

**SUMMONS**  
**(CITACION JUDICIAL)**

SUM-100

**NOTICE TO DEFENDANT:**  
**(AVISO AL DEMANDADO):**

MEDLEY CAPITAL CORPORATION; MEDLEY OPPORTUNITY FUND II LP; MCC ADVISORS LLC; DELOITTE TRANSACTIONS AND BUSINESS ANALYTICS LLP A/K/A DELOITTE CRG; CHARLES SWEET; MODERN VIDEOFILM, INC. and DOES 1 through 10, inclusive,

**YOU ARE BEING SUED BY PLAINTIFF:**

**(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

MOSHE BARKAT and MODERN VIDEOFILM HOLDINGS, LLC,

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

**CONFORMED COPY**  
**ORIGINAL FILED**  
Superior Court of California  
County of Los Angeles

**MAY 29 2015**

Sherri R. Carter, Executive Officer/Clerk

By Myrna Beltran, Deputy

**NOTICE!** You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **¡AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), en el Centro de Ayuda de las Cortes de California, ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:

(El nombre y dirección de la corte es):

Los Angeles Superior Court  
CENTRAL DISTRICT  
111 North Hill Street  
Los Angeles 90012

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Louis R. Miller (SBN 54141) 310-552-4400 310-552-8400  
MILLER BARONDESS, LLP  
1999 Avenue of the Stars, Suite 1000  
Los Angeles, CA 90067

DATE: May 29, 2015

(Fecha)

**SHERRI R. CARTER**

Clerk, by

(Secretario)

**MYRNA BELTRAN**

Deputy

(Adjunto)

CASE NUMBER:

(Número del Caso)

**BC 583437**

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

**NOTICE TO THE PERSON SERVED: You are served**

1. ☒ as an individual defendant.  
2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

- under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)  
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)  
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)  
☐ other (specify):

4. ☐ by personal delivery on (date):

(SEAL)

**MAY 29 2015**

LOUIS R. MILLER (State Bar No. 54141)  
smiller@millerbarondess.com  
BRIAN A. PROCEL (State Bar. No. 218657)  
bprocel@millerbarondess.com  
CHRISTOPHER D. BEATTY (State Bar No. 266466)  
cbeatty@millerbarondess.com  
MILLER BARONDESS, LLP  
1999 Avenue of the Stars, Suite 1000  
Los Angeles, California 90067  
Telephone: (310) 552-4400  
Facsimile: (310) 552-8400

Attorneys for Plaintiffs MOSHE BARKAT  
and MODERN VIDEOFILM HOLDINGS, LLC

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ORIGINAL FILED  
Superior Court of California  
County of Los Angeles

MAY 29 2015

Sherri R. Carter, Executive Officer/Clerk  
By Myrna Beltran, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES, CENTRAL DISTRICT

MOSHE BARKAT and MODERN  
VIDEOFILM HOLDINGS, LLC,

Plaintiffs,

v.

MEDLEY CAPITAL CORPORATION;  
MEDLEY OPPORTUNITY FUND II LP;  
MCC ADVISORS LLC; DELOITTE  
TRANSACTIONS AND BUSINESS  
ANALYTICS LLP A/K/A DELOITTE CRG;  
CHARLES SWEET; MODERN  
VIDEOFILM, INC. and DOES 1 through 10,  
inclusive,

Defendants.

CASE NO.

BC 583437

COMPLAINT FOR:

- (1) BREACH OF EMPLOYMENT CONTRACT;
- (2) INTENTIONAL INTERFERENCE WITH EMPLOYMENT CONTRACT;
- (3) BREACH OF FIDUCIARY DUTY BY MEDLEY
- (4) BREACH OF FIDUCIARY DUTY BY DELOITTE
- (5) BREACH OF FIDUCIARY DUTY BY SWEET
- (6) AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
- (7) UNFAIR COMPETITION, CALIFORNIA BUS. & PROF. CODE § 17200, *ET SEQ.*
- (8) DEFAMATION

JURY TRIAL DEMANDED

1 Plaintiffs Moshe Barkat ("Barkat") and Modern VideoFilm Holdings, LLC ("MVF  
2 Holdings") allege in their complaint against Defendants Medley Capital Corporation, Medley  
3 Opportunity Fund II LP and MCC Advisors LLC (together "Medley"), Deloitte Transactions and  
4 Business Analytics LLP also known as Deloitte CRG ("Deloitte"), Charles Sweet ("Sweet") and  
5 Modern VideoFilm, Inc. (collectively, "Defendants"), as follows:

### 6 INTRODUCTION

7 1. Barkat founded and spent over 30 years building a post-production business for  
8 movies and television called Modern VideoFilm, Inc. ("MVF"). He was its owner and served as  
9 its Chief Executive Officer ("CEO"). This lawsuit is being filed because Defendants Medley,  
10 Deloitte and Sweet caused Barkat's termination from MVF—even though Barkat had an  
11 employment contract with the company.

12 2. Barkat's termination was the culmination of a course of conduct by Medley, a  
13 secured lender of MVF, whereby it exercised excessive control and domination over the  
14 operations of MVF. With this control, Medley (among other things) blocked a lucrative corporate  
15 transaction, installed Deloitte to run MVF and appointed Sweet as MVF's sole director. Both  
16 Deloitte and Sweet were agents of Medley and ran MVF for the benefit of Medley and themselves,  
17 rather than its shareholder Barkat.

18 3. While in control, Medley, Deloitte and Sweet have—through bad faith misconduct,  
19 corruption and gross incompetence—effectively destroyed Barkat's life's work, valued at more  
20 than \$100 million at the time of their wrongdoing. They used their control to block Barkat from  
21 saving his own company.

### 22 PARTIES

23 4. Plaintiff Moshe Barkat is an individual residing in Los Angeles County, California.

24 5. Plaintiff Modern Videofilm Holdings, LLC is a Delaware limited liability  
25 corporation, owned by Barkat, that holds the shares to MVF.

26 6. On information and belief, Defendant Medley Capital Corporation is a Delaware  
27 corporation.  
28

1           7.     On information and belief, Defendant Medley Opportunity Fund II LP is a Delaware  
2 limited partnership.

3           8.     On information and belief, Defendant MCC Advisors LLC is a Delaware limited  
4 liability corporation.

5           9.     On information and belief, Defendant Deloitte Transactions and Business Analytics  
6 LLP, also known as Deloitte CRG, is a Delaware limited liability partnership.

7           10.    On information and belief, Charles Sweet is an individual residing in Florida.

8           11.    On information and belief, Defendant Modern VideoFilm, Inc. is a Delaware  
9 corporation with its principal place of business in Los Angeles County, California.

10          12.    Medley, Sweet and Deloitte, acting within the course and scope of their agency,  
11 employee, partner and/or joint venture relationships, participated in, approved, sanctioned,  
12 cooperated in, assisted in, consented to, acquiesced in, benefited from, or otherwise caused and/or  
13 failed to prevent the acts described herein.

#### 14                                   **JURISDICTION AND VENUE**

15          13.    The amount in controversy—in excess of \$100 million—is within the jurisdiction of  
16 this Court.

17          14.    Venue in Los Angeles Superior Court is proper in this case. MVF is headquartered  
18 in Los Angeles County. Barkat resides in Los Angeles County. The acts and conduct that form  
19 the bases of Barkat's causes of action occurred in Los Angeles County.

#### 20                                   **FACTUAL ALLEGATIONS**

##### 21           **A.     Modern VideoFilm**

22          15.    Barkat founded MVF in 1979. At all relevant times, Barkat was and is the owner of  
23 MVF. From 1979 through 2014, Barkat was also the CEO of MVF.

24          16.    Barkat built MVF into one of the preeminent Hollywood post-production,  
25 distribution and content management companies in the United States.

26          17.    MVF's client list included the most recognizable names in the entertainment  
27 business such as the ABC, NBC and CBS television networks; cable networks HBO, Disney and  
28

1 Viacom; film studios Sony, Warner Bros., Miramax, Lionsgate and Fox; and digital content  
2 distributors Apple, Netflix, Hulu, Amazon and Microsoft.

3 18. MVF provided creative services for hit TV shows such as *Modern Family*, *Game of*  
4 *Thrones*, *The Walking Dead*, *Sleepy Hollow*, *Madam Secretary*, *Desperate Housewives*, *Sons of*  
5 *Anarchy*, *The Leftovers*, *Being Mary Jane*, *Smallville*, *Friends*, *Star Trek*, *Sabrina The Teenage*  
6 *Witch*, *Charlie's Angels*, *Ravenswood*, *Malcolm In The Middle*, *Home Improvement*, *Walker Texas*  
7 *Ranger*, *Weird Science*, *Dawson's Creek* and *How I Met Your Mother*.

