attorneys for Plaintiff
12 DAVID CARDE

13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT**

15 DAVID CARDE, an individual,

16 Plaintiff,

17 vs.

18 ENDEAVOUR GROUP HOLDINGS, INC.,
19 a California corporation; and DOES 1-25,
20 inclusive,

21 Defendants.

Case No.: 22STCV07817

COMPLAINT FOR:

1. **BREACH OF IMPLIED IN FACT CONTRACT**
2. **UNJUST ENRICHMENT**

DEMAND FOR JURY TRIAL

1 Plaintiff David Carde (“Plaintiff” or “Carde”) brings this action against Defendant
2 Endeavor Group Holdings, Inc. (“Defendant,” “Endeavor” or the “Company”), a Delaware
3 corporation with its principal place of business in Beverly Hills, California and Does 1-25
4 inclusive and in support thereof alleges as follows:

5 INTRODUCTION

6 1. The Endeavor agency was founded when Ari Emanuel and three fellow agents
7 broke into ICM in the middle of the night, stole a bunch of client files and stuffed them into a
8 SUV parked by a freight elevator. This case concerns another theft by Endeavor and Mr.
9 Emanuel: The theft of Mr. Carde’s intellectual property.

10 2. This Complaint arises from Endeavor's abandoned original effort at an initial
11 public offering (IPO). This original IPO failed because the market perceived the Company as a
12 disparate collection of unconnected assets and unworthy of significant investment.

13 3. Mr. Carde works as a consultant in the media and technology sectors. His advice
14 has been relied upon by those in the cable TV, film and sports sectors.

15 4. After Endeavor announced it was pursuing an IPO in May 2019, Mr. Carde closely
16 followed Endeavor’s communication strategy and other related activities and the market’s
17 reaction thereto. Mr. Carde determined that Endeavor failed to understand the actual worth of its
18 assets and, more importantly, was failing to effectively communicate its value to the marketplace.

19 5. Mr. Carde prepared an analysis (described in detail below) which employed an
20 unconventional expression of “network effects” as a means of unlocking Endeavor’s true value
21 and of effectively communicating that value to the market. Critically, Mr. Carde’s insights into
22 “network effects” were idiosyncratic and his own and cut against conventional thinking.
23 Similarly, his application of his insights into network effects to Endeavor were unique and a
24 competitive advantage that Mr. Carde could have utilized for companies which compete with
25 Endeavor. At the time, Mr. Carde knew an executive at Endeavor, Ari Greenburg, because Mr.
26 Greenburg operates an autism charity which hosts an annual charity run attended by Mr. Carde.
27 However, because this was to be a business communication, Mr. Carde had his lawyer send his
28 analysis to Endeavor.

1 6. A week before the first IPO was pulled, Mr. Carde’s lawyer emailed Endeavor
2 CEO Ari Emanuel and attached an 11-page highly detailed analysis prepared by Mr. Carde (the
3 “Analysis”). The Analysis provided a detailed roadmap of how Endeavor could and should
4 communicate its business value to the market. (The Analysis was also sent to Mr. Greenburg a
5 week or so later). As set forth in more detail below, the circumstances of the delivery of the
6 Analysis to Endeavor created an implied in fact contract that Mr. Carde would be paid if
7 Endeavor used it.

8 7. In violation of this implied in fact contract, Endeavor then proceeded to steal
9 Plaintiff’s ideas and intellectual property - without the required compensation - and put them to
10 use in its communications with the market for the second IPO which convinced the market that
11 Endeavor was an enterprise worth over \$10 billion dollars.

12 8. On the first page of the Analysis is a proprietary diagram, conceived and invented
13 by Mr. Carde, and which provides a uniquely effective method of communicating Endeavor’s
14 value to the market (the “Diagram”). Specifically, the Analysis and Diagram illustrate how the
15 architecture of Endeavor drives network effects and how the Company’s “structure” and
16 corresponding value are due to its “infrastructure” and “optionality.” According to conventional
17 wisdom, network effects are about the value derived from user connections. But an expression of
18 network effects from user connections would not be effective for a self-described “one-of-a-kind”
19 company like Endeavor which needs an original expression of value to properly communicate its
20 worth to the market.

21 9. In addition to Mr. Carde’s analysis of Endeavor’s business, he also supplied the
22 company with a means of communicating its business value to the market. Endeavor stole Mr.
23 Carde’s proprietary Diagram and used it to generate the visual marketing materials which
24 Endeavor then relied upon to convince a skeptical market that Endeavor was an enterprise worth
25 \$10.3 billion dollars. Specifically, Endeavor’s roadshow presentations for the second IPO used
26 diagrams which express the same contextual value proposition as the purloined Diagram, and
27 which are obviously derived from Mr. Carde’s Analysis.

28 10. Endeavor’s ultimately successful IPO in April 2021 flowed directly from its ability

1 to convince the market that it is not a jumble of disparate assets but an enterprise possessing an
2 architecture worth billions. That ability was supplied by Plaintiff.

3 11. The magnitude of Plaintiff's contribution to the success (and indeed the survival)
4 of Endeavor cannot be overstated. Following the embarrassment of the failed first IPO,
5 Endeavor's crushing debt became an existential threat after the COVID pandemic ground the
6 Company's business to a halt. However, once Endeavor stole and then embraced Mr. Carde's
7 approach of communicating about its business to the market a pathway to a successful IPO
8 became apparent and was ultimately realized. Mr. Carde is entitled to be paid for Endeavor's
9 implied contractual obligations to compensate him for the use of the Analysis and Diagram in an
10 amount to be proven at trial.

