Minimizing Litigation Pitfalls When Negotiating Entertainment Contracts

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- **Stan Soocher** is the long-time Editor-in-Chief of *Entertainment Law & Finance,* and an award-winning journalist and entertainment attorney. He is also author of the books *Baby You're a Rich Man: Suing the Beatles for Fun & Profit* and *They Fought the Law: Rock Music Goes to Court* as well as Professor Emeritus of Music & Entertainment Industry Studies at the University of Colorado Denver.
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How Artist/Manager Business Venture Ended Up In Court

- It isn't unusual for talent managers and artists they manage to co-found and operate businesses together. For example, a recording artist and manager may join together to establish their own record label.
- If an artist/manager partnership or joint-venture projects are to be part of the relationship, a manager will want the artist to sign a conflicts-of-interest waiver. This is because a manager owes an artist a fiduciary obligation based on the artist entrusting the manager to in good faith primarily further the artist's career.

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How Artist/Manager Business Venture Ended Up In Court

- Sometimes, though, the talent manager may claim the artist has violated the manager's rights via the joint-business entity, as recently happened when talent manager Michael Gruen sued Josh Richards, a management client, actor, producer and social-media influencer over their Los Angeles-based CrossCheck Studios.
- Gruen and Richards co-founded CrossCheck in February 2021. But Gruen, who owned a 38.742% interest in CrossCheck, contracted a disease that required him to take a five-week medical break from work early in 2022. During the break, Richards fired Gruen. That led to the parties entering into a $90,000 buyout agreement of Gruen's share of CrossCheck.

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How Artist/Manager Business Venture Ended Up In Court

- In May 2024, however, Gruen sued Richards, CrossCheck, and CrossCheck executive and co-defendant Chris Sawtelle. Gruen filed his complaint in the U.S. District Court for the Central District of California.
- Gruen's lawsuit alleged breach of contract by Richards and Sawtelle and sought rescission of the buyout agreement. During the litigation, Gruen raised a fiduciary-obligation argument against Richards. *Gruen v. Richards*, 2:24-cv-01777 (C.D. Cal. 2025).

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How Artist/Manager Business Venture Ended Up In Court

- The defendants countered in a motion to dismiss that "Gruen alleges the [buyout] settlement was a 'result of *undue influence, Fraud* …' but said exactly the opposite in the Settlement Agreement when he expressly represented to Defendants that the 'Parties acknowledge that they have executed this Agreement *without fraud, duress or undue influence.*'"

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