8 19. MVF also worked on blockbuster and award-winning films including, among others,  
9 *Avatar*, *Life of Pi*, *Star Wars*, *The Grand Budapest Hotel*, *Book of Life*, *Rio 2*, *Ted*, *Olympus Has*  
10 *Fallen*, *Gran Torino*, *Tron Legacy*, *Wild*, the *Alvin and the Chipmunks Trilogy*, *Real Steel*, *Walk*  
11 *The Line*, *3:10 To Yuma*, *Titanic 3D*, *I Robot*, *Talladega Nights: The Ballad of Ricky Bobby*, *50*  
12 *First Dates*, *Fun With Dick and Jane* and *Slumdog Millionaire*.

13 20. MVF was particularly well-regarded for its content management division (the  
14 "Content Management Division").

15 21. Content Management is the business of managing and distributing files in different  
16 forms and mediums. The Content Management Division also makes, manages and distributes  
17 professional tape format duplicates of master movies and TV shows for clients.

18 22. In addition, the Content Management Division converts and stores files for clients so  
19 that a consumer can stream a TV show to his or her cell phone, computer, television or tablet.  
20 This includes quality control and servicing of these files.

21 23. MVF was designated by Apple as a "preferred provider." MVF was one of a select  
22 number of companies that Apple had authorized to upload video content onto the iTunes store  
23 website. Before uploading content, MVF converted and reformatted the video content from its  
24 original format to a format that was compatible with iTunes.

25 24. The Content Management Division flourished because more consumers were  
26 viewing entertainment online.  
27  
28

25. Because of its business relationship with brand-name clients—including Apple, Netflix, Hulu, NBC and Fox—MVF held a prime position in the growing content management market. More than 60% of MVF's revenues came from its Content Management Division.

**B. Barkat Seeks Financing**

26. In 2012, Barkat wanted to pay off MVF's existing debt and find a lender that would support MVF's expansion. Barkat held discussions with a number of prospective lenders, including Medley.

27. Medley is a billion dollar fund. It holds itself out as a lender for mid-size businesses.<sup>1</sup>

28. When Barkat was introduced to Medley, Medley said it would help Barkat grow MVF. Medley offered to loan MVF approximately \$50 million.

29. In or about May 2012, Barkat and Hugh Miller ("Miller"), MVF's Chief Financial Officer ("CFO"), had dinner with two Medley employees, Brian Dohmen ("Dohmen") and Richard Craybas ("Craybas"). The purpose of the dinner was for Medley to convince Barkat to move forward with Medley.

30. At this dinner, Dohmen and Craybas represented that Medley would support Barkat and work with him to enhance and expand MVF's business. Medley represented, through Dohmen and Craybas, that it would support strategic opportunities for MVF; and would support Barkat and his business financially.

31. As the parties moved forward with negotiations, the loan terms offered by Medley began to change. Medley increased the interest rate it was offering Barkat.

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<sup>1</sup>It has recently come to light that Medley engages in, and supports, illegal and oppressive lending practices. One example of Medley's predatory lending practices is its financing of usurious payday loans. The interest rates on these loans can exceed 700% per year. This excessive rate is not disclosed to the borrower before the loan is made. Medley takes advantage of borrowers in financial need through this practice. Medley and its business partners have attempted to circumvent state and federal law. They opened payday loan offices on Indian Reservations and made loans over the Internet. Medley is currently under investigation by New York's Department of Financial Services for these illegal lending practices.

1           32. Medley also inserted financial covenants into the loan documents, such as minimum  
2 revenue and EBITDA requirements. MVF's compliance with the financial covenants would be  
3 tested each quarter. The benchmarks that MVF had to meet increased each quarter, *i.e.*, the  
4 EBITDA and revenue requirements were higher each quarter than the quarter before. Through  
5 these financial covenants, Medley required growth by MVF in order for MVF to avoid an "Event  
6 of Default."

7           33. Barkat and Miller expressed concern to Medley that the financial terms and  
8 covenants of the loan were aggressive. They told Medley that MVF's financial performance, over  
9 time, had been cyclical; and that it was possible that one of the quarterly tests would occur during  
10 a downtime, triggering an Event of Default.

11           34. Medley, through Dohmen and Craybas, assured Barkat and Miller that this would not  
12 be a problem and told them not to worry about it. Medley said that if "Events of Default"  
13 occurred, Medley would work with Barkat/MVF and be flexible and support Barkat and the MVF  
14 business.

15           35. In reliance on these representations, Barkat decided to go with Medley instead of  
16 another lender. In September 2012, Medley agreed to make a \$50 million loan.

17           **C. Medley Takes Control Of MVF**

18           36. Shortly after the loan was made, Medley claimed "Events of Default" had occurred,  
19 even though MVF had not missed a payment. The "Events of Default" claimed by Medley related  
20 to the same financial covenants that Medley told Miller and Barkat not to worry about when the  
21 loan was being negotiated.

22           37. Using these purported "Events of Default" as the impetus for its actions, Medley  
23 began to exhibit control over MVF. Medley became heavily involved in the management and  
24 operations of the company:

25               1) In November 2013, Medley ordered Barkat to renege on a \$550,000 deferred  
26 compensation payment owed to MVF's Executive Vice President Jon Johnson ("Johnson"), which  
27 MVF owed Johnson pursuant to a seven year contract he had signed with the company. Johnson  
28 was a key employee of MVF who brought in approximately 80% of the television post-production

1 work at MVF. Johnson had worked at MVF for 25 years. In addition, Johnson's seven year  
2 contract was coming up for renewal. Craybas, of Medley, instructed Barkat that "[t]his payment  
3 will not be permitted due to the payment default and current liquidity issues." Even after it was  
4 explained to Craybas that this payment was owed pursuant to a contract and that "if we do not pay  
5 then we will not have any TV sales," Craybas directed that "[t]he \$550K bonus will have to be  
6 deferred further and paid at a later date when the company is in a position to meet its obligations."

7           2) Medley ordered Barkat to move the physical location of several departments at  
8 the company. MVF leases and occupies three building in three different cities: Burbank, Glendale  
9 and Santa Monica. Craybas directed Barkat to move MVF's entire accounting and human  
10 resources departments, which for the last 15 years had been located in Glendale, to the Burbank  
11 building, apparently to cut costs. When it was explained to Craybas that space would need to be  
12 made at the Burbank building before the departments could be moved, including terminating  
13 employees to make room, Craybas responded, screaming at the top of his lungs, "Do it now!"

14           3) Craybas approached Miller, without Barkat's knowledge or permission, and  
15 instructed Miller to come up with ways to reduce Barkat's compensation. Miller told Craybas that  
16 Barkat had an employment contract and, in any case, Miller could not restrict his boss's  
17 compensation. Craybas reiterated to Miller that he needed to come up with a plan to reduce  
18 Barkat's compensation.

19           4) Craybas ordered Barkat not to purchase necessary software and support services  
20 at MVF. Barkat set out to purchase digital asset management software for the Content  
21 Management Division and retain professionals to set up the systems. MVF needed this software  
22 so that clients could access digital files (such as movies and TV shows) that MVF stored for these  
23 companies. Clients were demanding this software, which other competitors had already made  
24 available. In addition, MVF was spending too much time and effort manually locating files for  
25 customers, a process that could be automated. Craybas told Barkat that MVF did not need this  
26 software and ordered him not to purchase it.

27           5) Medley insisted on approving every payment made by MVF.  
28



1           6) Medley demanded that Barkat make millions in dollars in cuts at MVF, with no  
2 regard as to whether those cuts would adversely impact MVF. Medley's standard response to  
3 issues that arose at MVF was that more cost reductions were needed. Medley wanted to ensure  
4 there was sufficient cash to pay Medley, to the detriment of the company.

5           7) Medley obstructed a key corporate transaction that Barkat negotiated with  
6 Technicolor (as set forth more fully in ¶¶ 38-54).

7           8) Medley took control of Barkat's stock voting rights, fired MVF's board of  
8 directors, appointed a board that was loyal to Medley, and removed Barkat as an officer of MVF  
9 (as set forth more fully in ¶¶ 70-72).

10          9) Medley ordered that Barkat be terminated from MVF (as set forth more fully in  
11 ¶¶ 94-98).

12           **D. Medley Blocks A Key Corporate Transaction**

13          38. In mid-2013, Barkat was approached by Technicolor, a competitor of MVF in the  
14 Content Management industry. Technicolor was impressed that MVF had achieved better profits  
15 and margins from its Content Management Division than Technicolor had done with its competing  
16 division.

17          39. Technicolor wanted Barkat to use his expertise and talented team to manage  
18 Technicolor's content management division and combine it with MVF's similar business.

19          40. Barkat and Technicolor agreed to create a venture that would combine the content  
20 management divisions of Technicolor and MVF (the "Technicolor Venture"). Technicolor and  
21 MVF would both contribute their content management divisions to the venture.

22          41. Barkat would head the Technicolor Venture while also continuing to run MVF. The  
23 potential value of the Technicolor Venture was in excess of \$100 million. It was projected to  
24 generate more than \$20 million in EBITDA per year.