11 **PARTIES**

12 12. Plaintiff is an individual who resides in Los Angeles, California.

13 13. Defendant is a corporation organized and existing under the laws of the State of
14 Delaware with its headquarters in Beverly Hills, California.

15 14. Does 1-25 are individuals or entities which either directly, indirectly, or in concert
16 with other defendants possess responsibility and/or liability under the claims alleged herein, but
17 are currently unknown to Plaintiff. Such individuals and/or entities will be added to this action
18 when, and if it becomes appropriate to do so.

19 **JURISDICTION AND VENUE**

20 15. This Court has jurisdiction over this matter, and this matter is properly venued
21 here, because the parties are residents of this judicial district and operative events giving rise to
22 this lawsuit occurred in this judicial district.

23 **GENERAL ALLEGATIONS**

24 ***Background: Historical Pattern of Defendant's Disregard for Truth and the Law***

25 16. The Endeavor agency was founded on a theft. *The Hollywood Reporter* reported
26 on April 23, 2015 in the article *20 Years Ago, a Midnight Break-In Launched Endeavor*: "The
27 drama had begun . . . when a security guard got a message to then-chairman Jeff Berg saying there
28 was a break-in at ICM and that an SUV was backed up to a freight elevator."

1 17. Rather than be embarrassed by the fact that the genesis of his Company was a
2 result of illegal behavior, Emanuel proudly broadcasts this event on his biography for the
3 organization *Hollywood Radio & Television Society*: “inspired him and 3 of his fellow agents to
4 infamously steal files from ICM in the middle of the night to co-found The Endeavor Agency.”
5 Simply put, placing the word “steal” next to Emanuel is no different than how he himself has
6 chronicled his own career, including in a vetted biography posted on the internet for over a
7 decade.

8 ***The Company’s Failure in the First IPO Attempt***

9 18. Over the last decade, Endeavor undertook a spending spree with money gathered
10 from private equity firms. Endeavor acquired a “zany collection of disparate assets” ranging from
11 a mixed martial arts organization, to art fairs in London and New York, to paying nine figures for
12 a bull riding organization.

13 19. The response by the financial analyst community and the market itself is summed
14 up by the following quotes from publications ranging from *Vanity Fair* to *Variety* to *The*
15 *Hollywood Reporter*:

16 “zany collection of disparate assets”

17 “High Debt and Big Losses...disparate set of assets . . . don’t offer a lot of natural synergies”

18 “hodgepodge of businesses”

19 “Frankenstein” Company

20 20. In May 2019, Endeavor announced its plan for an IPO. Unfortunately, Endeavor’s
21 materials promoting the IPO reinforced the market’s view that the company amounted to nothing
22 more than a collection of disparate assets. For example, the diagram on the following page from
23 the materials used by Endeavor to promote its first IPO attempt does not even show a connection
24 between Endeavor’s assets.

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Our Platform At Work

Talent Case Study: Dwayne Johnson

Since signing in 2011, Dwayne Johnson has steadily risen from WWE star to movie star to multi-hyphenate talent with a creative empire stretching across every genre. In 2016, Johnson broke out as *Forbes'* highest-paid actor, and has since pushed further into television, merchandise, advertising and digital, often in collaboration with other Endeavor clients.



21. To make matters worse, Endeavor was losing money. In 2019, the Company lost \$554 million dollars (all numbers are in *thousands* so \$553,819 is actually *\$554 million dollars*).

(In thousands, except per share data)	Years Ended December 31,		
	2018	2019	2020
Revenue	\$3,613,478	\$4,570,970	\$3,478,743
Total operating expenses	3,720,897	4,360,434	3,631,961
Operating (loss) income from continuing operations	(107,419)	210,536	(153,218)
Interest expense, net	(277,200)	(270,944)	(284,586)
Loss from continuing operations, net of tax	(463,694)	(525,661)	(625,318)
Income (loss) from discontinued operations, net of tax (including gain on sale in 2018)	694,998	(5,000)	—
Net (loss) income	231,304	(530,661)	(625,318)
Net (loss) income attributable to non-controlling interests	(85,241)	23,158	29,616
Net income (loss) attributable to Endeavor Operating Company, LLC	\$ 316,545	\$ (553,819)	\$ (654,934)

22. And these losses were on top of a mountain of debt. Endeavor's S-1 filings for their first failed IPO attempt reveal \$4.5 Billion in long-term debt (numbers are in thousands so "4,525,165" is actually "4,525,165,000" aka about *\$4.5 Billion*):

Total current liabilities	1,834,186
Long-term debt	4,525,165
Long-term operating lease liabilities	405,182
Other long-term liabilities	255,000
Total liabilities	7,019,533

23. Simply put, no one thought Endeavor had any “structure” and no one saw how the Company’s whole was greater than the sum of its parts. It was a “Frankenstein” monster of a Company with high debt and big losses and no synergy.