25          42. MVF and Technicolor would both hold ownership in the Technicolor Venture. MVF  
26 and Technicolor agreed that MVF would be entitled to all of the cash flow generated by the  
27 Technicolor Venture during the first few years. This meant that MVF would receive tens of  
28

1 millions of dollars in additional cash after the deal closed. MVF intended to use this cash to pay  
2 off the Medley loan.

3 43. The due diligence process for the Technicolor Venture began in or about June 2013.  
4 A term sheet was agreed upon by Barkat and Technicolor in or about October 2013. Technicolor  
5 wanted to close the deal by the end of 2013.

6 44. Medley had the power to block the Technicolor deal. To complete the deal with  
7 Technicolor, MVF had to contribute certain fixed assets associated with its Content Management  
8 Division into the Technicolor Venture. MVF could only contribute these assets with the consent  
9 of Medley.

10 45. Around October 2013, Craybas represented to Barkat that Medley was excited about  
11 the deal. Medley represented that releasing the fixed assets it held as collateral would not be a  
12 problem, which was a precondition to the deal closing. Craybas told Barkat: "You should move  
13 forward and commence the definitive documentation with Technicolor."

14 46. Having seen the projections with regard to the Technicolor Venture—which valued  
15 the Content Management Division alone in excess of \$100 million—Medley was eager to  
16 participate in the profits for the venture. Repayment of the loan was not enough for Medley. It  
17 wanted Barkat's equity for itself.

18 47. Barkat rejected Medley's efforts to obtain equity in MVF. He stated that Medley  
19 was only entitled to repayment of its loan. He reminded Medley that it had promised to be flexible  
20 with the loan terms and would support strategic opportunities.

21 48. Medley strung Barkat out for months. It manufactured excuses for why the deal  
22 could not yet go forward and continually came up with new conditions for approving the deal.  
23 The goal of closing by year-end 2013 could not be met.

24 49. During this time, Medley used the Technicolor deal as leverage. Among other  
25 things, Medley reduced and restricted Barkat's compensation.

26 50. Medley also interjected itself into Barkat's negotiations with Technicolor, despite  
27 knowing that Technicolor wanted to deal only with Barkat.  
28

1 51. Technicolor did not want to interact or enter into an agreement with Medley.  
2 Working with Barkat was the primary motivation for Technicolor doing the deal. Medley knew  
3 nothing about the Content Management Business; it is a New York-based financial firm.

4 52. Medley nevertheless directly contacted Technicolor to negotiate the Technicolor  
5 Venture terms, even though Barkat had instructed Medley not to do so. It insisted on a seat at the  
6 negotiating table and took it upon itself to demand terms and concessions directly from  
7 Technicolor. Medley demanded regular input from Technicolor, regular audits of the Technicolor  
8 Venture, and restrictions on the ventures' investments, transactions and business.

9 53. After telling Technicolor it would sign off on the deal, Medley went back on its  
10 word, raising new issues that kept the deal from closing.

11 54. Medley did not negotiate in good faith. Medley had promised to support this kind of  
12 opportunity, not stand in the way. Due to Medley's heavy hand and its bad faith pursuit of equity  
13 in MVF as a condition of closing, the Technicolor Venture fell apart in early 2014.

14 **E. The Fraudulently Obtained Release**

15 55. After the Technicolor deal fell apart, Medley demanded that Barkat give a release.  
16 Medley threatened to take MVF from Barkat and leave him with nothing. Medley offered nothing  
17 in exchange for the release and said Barkat should come up with a plan in three weeks to  
18 turnaround the company.

19 56. What Barkat did not know is that Medley had already decided to take MVF for itself.  
20 Medley hid from Barkat that internally it had already decided upon a "nuclear option," that is to  
21 keep Barkat from taking any action that would stop Medley from gaining absolute and total  
22 control of the company.

23 57. Once again, Medley lied to induce Barkat into giving what Medley wanted. Barkat  
24 did not know that Medley had already decided to take MVF.

25 58. In reliance on Medley's fraudulent representations, Barkat signed the release. The  
26 release did not include a waiver of rights pursuant to Civil Code § 1542.

27 **F. Medley Installs Its Agents Into MVF**

1           59. Next, Medley required Barkat to retain Kibel Green as financial consultants. Kibel  
2 Green, at the direction of Medley, did an analysis of cash projections that MVF had provided to  
3 Medley. The budget for this five week assignment was \$75,000. Medley stated that Kibel Green  
4 would perform other work after completing the initial five-week phase of the project.

5           60. Kibel Green analyzed MVF's cash projections and delivered a report to Medley  
6 regarding MVF's cash needs going forward. Kibel Green's projections corroborated the  
7 projections that MVF had provided to Medley.

8           61. Medley was unhappy with the report provided by Kibel Green. Medley restricted  
9 MVF to only half of the cash that Kibel Green had advised Medley to put into MVF. Medley then  
10 ordered Barkat to fire Kibel Green.

11           62. Craybas told Barkat that Medley would not provide additional financing to MVF  
12 unless Barkat retained Deloitte. Craybas held Deloitte out to Barkat as consultants that would  
13 support him in running MVF's business. Craybas promised that Deloitte would act in a  
14 supporting role, just like Kibel Green.

15           63. Deloitte also promised Barkat that it was there to support him and his business.  
16 Cooper Crouse ("Crouse") of Deloitte promised Barkat, as he was en route for an interview with  
17 Barkat, that Deloitte's assignment would be of a "short term nature" and that "we'll be done  
18 before 30 days."

19           64. An engagement letter that Deloitte sent on June 23, 2014, while Crouse was flying to  
20 Los Angeles, also assured Barkat that Deloitte's role would be to support Barkat as CEO. In  
21 particular, the engagement letter stated Deloitte "is not acting in any Client management capacity  
22 and that Client has not asked [Deloitte] to make, nor has [Deloitte] agreed to make, any business  
23 decisions on behalf of Client. All decisions about Client's business or operations, including, but  
24 not limited to, decisions concerning the execution of transactions with other entities and the  
25 establishment of terms for such transactions, remain the sole responsibility of Client's  
26 management."

27           65. Despite these assurances from Deloitte and Medley, Barkat had concerns about  
28 Medley's plans for Deloitte and the role it would play at MVF. Deloitte's services were

1 expensive. Whereas Kibel Green charged \$75,000 for a five-week assignment, Deloitte projected  
2 more than \$300,000 in costs for the same period of time. Barkat was concerned that Deloitte  
3 would bleed MVF dry of much needed cash.

4 66. In addition, Deloitte was clueless about the post-production business and proposed  
5 no plan for helping the company. Deloitte asked numerous questions that revealed how little it  
6 knew.

7 67. The terms of the engagement letter proposed by Deloitte were also problematic. For  
8 example, Deloitte demanded that it would own all of the intellectual property for any work or  
9 analysis that it provided to MVF. This meant that if Deloitte did a project for a competitor, it  
10 could use the work product it developed while working at MVF.

11 68. Barkat expressed concerns to Medley about bringing in Deloitte. He did not  
12 understand how Deloitte would help and why Medley thought Deloitte was needed.

13 69. Craybas once again exercised domination and control over MVF. He told Barkat  
14 that "[t]he attached engagement letter is acceptable. Let's execute and move on." He ordered  
15 Barkat to accept the engagement letter as is.

16 70. On July 1, 2014, Medley took over MVF's board. This takeover was done without  
17 notice to Barkat. Without warning, Medley provided Barkat with a stack of documents which,  
18 among other things, showed that it had foreclosed on Barkat's board voting rights; fired the MVF  
19 board; hired Sweet as the sole MVF board member; issued a board resolution removing Barkat as  
20 an officer of MVF (though still retaining him as an employee); and placing Scott Avila ("Avila")  
21 of Deloitte as Chief Restructuring Officer (with the powers and duties of a CEO) and Crouse as  
22 Assistant Chief Restructuring Officer. Everyone at MVF, including Barkat, was required to report  
23 to Avila and Crouse.

24 71. Sweet, now the sole member of MVF's board, was handpicked by Medley for the  
25 job. Sweet had a prior relationship with Medley and its attorneys. Sweet was and is an agent of  
26 Medley beholden to Medley.

27 72. Indeed, Medley drafted the board resolutions that retained Deloitte and removed  
28 Barkat as an officer. Sweet did no independent analysis as to whether it made sense to remove

1 Barkat as an officer or retain Deloitte. He just rubber-stamped the resolutions provided to him by  
2 Medley. Sweet acted as a puppet of Medley.

3 73. This action by Medley and Deloitte revealed that they had lied to Barkat about the  
4 plans for Deloitte at MVF. Contrary to what was represented to Barkat just a week earlier,  
5 Deloitte was not retained for a limited five-week assignment to support Barkat in his running of  
6 his company. Deloitte came in to run MVF's business and replace Barkat.

7 74. Deloitte and Medley sought to extract maximum profits from MVF. Deloitte ran the  
8 company for the benefit of Medley and itself.