24. In an embarrassing event that was chronicled by the global press, Endeavor called off its IPO on September 26, 2019, less than 24 hours before it was supposed to debut. The future of the Company looked grim. And the sacrifices made by employees who took significantly reduced salaries in exchange for shares (and thus the promise of an equity windfall) looked in jeopardy. *The Hollywood Reporter* summed up the mood in Endeavor’s offices with the article: “*Shock and Sadness*”: *After an IPO Delay, Where Does Endeavor Go Next?*

25. The detailing by *The New Yorker* of the circumstances surrounding Endeavor’s failed IPO, and Emanuel’s reaction to such, are telling in regard to the dire straits of the Company and their CEO feeling all was lost: “But the response from institutional investors was disappointing. According to a person involved in the offering, a team of bankers, led by Goldman Sachs, gave steadily declining estimates of the share price: first about thirty dollars, then twenty-four, and finally as low as twenty. The afternoon before the trading was to start, Emanuel pulled the I.P.O. ‘Ari called all the Goldman guys motherfuckers,’ the person said. ‘He cursed out so many people he had to apologize a few weeks later.’”

Mr. Carde to the Rescue

26. After Endeavor announced it was pursuing an IPO in 2019, Mr. Carde closely followed the Company’s IPO process and the market’s reaction thereto. Mr. Carde determined that Endeavor was ineffectively portraying its business to the marketplace.

27. Mr. Carde has a history of being able to see patterns and value where others do not. This is why Mr. Carde’s well regarded attorney vouched for Mr. Carde’s ability in the email sent to Ari Greenburg (“Greenburg”) who is the President of the talent agency division of Endeavor: “[Mr. Carde] has a true knack for identifying diamonds in the rough (which I’ve seen him do time

1 and time again).”

2 28. As discussed above, the hurdle to Endeavor’s IPO was that no one believed that
3 any of the “disparate” parts of Endeavor contributed to the Company having a whole that was
4 greater than the sum of the parts. *Simply put, no one thought Endeavor had “structure” to their*
5 *Company*. No one thought Endeavor made any sense as an enterprise. No one except Mr. Carde.

6 29. Mr. Carde believed that he could express that Endeavor had “structure” through
7 network effects. If Mr. Carde could convince the market that Endeavor had network effects, then
8 this would be considered valuable by investors. Network effects are a scarce resource in the
9 business world and companies that have network effects – meaning companies which can
10 effectively illustrate to investors that they have them – are considered very valuable. According
11 to conventional wisdom, network effects are all about connections between users. But an
12 expression of network effects from users would not be effective in demonstrating Endeavor’s
13 value. Mr. Carde has a particular interest in network effects and has spent considerable time
14 studying them. In fact, in both the email transmittals to Emanuel by Mr. Carde’s
15 “Representation,” as well as in the “About the Author” section on page 11 of Mr. Carde’s
16 Analysis, it is made explicitly clear that Mr. Carde specializes in network effects.

17 30. Mr. Carde believed that there was a new “type” of Company coming to market, of
18 which Endeavor would be the first of its breed to IPO (note: Endeavor has *competitors in the*
19 *private market* who would have also benefited from Mr. Carde’s work, especially the ones who
20 will follow Endeavor and IPO themselves). This new “type” of Company had network effects,
21 just not in the conventional sense. Endeavor even acknowledges that they are not a conventional
22 Company. In fact, Endeavor markets itself as a “One-Of-A-Kind Company” in their successful
23 IPO Presentation (the one that steals Mr. Carde’s work):

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31. Therefore a “One-Of-A-Kind Company” will need “one-of-a-kind” materials to express its value proposition to the market and investors. Put another way, historical expressions of value will not be effective in illustrating the value of a pioneer Company like Endeavor, the first of its kind to venture into the public markets. In fact, this sentiment of there being no precedent for a Company like Endeavor was corroborated by outsiders, not just Company insiders. For example, a senior IPO market strategist for Renaissance Capital named Matt Kennedy said this to *Variety* about Endeavor: “There are no other publicly traded companies like this.” Mr. Carde understood this in 2019 and that is why he prepared the detailed Analysis and roadmap for Endeavor.

The Creation of the Implied In Fact Contract

32. One week before Endeavor called off its first IPO, Plaintiff’s attorney, Michael Giordano (“Giordano”), emailed Endeavor CEO Ari Emanuel, and attached a copy of the Analysis. When Giordano received no response, he then emailed Ari Greenburg on September 30, 2019 with a copy of the Analysis.

33. The circumstances and content of Giordano’s communications with Messrs. Emanuel and Greenburg created an enforceable implied in fact contract between Endeavor and Mr. Carde which included a promise that Endeavor would compensate Mr. Carde for its use of his Analysis and Diagram. Messrs. Emanuel and Greenburg knew that Giordano was a lawyer because he was a former colleague of theirs and because he told them in his transmittal email that he was representing Plaintiff. Notably, Mr. Carde had a prior connection with Greenburg through Greenburg’s Autism Charity, and Mr. Carde could have delivered the Analysis to him directly;

1 however, Mr. Carde desired the submission to be an entertainment industry business
2 communication and had it submitted via his counsel.

3 34. In addition, in the Analysis itself, the document advises that Plaintiff is represented
4 by a lawyer, Giordano, under the unambiguous heading “REPRESENTATION:” In the
5 entertainment industry, it is axiomatic and a custom and practice that when ideas and intellectual
6 property are submitted through representation, those materials may not be used by the recipient
7 for free, but rather compensation will be required for any use. In this litigation, Mr. Carde will
8 present expert testimony about this custom and practice and that these circumstances give rise to
9 an implied in fact contract that Endeavor would compensate him for the use of the Analysis
10 and/or Diagram. To argue otherwise would be the downfall of the entire entertainment industry –
11 as that would mean any time that representation submitted materials then that recipient would be
12 able to utilize the ideas and intellectual property without providing compensation. Furthermore,
13 the Analysis ends with an “About the Author” section which unambiguously advises Endeavor
14 that Mr. Carde works as a consultant on deals in the entertainment industry. Mr. Carde leaves no
15 doubt that the Analysis was not provided gratis, but rather with the expectation of payment if
16 used.