9 75. Deloitte embarked on a fee churn. Shortly after joining MVF, Avila and Crouse  
10 instructed CFO Miller to wire transfer \$50,000 per week to Deloitte.

11 76. Miller, consistent with his duties as CFO, responded that before doing a wire  
12 transfer, Avila and Crouse would need to present documents supporting the transaction—an  
13 engagement letter, purchase order, a rate schedule, and timesheets reflecting the hours and tasks  
14 performed by Deloitte—as required by company policy.

15 77. Avila and Crouse told Miller that Deloitte had none of these things but that MVF  
16 nevertheless needed to transfer this money to Deloitte.

17 78. Thereafter, Deloitte paid itself over \$1 million from the company. It took cash for  
18 itself instead of paying vendors.

19 79. Barkat's concerns about Deloitte proved true. Avila and Crouse had no idea what  
20 they were doing. They were not up to running a post-production company. They had no  
21 experience or knowledge in the business and ran it into the ground.

22 80. Deloitte retained an "industry expert," Connie Higgins ("Higgins") from Denver,  
23 Colorado, on behalf of MVF. Barkat was assured that Higgins had experience in post-production.  
24 Higgins was retained directly by MVF for approximately \$10,000 per week plus an additional  
25 \$2,500 in weekly expenses.

26 81. Despite Deloitte's assurances about Higgins, the first question Higgins asked Barkat  
27 when she arrived was "What is it that you do again?" She too had no experience in post-  
28

1 production. Rather than bringing in a post-production expert, Avila brought in yet another crony  
2 who had no experience in this industry.

3 82. Around August 1, 2014, Deloitte presented a profit improvement plan for MVF to  
4 Medley (the "Deloitte Plan"). The Deloitte Plan had no ideas for helping the company. And many  
5 of the cost reductions proposed by Deloitte were unrealistic or cuts that would do more harm than  
6 good to the company and its bottom line. Worse, the Deloitte Plan, according to its own  
7 projections, would result in a \$3.7 million negative cash return through 2015.

8 83. Barkat continued to express concern to Medley that Deloitte was too expensive and  
9 not up to the task of running MVF. Barkat had held weekly phone calls with Medley for two  
10 years. In one call, Barkat informed Medley that Deloitte was taking a lot of cash out of the  
11 company and was not helping the company. Barkat objected to Deloitte paying itself instead of  
12 vendors.

13 84. On August 29, 2014, Barkat expressed his concerns about Deloitte to Preston  
14 Massey ("Massey") of Congruent Credit Opportunities Fund II ("Congruent"). Congruent was a  
15 lender that Medley had syndicated part of its loan to through a loan participation agreement. In his  
16 conversation with Massey, Barkat complained about the fact that MVF was paying Deloitte  
17 hundreds of thousands of dollars with nothing to show for it.

18 85. Massey told Barkat that if he was upset he should use that energy to come up with an  
19 alternative plan for the lenders. Barkat said that he would do so.

20 86. Barkat devised a plan with the help of other MVF executives that would restore  
21 MVF to profitability by 2015. Barkat created a plan that showed the company was viable, could  
22 pay its vendors, and operate profitably (the "Barkat Plan"). A key aspect of Barkat's plan was to  
23 terminate Deloitte, which was not providing value to MVF and was bleeding cash from the  
24 company.

25 87. The plan also included an agreement that Barkat reached with Technicolor to  
26 resurrect aspects of the Technicolor Venture that had fallen apart due to Medley's interference.  
27 Technicolor agreed to outsource some of its content management operations to Barkat.  
28 Technicolor would still handle sales and billing, and Technicolor would interface with its clients.

1 MVF would handle the work on the back end. This agreement would provide a new source of  
2 revenue for MVF.

3 88. When the Barkat Plan was almost finished, Barkat told Massey that he was almost  
4 done. Barkat wrote, "Let's organize a call to discuss the situation with everybody as soon as  
5 practical."

6 89. On September 2, 2014, Barkat received an email from Massey, inviting him to a  
7 phone call. Massey only invited Craybas and Barkat to the call.

8 90. Avila of Deloitte nevertheless knew about the phone call and the plan Barkat had  
9 sent. Avila and Barkat discussed the Barkat Plan before the phone call. Avila never told Barkat  
10 not to participate in the phone call or discuss the Barkat Plan with the lenders.

11 91. The Barkat Plan was sent to Congruent and Medley on September 4, 2014. Later  
12 that day, a call was held to discuss the Barkat Plan. Craybas and James Feeley ("Feeley")  
13 participated for Medley. They gave no consideration to the plan Barkat had proposed. Instead,  
14 Feeley chastised Barkat for presenting the Barkat Plan and spending time developing it.

15 92. Feeley drilled Barkat on who had worked on the plan and how many hours had been  
16 spent. He asked, "Don't you think this is insubordination?" He went on a five minute rant about  
17 what Barkat had done. He was upset that Barkat had tried to come up with a plan to help the  
18 company he owned.

19 93. Barkat, who had come up with the Barkat Plan with the encouragement of Massey,  
20 asked Massey if he wanted to weigh in. Massey said not to drag him into this.

21 **G. Medley Fires Barkat From His Own Company**

22 94. The next step for Medley, Deloitte and Sweet was to get rid of Barkat. They  
23 wanted Barkat out of the way. They did not want Barkat to be in a position to scrutinize their  
24 conduct in running the company.

25 95. Barkat, however, had an Employment Agreement with MVF, which did not expire  
26 until 2018. Indeed, Barkat signed this Employment Agreement at the insistence of Medley when  
27 the loan was being negotiated. Barkat could only be terminated from the company for "cause," as  
28



1 defined in his contract. A true and correct copy of the Employment Agreement is attached hereto  
2 as Exhibit A.

3 96. Medley, Deloitte and Sweet (and MVF, which they now controlled) engaged in a  
4 witch hunt to come up with "reasons" to fire Barkat.

5 97. On September 17, 2014, Avila, at the direction of Medley, terminated Barkat "for  
6 cause." Barkat was not given notice of his termination. His Employment Agreement required 10  
7 days prior written notice in the event of a "for cause " termination.

8 98. Avila provided Barkat with a letter that purported to set forth the reasons Barkat had  
9 been terminated (the "Termination Letter"). The reasons stated in the Termination Letter for  
10 Barkat's termination are phony and pretextual.

11 99. In the Termination Letter, Avila told Barkat that he was terminated for "willful  
12 misconduct and/or insubordination" for approaching MVF's lenders with the Barkat Plan without  
13 his permission.

14 100. The idea that this phone call with the lenders was "insubordinate" is ridiculous.  
15 Deloitte knew about the call. Avila never told Barkat he wanted to participate in this call; that  
16 Barkat should not be on the call; or that Barkat should not tell the lenders about what Deloitte was  
17 doing.

18 101. Worse, the Barkat Plan was meant to help MVF improve its finances. Medley  
19 refused to allow Barkat to help his own company.

20 102. In addition, prior to being terminated for "cause" on the ground of insubordination,  
21 the Employment Agreement required a ten-day cure period be provided to Barkat. Barkat was  
22 given no opportunity to cure his "insubordination."

23 103. Other reasons provided in the Termination Letter were things Medley and Deloitte  
24 knew about and had previously approved. Barkat was accused of "theft" because he paid himself  
25 "excessive compensation," including \$20,000 per month to an entity he owned, as well as health  
26 insurance and income for his daughters, ex-wife and housekeeper.

1 104. But Barkat had disclosed these payments to Medley in 2012, before it made the loan.  
2 Medley approved these payments. It was Barkat's company. His ex-wife and daughters had been  
3 on the board of directors.

4 105. Deloitte authorized these payments as well. When Deloitte came into MVF, CFO  
5 Miller asked Avila and Crouse if MVF should continue to make these payments to Barkat and  
6 others. Avila and Crouse instructed Miller to continue the payments.

7 106. The reasons provided to Barkat do not constitute termination "for cause." Indeed,  
8 one reason provided to Barkat for his termination was "failing to manage the Company on a  
9 profitable basis." That does not constitute "cause" for termination. And it was Medley and  
10 Deloitte that controlled MVF and had blocked Barkat from managing the company on a  
11 "profitable basis."

12 107. Defendants maliciously published false and defamatory statements in the  
13 Termination Letter, both orally and in writing, to MVF employees and third parties. Defendants  
14 told employees and clients of MVF and others that Barkat was fired for the false reasons stated in  
15 the Termination Letter.

16 108. Barkat, who is seeking new employment, has been forced to explain to potential  
17 employers why he was fired from MVF. He has had to disclose the false reasons stated in his  
18 Termination Letter during his efforts to find new employment.

19 **H. Medley, Deloitte And Sweet Run MVF Into The Ground**

20 109. Barkat has 30 years of experience in the post-production field. He built MVF from  
21 the ground up and navigated the business over the years. He possessed invaluable connections in  
22 the entertainment industry and had the loyalty of key employees.

23 110. Indeed, when Medley made the loan to MVF it required that Barkat extend his  
24 Employment Agreement and that MVF take out a key man life insurance policy on Barkat because  
25 it knew how critical Barkat was to his company.

26 111. The decision to terminate Barkat from MVF and block Barkat from helping his own  
27 company proved catastrophic. The unique talents and connections of Barkat were vital to the  
28 survival of the company. Worse, Medley, Deloitte and Sweet—who each lacked requisite

1 experience in the post-production business—tried to run MVF by themselves without bringing in  
2 executives who knew how to run the company.

3 112. Almost immediately, HBO left MVF because Barkat was no longer there. HBO took  
4 its coveted and lucrative work on the hit show *Game of Thrones* elsewhere.

5 113. Johnson, the MVF veteran who brought in approximately 80% of the television post-  
6 production work, left MVF and took a team of television post-production employees and key  
7 clients with him. Johnson had been with MVF for 25 years.

8 114. Tyler Perry Studios was a major television post-production client for MVF. Vice  
9 President Tommy Watt resigned and moved in house at Tyler Perry Studios, with the plan to take  
10 shows in-house and out of MVF.

11 115. By way of comparison, after Deloitte became involved with MVF but before it fired  
12 Barkat, not a single client or key employee left the company. It was only after he was fired that  
13 the flood gates opened.

14 116. Deloitte, at the direction of Medley, also fired MVF's longtime CFO, Miller. And  
15 then, rather than hire someone with the experience and knowledge to perform the job, Deloitte  
16 hired a CFO loyal to Deloitte that had no post-production experience.

17 117. Deloitte, at the direction of Medley, also ran the company in a callous manner that  
18 lost the trust of employees. For example, it decided to replace MVF's experienced human  
19 resources department with a company called ManagEase (which was also secretly retained to  
20 drum up pretextual reasons for terminating Miller, who also had an employment contract with the  
21 company).

22 118. One of the human resources employees being replaced by ManagEase, Judith  
23 Shapiro, was two weeks from retirement. Rather than let her finish the last two weeks of her  
24 career and let her say her goodbyes to her longtime colleagues, it fired her.

25 119. Around April 2015, Barkat had a meeting with Avila after Johnson had announced  
26 that he was leaving MVF and taking his team with him. Barkat offered to help run the company  
27 again and turn things around.  
28

1 120. Avila responded that firing Barkat was a mistake. Avila said that he needed to talk  
2 to Medley before making a decision regarding Barkat's return to the company. Avila said he  
3 would talk to Medley and get back to Barkat. Avila never reported back.

4 121. Today, on information and belief, due to the mismanagement and wrongful acts of  
5 Medley, Deloitte and Sweet, MVF's revenues are down significantly, and virtually all of the  
6 value of the company has been destroyed. By way of comparison, at the time the Technicolor deal  
7 was being negotiated, the Content Management Division alone was projected to be worth in  
8 excess of \$100 million.

9 122. As a result, Barkat has been damaged by Defendants' actions in an amount in excess  
10 of \$100 million.

11 **FIRST CAUSE OF ACTION**

12 **Breach of Employment Contract**

13 **(By Barkat Against MVF)**

14 123. Barkat repeats and realleges each and every foregoing and subsequent allegation  
15 contained in the Complaint, and further alleges as follows:

16 124. Barkat's employment at MVF was governed by the Employment Agreement. Under  
17 the Employment Agreement, MVF could only terminate Barkat's employment for "cause," as  
18 defined in the Employment Agreement.

19 125. The reasons stated in the Termination Letter for Barkat's termination are false and  
20 pretextual, as set out above. The allegations set out in the Termination Letters are not the real  
21 reasons Barkat was terminated. Barkat was not "insubordinate," as defined in the Employment  
22 Agreement. Medley and Deloitte authorized Barkat's compensation.

23 126. Moreover, the reasons provided to Barkat for his termination do not constitute  
24 "cause" for termination, even if true.

25 127. Furthermore, Barkat was entitled to ten days' notice before being terminated for  
26 "cause" and ten days to cure alleged insubordination. MVF did not provide Barkat with notice or  
27 time to cure, in material breach of the agreement.  
28

1 128. An additional breach of the Employment Agreement occurred when Barkat was  
2 demoted on July 1, 2014 by being removed as an officer of MVF.

3 129. Barkat duly performed all of the terms and conditions required to be performed  
4 under the Employment Agreement, except to the extent his performance was prevented or excused  
5 by the conduct of the Defendants.

6 130. MVF breached the Employment Agreement by terminating Barkat without cause and  
7 failing to pay him the salary and other benefits owed to him under the contract.

8 131. As a direct and proximate cause of MVF's breach of the Employment Agreement,  
9 Barkat has been damaged by the amount he is owed under the agreement, in excess of \$5 million.

10 **SECOND CAUSE OF ACTION**

11 **Intentional Interference With Employment Contract**

12 **(By Barkat Against Deloitte, Medley and Sweet)**

13 132. Barkat repeats and realleges each and every foregoing and subsequent allegation  
14 contained in the Complaint, and further alleges as follows:

15 133. The Employment Agreement was a valid contract between Barkat and MVF.

16 134. Deloitte, Medley and Sweet are, and at all material times were, aware of the  
17 existence of the Employment Agreement.

18 135. Deloitte, Medley and Sweet engaged in conduct that was calculated to disrupt  
19 Barkat's rights under the Employment Agreement, which prevented Barkat from realizing the  
20 benefits of the contractual relationship with MVF. In bad faith, they plotted to and did demote and  
21 fire Barkat so that they could operate MVF for the benefit of Medley and Deloitte, without MVF's  
22 sole shareholder observing and questioning their misconduct and actions.

23 136. Barkat has been damaged as a result of Deloitte's, Medley's and Sweet's intentional  
24 interference with the Employment Agreement in an amount in excess of \$5 million. Their conduct  
25 was a substantial factor in causing harm to Barkat.

26 137. Their acts were undertaken intentionally and in conscious disregard of Barkat's  
27 rights. In addition, their acts were malicious, oppressive and fraudulent. Barkat should be  
28 awarded punitive damages sufficient to punish them and to deter similar conduct in the future.

1 **THIRD CAUSE OF ACTION**

2 **Breach of Fiduciary Duty**

3 **(Against Medley)**

4 138. Barkat repeats and realleges each and every foregoing and subsequent allegation  
5 contained in the Complaint, and further alleges as follows:

6 139. Medley shared a special relationship of a fiduciary nature with Barkat, MVF's sole  
7 shareholder, by virtue of the excessive control it exhibited over MVF and its affairs. This control  
8 includes, but is not limited to: (a) requiring MVF to retain certain consultants, such as Kibel  
9 Green, Deloitte, and ManagEase; (b) hiring and firing MVF employees; (c) controlling MVF's  
10 decision as to whether or not to enter into a transaction with Technicolor; (d) controlling which  
11 bills MVF would or would not pay; (e) firing the MVF board and appointing Sweet, an agent of  
12 Medley; (f) exhibiting financial control of MVF; (g) instructing MVF on which contracts to honor,  
13 including ordering Barkat to breach Johnson's employment contract; (h) making employment  
14 personnel decisions; (i) installing agents of Medley into key executive positions; (j) making the  
15 decision to fire Barkat, the CEO and sole shareholder of MVF; and (k) preventing Barkat's  
16 involvement in his own company.

17 140. Medley breached its fiduciary duties by knowingly acting against Barkat's  
18 interests—including, but not limited to, (a) obstructing the deal with Technicolor, (b) taking  
19 excessive cash out of MVF, (c) firing Barkat after he presented the Barkat Plan, (d) blocking  
20 Barkat from being involved with MVF, thereby not allowing him to determine the destiny of the  
21 company he built and owns, (e) installing its agents Deloitte and Sweet into key positions at MVF,  
22 even though they were unqualified to run the company, (f) directing its agents to take actions for  
23 Medley's benefit, to the detriment of MVF, and (g) using its excessive control over MVF to order  
24 MVF to take actions that were detrimental to the company, such as not paying Johnson the  
25 compensation he was owed.

26 141. Moreover, as a lender in control of MVF, Medley owes fiduciary duties to MVF's  
27 creditors. Barkat is also a creditor of MVF because of the compensation owed to him under the  
28 Employment Agreement. Medley has breached the fiduciary duties it owes Barkat as a creditor of

1 MVF. Medley, using its control of MVF in bad faith, has diverted assets from MVF that might  
2 otherwise have been used to pay Barkat what he is owed.

3 142. Barkat did not consent to any of the actions taken by Medley, which were contrary to  
4 his interests.

5 143. Barkat has been damaged as a result of Medley's breaches of fiduciary duty in an  
6 amount in excess of \$100 million.