17 ***COVID Hits and Endeavor’s Already Dire Situation Becomes Existentially Worse***

18 35. In possession of Mr. Carde’s materials, Endeavor (unbeknownst to Mr. Carde until
19 2021), began incorporating Mr. Carde’s work as the heart of their next IPO attempt.

20 36. However, before Endeavor would even get a chance to go back up to the plate for
21 another IPO attempt, COVID hit. COVID ravaged the entertainment business by shutting down
22 TV shows + movies + concerts + live events, grinding Endeavor’s business to a halt. Endeavor’s
23 already challenged situation became significantly worse.

24 37. Per *New York Post*: “Starting Monday, higher ups at Endeavor began informing
25 employees about whether their jobs have been eliminated entirely, temporarily suspended, or
26 whether they will have to take every other week off and suffer a 50-percent reduction in salary.”

27 38. However, these measures were not enough. Endeavor needed cash fast. Per *New*
28 *York Post*: “The fallout from the coronavirus has ground Endeavor’s business to a

1 halt...[Endeavor] is in need of cash to keep the lights on.”

2 39. Endeavor took drastic measures to raise money, having to fire sale assets. The
3 Company was not only dealing with COVID but still had billions of dollars in debt on its Balance
4 Sheet – already a major problem *before COVID*. Per *Deadline Hollywood*: “Endeavor has been
5 dogged by debt and struggling for cash as the coronavirus hits its diverse businesses hard . . . is
6 open to selling non-core assets.” Needing to prioritize salvaging the Company in the present,
7 Endeavor fire sold assets which further challenged its balance sheet. The Company was selling
8 assets for cash now, which would be depleted as the months went by, as the cash was used up “to
9 keep the lights on.”

10 40. The credit ratings agency S&P Global assessed Endeavor’s dire situation. Per *The*
11 *Los Angeles Times*: “S&P downgraded Endeavor’s credit rating to junk bond territory, noting:
12 ‘The burden on financial risk and liquidity elevates the risk that [Endeavor’s] capital structure
13 could become unsustainable over time.”

14 41. *The Wall Street Journal* quantified the depth of Endeavor’s dire situation: “The
15 entertainment company’s *revenue has fallen about 70%* since the pandemic halted film
16 production and events.” (Emphasis added.)

17 42. Endeavor’s first IPO attempt failed to get a \$6.5 billion market cap when it had
18 100% of its revenues. By 2020, Endeavor had lost 70% of its revenues. In fact, the Company’s
19 valuation fell to such low levels that they reneged on a promise made to employees. After having
20 promised employees with equity, the ability to cash out at a \$3.6 billion valuation for the
21 Company, Endeavor rescinded its offer. Employees with stock were no longer allowed to cash
22 out at the Company’s significantly reduced value. Per *Deadline Hollywood* on March 20, 2020:
23 The “partners were set to be given the option to cash out 20% of their equity, calculated on a \$3.6
24 billion valuation of the company. That will be pushed down the road indefinitely and the partners
25 were also told it is likely they will be asked to volunteer to take [further] pay cuts.”

26 43. The negative domino effect reverberated across Endeavor, rattling their operations
27 to the core. Per *New York Post*: “[Endeavor] will furlough or cut the pay of 2,500 employees,
28 which make up one-third of Endeavor’s 7,500 person workforce.”

1 44. With its significantly reduced revenue, Endeavor was backed against a wall – and
2 took out an emergency loan (aka even *more debt*) at a usuriously high-interest rate. Per *The New*
3 *Yorker*: “Endeavor had secured a high-interest loan of a quarter of a billion dollars. . . . ‘It’s our
4 new business line’, one partner quipped.” *The Wall Street Journal* reported: “Endeavor...has
5 secured a \$260 million term loan...The borrowing, which will supplement an existing \$2.8 billion
6 term loan, will carry an interest rate of just under 11%.” Even though the overall economy was
7 experiencing historically low interest rates, the best credit for which Endeavor qualified was at an
8 egregiously high 11%, reflecting that lenders evaluated the Company to be a dangerously high-
9 risk investment.

10 45. Below is a screenshot of its dangerously overly leveraged balance sheet from one
11 of its S-1 filings for their second IPO attempt (the one which succeeds with Mr. Carde’s
12 materials). Compare this with the balance sheet above showing *\$4.5 billion in long-term debt*.
13 The second IPO financials are worse– now with *\$5.7 billion in long-term debt* and even more
14 total liabilities (numbers are in thousands so “5,712,834” is actually “5,712,834,000” aka about
15 \$5.7 billion):

Total current liabilities	1,997,078
Long-term debt	5,712,834
Tax receivable agreement obligations	-
Long-term debt operating lease liabilities	395,331
Other long-term liabilities	373,642
Total liabilities	8,478,885

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20 46. With a ballooning balance sheet with dangerously high liabilities, a CEO who
21 pulled the Company’s first IPO attempt 24 hours before it was supposed to debut, a global
22 pandemic which obliterated 70% of the Company’s revenues, layoffs plus the fire sale of
23 Company assets in an attempt to raise cash “to keep the lights on,” and predatory lenders charging
24 usurious interest rates which saddled the Company with further liabilities – the events preceding
25 Endeavor’s second IPO attempt were a perfect storm: a setup for a colossal failure which would
26 make Endeavor one of the biggest bankruptcies in Hollywood history.

27 47. *The Wrap* summed it up succinctly: “*If they don’t do [the IPO], it’s the end of*
28 *Endeavor.*” (Emphasis added.)

Endeavor Misappropriated the Analysis and Used It to the Company's Enormous Benefit

48. But “the end of Endeavor” is not what happened: in April 2021 in their second IPO attempt, Endeavor successfully went public at a valuation of \$10.3 billion dollars.

49. How is that possible?

In September 2019: the Company failed in its IPO attempt to get a \$6.5 billion valuation.

In March 2020: the Company rescinded its offer to allow employees to cash out stock at a \$3.6 billion valuation.

In April 2021: about a year later from the \$3.6 billion valuation in March 2020, the Company successfully went public at a \$10.3 billion valuation.

The answer: Mr. Carde’s Analysis.

50. Mr. Carde supplied Endeavor with the communication materials which the Company needed in order to illustrate that, contrary to prevailing market skepticism that it was a “disparate” collection of unconnected parts, Endeavor actually had valuable “structure” from network effects. Mr. Carde expressed that this “one-of-a-kind Company” (the first of its kind to pioneer its way into the public markets) had an idiosyncratic form of network effects from its “architecture” which possessed adaptable “infrastructure.”

51. Mr. Carde framed the contextual expression of his Analysis in his “THESES” that Endeavor is a “network-effects-partner to clients in those clients ‘plug into’ an infrastructure of tools.” Further, Mr. Carde writes under “OVERVIEW” that his “objective here is to show how Endeavor is well on its way to creating an architecture that is equipped to create massive value.” Using distinctive and specific word choice that is analogous to a construction project for a building, Mr. Carde explicitly illustrates the context of his expression of network effects: “Given that no individual client can replicate the infrastructure itself, there’s inherent defensibility built into this architecture for Endeavor.”

52. Turning the biggest criticism of the Company by the market and investors on its head – its “disparate” collection of standalone and allegedly unconnected businesses – Mr. Carde, in a contrarian perspective, demonstrated that the “whole” of the Company was indeed greater

1 than the sum of the “parts” through an unconventional and heterogeneous expression of network
2 effects. In his Analysis, Mr. Carde hits this point home when he literally writes: “as a vehicle to
3 understand the infrastructure that Endeavor is building and to shoot down the argument bandied
4 about that Endeavor is a group of ‘disparate’ assets.”

5 53. The introduction of Mr. Carde’s Analysis, including his thesis and objective, are
6 lifted as the opening introductory remarks in the second IPO’s Roadshow Video¹ (“Video”) by
7 each of the top 3 Endeavor executives_who repeat Mr. Carde’s thesis and objective.

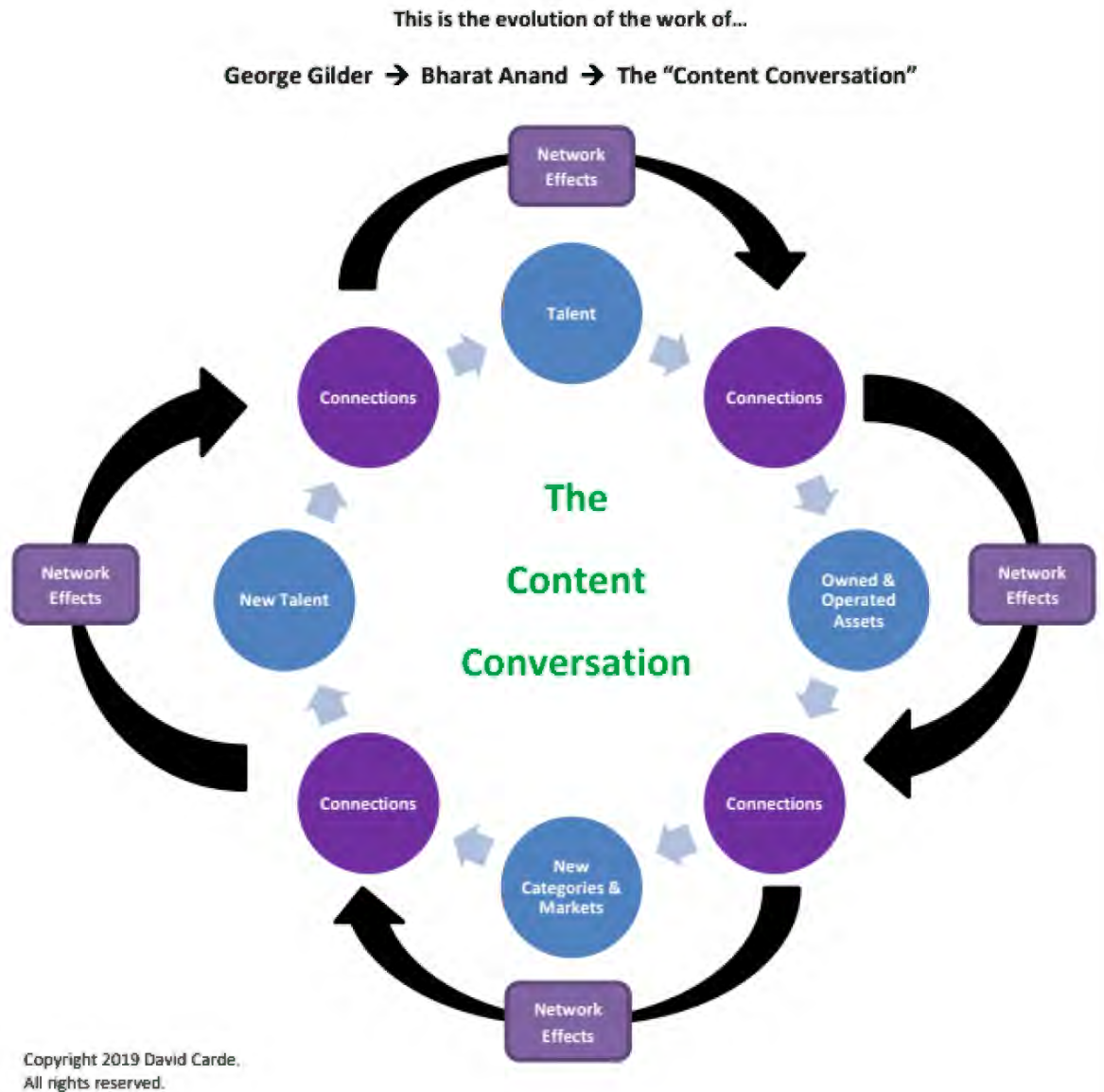
8 54. At 2 minutes and 11 seconds in the Video, CEO Emanuel frames the thesis and
9 thus the objective of their “one-of-a-kind Company” marketing materials: “Today the architecture
10 of our company helps drive network effects that reinforces the value of the platform.” At 2
11 minutes and 50 seconds, Executive Chairman Whitesell repeats Emanuel’s thesis and objective –
12 even explicitly saying Emanuel’s name in order to make it clear that he is echoing the contextual
13 framework just established by the CEO: “we’ll demonstrate how they (Endeavor’s infrastructural
14 business units which make up its architecture) all work together to create the powerful network
15 effects Ari [Emanuel] talked about.” At 5 minutes and 12 seconds, piggybacking on the thesis
16 and objective frameworks just previously established by the CEO and Executive Chairman,
17 Endeavor President Shapiro opens his remarks with: “I want to take a few minutes to explain the
18 powerful network effects of our platform.”