7 144. Medley's conduct was committed with the intent of depriving Barkat of his rights  
8 and causing injury to him. The conduct was despicable and subjected Barkat to unjust hardship.  
9 Medley's conduct was malicious, fraudulent and oppressive, and was committed with a conscious  
10 disregard for the rights of Barkat. Accordingly, Barkat is entitled to an award of punitive or  
11 exemplary damages in an amount sufficient to punish Medley and to make an example of Medley.

#### 12 FOURTH CAUSE OF ACTION

##### 13 Breach of Fiduciary Duty

##### 14 (Against Deloitte)

15 145. Barkat repeats and realleges each and every foregoing and subsequent allegation  
16 contained in the Complaint, and further alleges as follows:

17 146. Deloitte is in the business of providing "interim management" and "restructuring  
18 advisory services" to companies. Deloitte shared a special relationship of a fiduciary nature with  
19 Barkat, MVF's sole shareholder. Specifically, Deloitte's employees worked in key management  
20 positions at MVF, including Avila as Chief Restructuring Officer and CEO and Crouse as  
21 Assistant Chief Restructuring Officer and President. These employees were and are agents of  
22 Deloitte.

23 147. Deloitte, through its agents, breached its fiduciary duties by knowingly acting against  
24 Barkat's interests. Deloitte breached its fiduciary duty by: (a) taking excessive cash out of MVF;  
25 (b) firing Barkat after he presented the Barkat Plan; (c) blocking Barkat from implementing the  
26 Barkat Plan and determining the destiny of the company he built and owns; (d) misrepresenting  
27 the experience that Avila and Crouse have in the post-production space in order to secure a  
28 lucrative assignment; (e) retaining employees who lacked requisite industry experience but were

1 loyal to Deloitte or Medley; (f) taking actions for the benefit of Medley in order to secure future  
2 business from Medley; and (g) failing to take necessary actions to prevent the decline of MVF's  
3 business, including, but not limited to, retaining key employees and clients.

4 148. Barkat did not consent to any of the actions taken by Deloitte, which were contrary  
5 to his interests.

6 149. Barkat has been damaged as a result of Deloitte's breaches of fiduciary duty in an  
7 amount in excess of \$100 million.

8 150. Deloitte's conduct was committed with the intent of depriving Barkat of his rights  
9 and causing injury to him. The conduct was despicable and subjected Barkat to unjust hardship.  
10 Deloitte's conduct was malicious, fraudulent and oppressive, and was committed with a conscious  
11 disregard for the rights of Barkat. Accordingly, Barkat is entitled to an award of punitive or  
12 exemplary damages in an amount sufficient to punish Deloitte and to make an example of  
13 Deloitte.

#### 14 **FIFTH CAUSE OF ACTION**

##### 15 **Breach of Fiduciary Duty**

##### 16 **(Against Sweet)**

17 151. Barkat repeats and realleges each and every foregoing and subsequent allegation  
18 contained in the Complaint, and further alleges as follows:

19 152. Sweet shares a special relationship of a fiduciary nature with Barkat, MVF's sole  
20 shareholder, by virtue of his position as the sole board member of MVF.

21 153. Sweet breached his fiduciary duties by knowingly acting against Barkat's interests.  
22 Instead, Sweet acted in the interest of Medley, who handpicked him to serve as MVF's sole board  
23 member because he had a close relationship with Medley's attorneys. Among other things,  
24 Sweet's breaches of fiduciary duty include: (a) retaining Deloitte at the direction of Medley  
25 without doing a proper, independent analysis of whether Deloitte had the requisite experience to  
26 run a post-production company; (b) failing to take actions to stop the termination of Barkat, even  
27 though that decision would cause catastrophic damage to MVF; (c) blocking Barkat from being  
28 involved with MVF so as to determine the destiny of the company he built; (d) failing to properly



1 supervise Medley's and Deloitte's actions within MVF, including their improper taking of cash  
2 from the company and their retention of personnel that lacked requisite experience; (e) running the  
3 board as an agent of Medley for the benefit of Medley; and (f) removing Barkat as an officer of  
4 MVF.

5 154. Barkat did not consent to any of the actions taken by Sweet, which were contrary to  
6 his interests.

7 155. Barkat has been damaged as a result of Sweet's breaches of fiduciary duty in an  
8 amount in excess of \$100 million.

9 156. Sweet's conduct was committed with the intent of depriving Barkat of his rights and  
10 causing injury to him. The conduct was despicable and subjected Barkat to unjust hardship.  
11 Sweet's conduct was malicious, fraudulent and oppressive, and was committed with a conscious  
12 disregard for the rights of Barkat. Accordingly, Barkat is entitled to an award of punitive or  
13 exemplary damages in an amount sufficient to punish Sweet and to make an example of him.

#### 14 SIXTH CAUSE OF ACTION

##### 15 Aiding and Abetting Breach of Fiduciary Duty

##### 16 (Against Medley)

17 157. Barkat repeats and realleges each and every foregoing and subsequent allegation  
18 contained in the Complaint, and further alleges as follows:

19 158. Medley has used its position of power as lender to enshrine and protect certain  
20 persons at MVF in key positions that owe fiduciary duties to Barkat, including placing Deloitte at  
21 the helm of MVF—including Avila and Crouse as heads of MVF—and appointing Sweet as the  
22 sole board member of MVF.

23 159. Medley knowingly provided substantial assistance to Avila, Crouse, and Sweet in  
24 their breaches of duty by directing them to act for Medley's benefit and Barkat's detriment,  
25 providing affirmative assistance and guidance in frustrating Barkat's efforts to save the company  
26 and concealing these fiduciaries' violations of duty and their allegiance to Medley.

27 160. The breaches of fiduciary duty aided and abetted by Medley—which are more fully  
28 set forth in the Fourth and Fifth Causes of Action—include: (a) directing Sweet to retain Avila and

1 Crouse, agents of Medley that lacked the requisite experience to run MVF; (b) causing Avila to  
2 fire Barkat; (c) directing Avila, Crouse and Sweet to block Barkat from being involved with MVF;  
3 and (d) directing Sweet to not properly supervise Medley and Deloitte in their operation of MVF.

4 161. As a direct and proximate cause of these breaches, Barkat has suffered damages in  
5 excess of \$100 million.

6 162. Medley's conduct was committed with the intent of depriving Barkat of his rights  
7 and causing injury to him. The conduct was despicable and subjected Barkat to unjust hardship.  
8 Medley's conduct was malicious, fraudulent and oppressive, and was committed with a conscious  
9 disregard for the rights of Barkat. Accordingly, Barkat is entitled to an award of punitive or  
10 exemplary damages in an amount sufficient to punish Medley and to make an example of Medley.

#### 11 SEVENTH CAUSE OF ACTION

#### 12 Unfair Competition, California Bus. & Prof. Code § 17200

#### 13 (Against Medley)

14 163. Barkat repeats and realleges each and every foregoing and subsequent allegation  
15 contained in the Complaint, and further alleges as follows:

16 164. Medley has engaged in unlawful, unfair and fraudulent conduct through the conduct  
17 set forth in Barkat's Second Cause of Action (Intentional Interference With Employment  
18 Contract), Third Cause of Action (Breach of Fiduciary Duty), and Sixth Cause of Action (Aiding  
19 And Abetting Breach of Fiduciary Duty). The allegations in each of those Causes of Action are  
20 joined and incorporated herein.

21 165. Medley is a licensed "Finance Lender" and, as such, is subject to the rules set forth  
22 in California Financial Code sections 22000, *et seq.*

23 166. Medley has engaged in unlawful, unfair and fraudulent conduct through its violation  
24 of California Financial Code sections 22000, *et seq.*, including, but not limited to:

- 25 (a) making materially false and misleading statements and representations to  
26 Barkat, including, but not limited, statements about the loan and the Technicolor Venture;  
27 (b) knowingly misrepresenting, circumventing and concealing, through subterfuge  
28 and device, material aspects and information, such as Medley's decision to not release the

1 collateral so that the Technicolor deal could go through and its plan to terminate Barkat  
2 and take further control of MVF; and

3 (c) committing acts that constitute fraudulent and dishonest dealings, including  
4 obstructing the Technicolor Venture, terminating Barkat from his own company and  
5 blocking him from helping the company.

6 167. On information and belief, Medley's actions were made pursuant to a pattern and  
7 practice to use unlawful, unfair and fraudulent conduct to engage in predatory lending and deal  
8 with borrowers in a fraudulent and dishonest manner.

9 168. As a direct and consequential result of these actions, Barkat has been caused to suffer  
10 monetary losses, lose his job and his income therefrom, lose control of MVF and its board, and  
11 lose equity rights in MVF. Medley has received ill-gotten gains from its conduct, including  
12 diverting cash to itself, obtaining equity rights in MVF and gaining control of MVF and its board.

13 169. Barkat is entitled to restitutionary relief, including recovery of all money and  
14 property obtained by MVF due to its fraudulent, unfair and unlawful conduct that was owned  
15 (whether indirectly or directly) by Barkat—including, but not limited to, Barkat's stock in MVF  
16 which Medley has encumbered, diminution in the value of that stock, MVF warrants obtained by  
17 Medley, all money taken by Medley for interest, penalties or fees, and all benefits conferred by  
18 Medley upon itself as a result of its conduct.

19 170. Barkat is also entitled to injunctive relief barring Medley from taking any action that  
20 would further encumber or dilute Barkat's MVF stock, including, but not limited to, exercising  
21 any warrants that Medley holds in MVF stock and foreclosing on any of Barkat's MVF stock or  
22 stock rights.

## 23 EIGHTH CAUSE OF ACTION

### 24 Defamation

#### 25 (Against All Defendants)

26 171. Barkat repeats and realleges each and every foregoing and subsequent allegation  
27 contained in the Complaint, and further alleges as follows:  
28

172. Defendants each made false, nonprivileged statements of fact, both written and oral, that had a tendency to injure Barkat in his occupation and that expose their hatred, contempt, ridicule and obloquy towards Barkat. These statements include, but are not limited to, the reasons for Barkat's termination provided in the Termination Letter and published amongst themselves, to MVF employees and to others. In addition, Barkat has been compelled to self-publish these false statements when explaining to prospective employers the reasons for his termination.

173. These statements referred to Barkat by name, were made of and concerning Barkat, and were so understood by those who read and heard these statements to relate to Barkat.

174. As a proximate result of these statements, Barkat has suffered loss of reputation, shame, mortification and injury to his feelings, in an amount of damages in excess of \$10 million.

175. These acts were undertaken intentionally and in conscious disregard of Barkat's rights. In addition, these acts were malicious, oppressive and fraudulent. Barkat should be awarded punitive damages sufficient to punish Defendants and to deter similar conduct in the future.

#### **PRAYER FOR RELIEF**

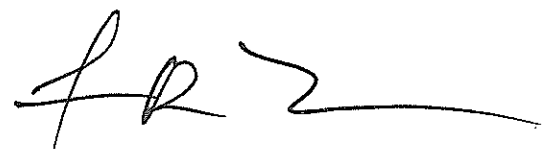
WHEREFORE, Plaintiffs pray for judgment against Defendants and for relief as follows:

1. For general and consequential damages according to proof, but believed to be in excess of \$100 million;
2. For restitutionary damages;
3. For injunctive relief;
4. For punitive damages;
5. For attorneys' fees and costs;
6. For pre-judgment and post-judgment interest; and
7. For such other and further relief as the Court may deem just and proper.

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DATED: May 29, 2015

MILLER BARONDESS, LLP

By: 

LOUIS R. MILLER  
Attorneys for Plaintiffs  
MOSHE BARKAT and MODERN  
VIDEOFILM HOLDINGS, LLC

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury for the above matter.

DATED: May 29, 2015

MILLER BARONDESS, LLP

By: 

LOUIS R. MILLER  
Attorneys for Plaintiffs  
MOSHE BARKAT and MODERN  
VIDEOFILM HOLDINGS, LLC

## EMPLOYMENT AGREEMENT

AGREEMENT dated as of April 27, 1992 by and between Modern VideoFilm, Inc., a California corporation (the "Company"), and Moshe Barkat ("Executive").

### W I T N E S S E T H:

WHEREAS, Executive is presently employed on a full-time basis by the Company and, prior to the date hereof, there was no employment agreement in effect between Executive and the Company; and

WHEREAS, the Company wishes to secure the continued employment of Executive on a full-time basis, and Executive wishes to accept such employment, for the period and on the terms and subject to the conditions set forth herein; and

WHEREAS, the execution and delivery of this Agreement by the parties hereto is a condition to the consummation of the transactions contemplated by that certain Securities Purchase Agreement (the "Purchase Agreement") among the Company, Executive, MV Holdings, Inc., a Delaware corporation ("Holdings"), and Bear Stearns Acquisition XIV, Inc., a Delaware corporation ("Acquisition"), pursuant to which Holdings will become the

EXHIBIT A

WHEREAS, in connection with the purchase by Acquisition and Executive of shares of the capital stock of Holdings, Holdings, Executive and Acquisition are entering into a Shareholders' and Registration Rights Agreement (the "Shareholders' Agreement") relating to and providing for, among other things, the governance of Holdings and certain rights and restrictions with respect to the transfer of the capital stock of Holdings, on the terms and subject to the conditions set forth therein; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

2. Term. Executive's employment hereunder shall be for an initial term commencing on the date hereof and



continuing, unless sooner terminated as provided herein, until the fifth anniversary of the date hereof (the "Initial Term"), subject to the Company's right to extend the Initial Term for an additional term of two years (the "Renewal Term"), by written notice from the Company to Executive not less than 180 days prior to the end of the Initial Term. The Initial Term and the Renewal Term, if any, are together hereinafter referred to as the "Term." Notwithstanding the foregoing, if Acquisition sells, transfers or otherwise disposes of more than 80% of its equity interest in Holdings to a third party other than a Bear Stearns Company (as defined in the Shareholders' Agreement) or an Affiliate (as defined in the Purchase Agreement) of Acquisition (a "Change of Control") while more than three years remain in the Term, Executive shall have the right to reduce the remainder of the Term to a period of not less than three years from the date of such Change of Control by written notice to the Company given not less than 10 days prior to the consummation of the transaction constituting such Change of Control.

3. Duties. (a) During the Term, Executive shall serve as President and Chief Executive Officer of the Company, and shall perform his services faithfully, diligently and to the best of his ability in a manner

consistent with such offices, subject to the direction and supervision of the Board of Directors of the Company. During the Term, Executive shall apply his skill and experience on a full-time basis to the performance of his duties of employment hereunder, and shall have no other employment or outside business activities that would require the devotion of significant amounts of his time or otherwise interfere with his performance hereunder.

(b) Executive understands and agrees that, in connection with his employment hereunder, he may be required from time to time to travel on behalf of the Company or its subsidiary or affiliated companies.

4. Compensation. During the Term, the Company shall pay to Executive, as full compensation for the services to be rendered by Executive under this Agreement, a base salary of \$475,000 per annum (the "Base Salary"), payable in equal weekly installments, less such deductions as may be required to be withheld in accordance with applicable law or regulations from time to time in effect. Such Base Salary shall be subject to adjustment (the "CPI Adjustment") on each April 1 (or as soon thereafter as possible) during the Term, which adjustment shall be effective on each anniversary date of this Agreement during the Term, to reflect the increase, if any, in the cost of

living so that it shall be equal to the greater of (i) the Base Salary in effect during the immediately preceding year or (ii) an amount determined by multiplying (A) the Base Salary in effect during the immediately preceding year by (B) a fraction, the numerator of which is the Index (as hereinafter defined) for the month immediately preceding the month in which the Base Salary is to be adjusted and the denominator of which is the Index for the same month of the immediately preceding calendar year. For purposes hereof, the term "Index" shall mean the national Consumer Price Index - All Items Index - All Urban Consumers published by the Bureau of Labor Statistics or any successor index thereto.

5. Expenses. From time to time the Company shall advance to or reimburse Executive for all reasonable travel and business entertainment expenses actually incurred or paid by Executive during the Term in the performance of Executive's services under this Agreement, up to an aggregate of \$75,000 per calendar year (pro-rated for any period less than a full calendar year), upon submission by Executive to the chief financial officer of the Company (with copies to the Board of Directors of Holdings, upon its request therefor) of vouchers, expense statements or such

other supporting information as the chief financial officer may reasonably require.

6. Executive Benefits. Executive shall be entitled to participate (to the extent eligible) in any and all group life, hospitalization or disability benefit plans, health programs, pension plans or similar employee benefit plans that are generally available to executive employees of the Company from time to time during the Term, including, without limitation, such plans and programs as are set forth on Schedule I hereto. The Company currently owns a Mercedes 500 SL automobile utilized exclusively by Executive, with respect to which the Company makes installment loan payments. As of June 23, 1993, the Company shall lease for Executive's use a new automobile of a model comparable to the Mercedes 500 SL (the "Leased Automobile") for a two year term, provided that the monthly lease payments with respect to the new automobile shall not exceed the installment loan payments made by the Company with respect to the Mercedes 500 SL. The Leased Automobile shall be replaced by the Company every two years during the Term (with an automobile of a comparable model) provided that in each case the lease term shall be for a period of two years and the monthly lease payments with respect to each Leased Automobile shall

not exceed the monthly lease payments with respect to the automobile being replaced.