19 55. After introductions which establish the contextual framework for the Company’s
20 network effects, Endeavor then proceeds to co-opt Mr. Carde’s proprietary technical Diagram to
21 generate the visual marketing materials which animate the Company’s network effects. These
22 graphics depict, as Mr. Carde writes, the economic value Endeavor’s “infrastructure has in terms
23 of optionality and adaptation.”

24 56. On the first page of the Analysis is the Diagram, conceived and invented by Mr.
25 Carde, which uniquely illustrates the power of network effects in an entertainment company like
26 Endeavor. The Diagram depicts how Endeavor can communicate to the market how its
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28 ¹ <https://vimeo.com/543608002?ref=em-share>

1 architecture drives network effects and reinforces the value of the Company and therefore
2 graphically illustrates the value embedded in Endeavor’s “structure” from network effects.



22 57. The Diagram depicts the architecture of Endeavor, via the blue and purple bubbles,
23 and the manner in which this architecture drives network effects. In turn, the Analysis cracked
24 the code for Endeavor in the second IPO attempt in that finally the Company had the materials it
25 needed to successfully express to the market that the “whole” is greater than the sum of the
26 “parts.” Contrary to the universally “overly bearish sentiment” (Mr. Carde’s contrarian
27 perspective written in 2019 when conventional wisdom deemed Endeavor a “collection of
28 Emanuel’s whims and fascinations that he’s stitched together into a Hollywood fairytale” per

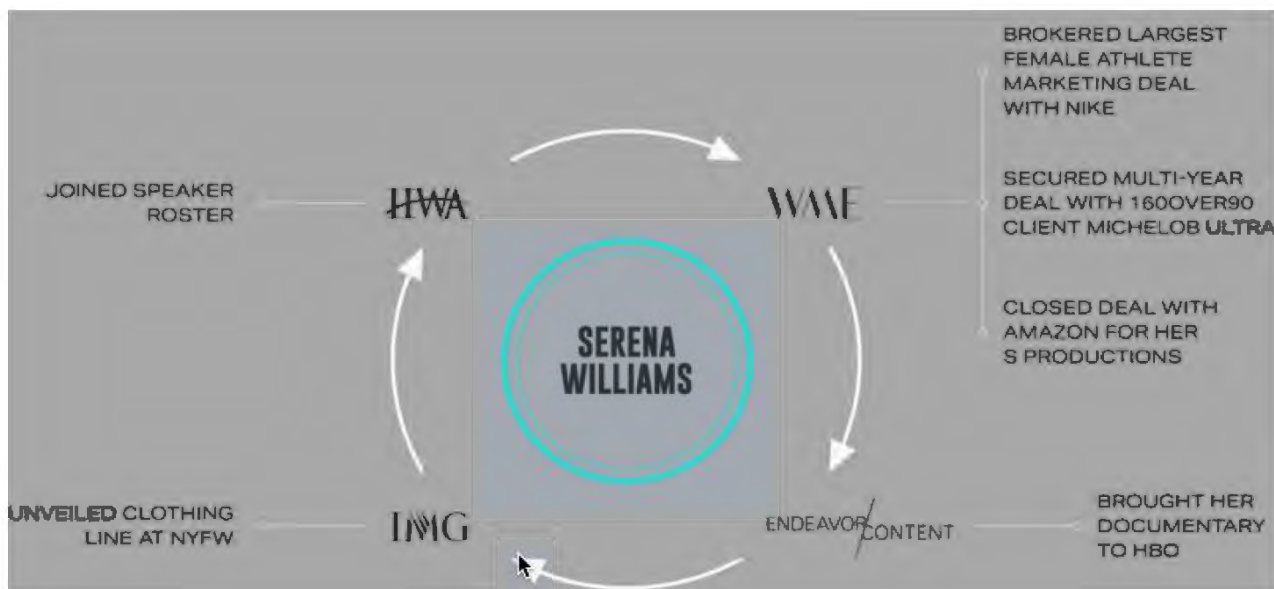
1 *Vanity Fair*), Mr. Carde supplied the Company with the means of successfully communicating to
2 the market that it was an enterprise worth \$10.3 billion dollars.

3 58. Following the receipt of Mr. Carde’s Analysis, Endeavor proceeded to adopt his
4 insight into, and expression of, the Company’s “structure” working together to create powerful
5 network effects that reinforced the Company’s architecture as a “whole” and to manifest this in its
6 communications to the market. Not only did Endeavor do this successfully for the second IPO
7 attempt, but as will be detailed below, the Company continues to use Mr. Carde’s materials to
8 express their worth to this very day.

9 59. A clear illustration of Endeavor’s misappropriation of Mr. Carde’s work is the
10 aforementioned Video used by the Company to promote the IPO. (See n.1 above for link). The
11 presentation includes diagrams which are obviously derived from Mr. Carde’s work and express
12 the same contextual value proposition. Below is a still image taken from the animated diagram
13 regarding Serena Williams:

14 [Defendant’s infringing diagram on next page]

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60. The diagram used in the Video is animated and accompanied by a discussion by Endeavor President Shapiro. Shapiro’s discussion is patently drawn right from Mr. Carde’s Analysis. Moreover, the animated illustration mimics Mr. Carde’s Diagram. Shapiro focuses the content conversation by placing Serena Williams in the center of the circle and observing that she “has been a WME client throughout most of her career.” The conversation proceeds with a discussion of Ms. Williams as a “Talent.” This mirrors the top blue bubble in Mr. Carde’s Diagram and is reflected by “WME” in Endeavor’s depiction. In Plaintiff’s Diagram, the adaptable infrastructure of the Company moves to “Owned & Operated Assets.” The same is true in the presentation where Shapiro’s diagram moves to Endeavor/Content which is the studio asset of the Company which produces film and TV shows. The adaptable infrastructure next moves to “New Categories & Markets.” Shapiro follows suit and converses about Ms. Williams’ clothing line – the epitome of a “new market” for a tennis professional. The adaptable infrastructure moves on to “New Talent.” Shapiro follows suit to Ms. Williams in a non-tennis playing role as a professional speaker, a new expression of talent for her. This same idiosyncratic and heterogeneous expression of network effects driven by the Company’s architecture possessing adaptable infrastructure is repeated by Shapiro as he illustrates animated depictions which ape Plaintiff’s Diagram.

1 61. The Video concludes with Emanuel speaking over a series of bullet-points *as if*
2 *reading from a script prepared by Plaintiff.*



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9 62. Emanuel states: “And lastly, our platform enables endless connections every day
10 that makes the whole of Endeavor even more valuable than the world class parts...to build a
11 company for where the world is headed.” This conclusion echoes Plaintiff’s conclusion on page
12 10 that “there are an infinite number of permutations. . . . Endeavor is very well-positioned to
13 adapt to whatever the future brings in the content sector . . . the key point remains: Endeavor’s
14 infrastructure and optionality are the drivers of value.”

15 63. Quite simply, in the Company’s darkest hour, with seemingly insurmountable
16 challenges, *Mr. Carde’s materials enabled* Endeavor to ultimately realize its elusive IPO, one
17 which was existential to the firm’s existence as an ongoing enterprise.

18 64. Also, notably, Endeavor actually had worse financials in its second (successful)
19 IPO attempt than in its first (failed) attempt. So Mr. Carde’s materials not only convinced the
20 skeptical market of Endeavor’s “one-of-a-kind” value in a contrarian way that no one else could,
21 but also did so with greater obstacles, *including worse revenue and profit*, than the Company had
22 in its first IPO attempt which failed.

23 65. Beyond the IPO, Endeavor continues to rely on Mr. Carde’s materials to power
24 billions of dollars in value creation as the Company’s self-described “backbone,” although
25 Shapiro falsely credits unnamed “professors.” In a recorded Earnings Call on June 2, 2021,
26 President Shapiro discussed the Company’s value in this way: “At Endeavor we call this
27 architecture, and you will hear Ari and I speak about our architecture process and success stories
28 frequently on these calls. Our architecture strategy and structure was actually developed and

1 *initiated with the help of Harvard Business School professors back in 2019. It's now become*
2 *the **backbone** of the way we operate internally.”* (Emphasis added.) Even though Shapiro fails to
3 accurately attribute this to Plaintiff and his materials, Shapiro at least admits that Endeavor was
4 not the originator.

5 66. In March 2020, Endeavor rescinded an offer to employees to cash out at a \$3.6
6 billion valuation. As of this writing, Bloomberg shows Endeavor’s market cap at about \$14
7 billion. Powered with the “backbone” and “structure” that Mr. Carde owns, Endeavor has
8 increased its value by \$10.4 billion dollars (\$14 billion minus \$3.6 billion) in less than 2 years.
9 Such is the economic value of Mr. Carde’s materials – supplying Endeavor with the ability to
10 succeed at an IPO with significantly worse financial metrics *and* valuable enough to be embedded
11 into the very fabric of the Company’s “structure” itself in-perpetuity as Endeavor’s self-described
12 “*backbone.*”

13 67. Taken together the sum of the “parts” of the foregoing allegations yields a “whole”
14 which damningly reveals the sheer amount of theft that Endeavor executed against Mr. Carde.
15 With matching contextual expressions due to the stealing of elements, including but not limited to
16 primary word choice, secondary clarifying /adjective word choice, introductions, theses,
17 objectives, conclusions, overall sequence, technical diagram, repetition of key points – in
18 conjunction with a Timeline which corroborates the Company’s access to Mr. Carde’s work on
19 their servers at least two times, as well as an inadvertent and recorded admission of guilt on a
20 Company earnings call, the statement that Endeavor stole from Mr. Carde is simply one supported
21 by the overwhelming amount of evidence.

22 68. The value of the use of Mr. Carde’s ideas and intellectual property (i) not only
23 saved the Company itself from ruin; (ii) not only allowed the Company to persevere in their
24 ultimate IPO attempt (with significantly worse financial metrics); (iii) but also continues to power
25 billions of dollars in value creation as the Company’s “backbone.” Mr. Carde’s work has become
26 embedded into the very fabric of the Company’s “structure” in-perpetuity and Endeavor needs to
27 compensate Mr. Carde accordingly.

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1 **CAUSES OF ACTION**

2 **FIRST CAUSE OF ACTION**

3 **(Breach Of Implied Contract)**

4 69. Plaintiff hereby incorporates by reference each and every allegation set forth in
5 paragraphs 1-68 as if set forth in full herein.

6 70. Endeavor and Mr. Carde were parties to an implied in fact contract which, as
7 alleged above, arose out of the conduct of the parties, the communications by the parties, the
8 information set forth in the operative documents, and the custom and practice in the entertainment
9 industry relating to the matters at issue.

10 71. An essential term of that implied contract was that Endeavor would compensate
11 Mr. Carde for any use by Endeavor of Mr. Carde's Analysis and/or Diagram.

12 72. Endeavor breached this implied in fact contract by using Mr. Carde's Analysis and
13 Diagram, as alleged above, without compensating Mr. Carde.

14 73. Mr. Carde has been damaged by Endeavor's breach of the implied in fact contract
15 in an amount to be proven at trial.

16 74. In engaging in the misconduct alleged herein, Endeavor acted with behavior so
17 depraved, thus entitling Plaintiff to an award of punitive damages, in order to make an example of
18 Defendant and punish Endeavor's pattern of despicable behavior and therefore deter such
19 wrongful conduct in the future.

20 **SECOND CAUSE OF ACTION**

21 **(Unjust Enrichment)**

22 75. Plaintiff hereby incorporates by reference each and every allegation set forth in
23 paragraphs 1-74 as if set forth in full herein.

24 76. As alleged above Endeavor unjustly retained and used the Analysis and Diagram.

25 77. As further alleged above, Endeavor unjustly retained and used the Analysis and
26 Diagram for its extreme benefit.

27 78. Endeavor's unjust enrichment derived from its improper retention and use of the
28 Analysis and Diagram was at the manifest expense of Mr. Carde.

1 79. Mr. Carde is entitled to be recompensed for Endeavor's unjust enrichment in an
2 amount to be proven at trial.

3 80. In engaging in the misconduct alleged herein, Endeavor acted with behavior so
4 depraved, thus entitling Plaintiff to an award of punitive damages, in order to make an example of
5 Defendant and punish Endeavor's pattern of despicable behavior and therefore deter such
6 wrongful conduct in the future.

7 **PRAYER FOR RELIEF**

8 WHEREFORE, Plaintiff respectfully prays for the following relief:

- 9 1. For a determination and declaration by this Court that an implied in fact contract
10 exists and/or existed between Endeavor and Mr. Carde which required Endeavor to compensate
11 Mr. Carde for its use of the Analysis and Diagram in an amount to be proven at trial;
- 12 2. For punitive and/or exemplary damages in an amount to be proven at trial;
- 13 3. For any and all injunctive or equitable relief appropriate in this matter;
- 14 4. For such other and further relief as the court may deem just and proper;
- 15 5. For the costs of this lawsuit and any interest appropriate under the circumstances;
- 16 6. For any further and additional relief that may be appropriate.

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19 Dated: March 3, 2022

EARLY SULLIVAN WRIGHT
GIZER & McRAE LLP

20
21 By: 

22 Devin A. McRae
23 Jeremy J.F. Gray
24 Attorneys for Plaintiff
25 DAVID CARDE
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DEMAND FOR JURY TRIAL

Mr. Carde hereby demands a trial by jury.

Dated: March 3, 2022

EARLY SULLIVAN WRIGHT
GIZER & McRAE LLP

By: 

Devin A. McRae
Jeremy J.F. Gray
Attorneys for Plaintiff
DAVID CARDE