7. Disability. In the event of the Disability (as hereinafter defined) of Executive during the Term, the Company shall have the right to terminate Executive's employment hereunder by written notice to Executive, such termination to become effective thirty (30) days after the giving of such notice or such later date as the Company may specify in such notice. Upon such termination, the parties' rights and obligations hereunder shall cease to exist, and this Agreement shall be of no further force or effect, except that (i) Executive shall be entitled (subject to Section 9) to receive his Base Salary then in effect and the benefits set forth in Section 6 above as then in effect (other than the right to a Leased Automobile), without regard to any CPI Adjustment otherwise provided for hereunder, for a period of eighteen (18) months from the date of his termination of employment under this Section 7 (which termination shall be no earlier than the last day of the period referred to in clauses (a) or (b), as applicable, of the last sentence of this Section 7), payable in accordance with, and at the times specified in, this Agreement, and (ii) Executive's obligations under Section 11 hereof shall continue as provided therein. It is understood

and agreed that the tender to Executive of the payments provided for in this Section 7 will constitute full discharge and release of the Company of and from any further obligations under this Agreement (other than to pay compensation, expenses or benefits that accrued but were unpaid prior to the date of such termination). For purposes of this Agreement, "Disability" means any physical or mental disability or incapacity, whether total or partial, that renders Executive substantially incapable of performing the services required to be performed by him under this Agreement (a) for a period of six consecutive months or (b) for shorter periods aggregating six months during any twelve month period.

8. Death. In the event of the death of Executive during the Term, this Agreement shall automatically terminate, except that Executive's legal representatives shall be entitled (subject to Section 9) to receive Executive's Base Salary then in effect, without regard to any CPI Adjustment otherwise provided for hereunder, for a period of eighteen (18) months from the date of his death, payable in accordance with, and at the times specified in, this Agreement. It is understood and agreed that the tender to Executive's legal representative of the payments provided for in this Section 8 will

constitute full discharge and release of the Company of and from any further obligations under this Agreement (other than to pay compensation, expenses or benefits that accrued but were unpaid prior to the date of such termination).

9. Insurance. The Company may, from time to time, apply for and take out, in its own name, naming itself and Acquisition as designated beneficiaries (which may be changed from time to time with the prior written consent of Acquisition), additional policies for health, accident, life, disability or other insurance upon the Executive from reputable insurers, in any amount that it may deem necessary or appropriate to protect the Company's and Acquisition's interests. Executive agrees to aid the Company in procuring such insurance by submitting to reasonable medical examinations and by filling out, executing and delivering such applications and other instruments in writing as may be reasonably required by an insurance company to which the Company may apply for insurance. The amount of compensation required to be paid by the Company to Executive under Section 7 (the "Disability Benefit") shall be reduced by all amounts paid to Executive or Executive's legal representatives upon Executive's Disability as described in such section under any disability plans or disability policies of the Company of any kind. In the case of any

such payments received by Executive that are not subject to taxation, the amount of the Disability Benefit shall be further reduced by the excess of the Disability Benefit over the amount calculated by multiplying (i) the aggregate amount of the tax-free disability payments to Executive by (ii) the aggregate federal, state and local income tax rate (net of any federal benefit in the case of state and local rates) that would otherwise be payable on that amount by Executive during the year of his Disability.

10. Termination for "Cause". The Company may terminate Executive's employment hereunder, upon at least ten (10) days' prior written notice from the Company to Executive, for "cause," if Executive shall commit any of the following acts (each, an "Act of Default"):

(a) Executive shall be guilty of willful misconduct, insubordination or gross neglect of duties in the carrying out of any of Executive's material obligations as set forth herein ("insubordination" for purposes hereof means the willful contravention or failure to follow lawful instructions given to Executive by the Board of Directors of the Company relating to the performance by Executive of his duties hereunder which continues for a period of 10 days without cure after notice thereof by the Company to Executive);



(b) Executive shall have committed an act of theft, willful and improper taking, embezzlement or other fraudulent activity with respect to the Company or any Affiliate (as such term is defined in the Securities Purchase Agreement) of the Company;

(c) Executive shall breach any material provision of this Agreement (other than a breach constituting an Act of Default under clause (a) or (b) of this Section 11, or a default in the payment of any amounts due and owing under either of the Notes (as defined in Section 12)) and such breach continues for thirty (30) days without cure after notice thereof by the Company to Executive, or Executive shall breach any material provision of the Shareholders' Agreement and such breach shall continue beyond the applicable period for cure (if any) provided in the Shareholders' Agreement (except that any "Default" as defined and occurring under Section 1.2(a) of said Shareholders' Agreement shall not be deemed to constitute an "Act of Default" under this paragraph 10(c)); and

(d) Executive shall be convicted of (or plead nolo contendere to) (i) any felony or (ii) any misdemeanor involving moral turpitude.

Upon such termination for cause, the rights and obligations of the parties hereunder (other than Executive's obligations

set forth in Section 11 and the Company's obligations to pay Executive compensation accrued under this Agreement pursuant to its terms but unpaid as of the date of termination) shall cease and this Agreement shall be of no further force or effect. The waiver by the Company of any Act of Default, or the failure by the Company to terminate Executive's employment hereunder in respect of any Act of Default, shall not be construed as a waiver of any subsequent similar or other Act of Default.

11. Restrictive Covenants and Confidentiality;  
Injunctive Relief.

(a) No Solicitation. As a condition to the performance by the Company of its obligations hereunder (particularly its obligations under Section 4) and for the reasons set forth in subsection (e) or this Section 11, Executive agrees that during the Term and for a period of two years thereafter, Executive shall not, without the prior unanimous written approval of the Company, directly or indirectly:

(i) solicit, raid, entice or induce any person, firm or corporation that presently is or at any time during the Term shall be a customer of the Company or any of its subsidiary or affiliated companies to become a customer of any other person, firm or corporation for products or services the same as, or

similar to, those products and services as from time to time shall be provided by the Company or any of its subsidiary or affiliated companies, and Executive shall not approach any such person, firm or corporation for such purpose or authorize or knowingly approve the taking of such actions by any other person, firm or corporation or assist any such person, firm or corporation in taking such action, and, in the event that Executive breaches any term, covenant or agreement contained in this Agreement or is terminated by the Company for "cause" pursuant to Section 10 hereof, Executive shall not, and shall not permit any entity or other business in which he has a material interest (other than solely through the ownership of less than 1% of the outstanding stock of any publicly held and traded company held solely for investment) to, provide to any such customer any products or services the same as, or similar to, those products or services as from time to time shall be provided by the Company or any of its subsidiary or affiliated companies; or

(ii) solicit, raid, entice or induce any person that presently is or at any time during the Term shall be an employee of or consultant to the Company or any of its subsidiary or affiliated companies to become

employed by or a consultant to any person, firm or corporation, and Executive shall not approach any such employee for such purpose or authorize or knowingly approve the taking of such actions by any other person, firm or corporation or assist any such person, firm or corporation in taking such action, and, in the event that Executive breaches any term, covenant or agreement contained in this Agreement or is terminated by the Company for "cause" pursuant to Section 10 hereof, Executive shall not, and shall not permit any entity or other business in which he has a material interest (other than solely through the ownership of less than 1% of the outstanding stock of any publicly held and traded company held solely for investment) to, employ or otherwise obtain services from any such employee or consultant.

(b) Non-Compete During Term. Executive agrees, on his own behalf and on behalf of his Affiliates, that, except as set forth on Schedule II hereto, during the Term Executive shall not, directly or indirectly, in any area (whether within or outside of the United States), (i) engage or participate in any business activity that is in competition, directly or indirectly, with the Company or any of its subsidiary or affiliated companies, or otherwise

engage in any business that is the same as or similar to that of the Company or any of its subsidiary or affiliated companies, (ii) own, or permit any Affiliate, or spouse to own any interest in any such business, or provide any financial assistance or otherwise actively assist, advise or participate with any Affiliate, relative, or spouse (or any relative of his spouse) in the ownership or acquisition of any interest in any such business (other than the ownership of less than 1% of the outstanding stock of any publicly held and traded company held solely for investment purposes), (iii) serve, or permit any Affiliate or spouse to serve, as an officer, director or employee of or consultant to, any person, firm or corporation that is a competitor, lessor, lessee, supplier, distributor or sales agent of the Company or any of its subsidiary or affiliated companies or (iv) own or use for his personal benefit or permit any Affiliate, relative or spouse (or any relative of his spouse) to own or use for their personal benefit, any property that the Company uses in the conduct of its business, except, with respect to the Executive only, certain computer or video equipment, cable television services and telephone lines of the Company maintained by Executive at his personal residence as set forth on Schedule III hereto.

(c) Confidential Information. Executive agrees that he shall not, during the Term or at any time thereafter, disclose to any person not employed by, or not engaged to render services to, the Company (it being understood and agreed that disclosure to such employees and persons engaged to render services to the Company shall be made only to the extent reasonably necessary in the conduct of the Company's business), or use for his benefit or the benefit of others, any Confidential Information. For purposes of this Agreement, "Confidential Information" means information with respect to the Company and its subsidiary and affiliated companies or its business relating to costs, sales, profits, products, markets, personnel, customers (including, without limitation, the identity of existing and prospective customers whose identity is not generally publicly known in the video post-production industry and, with respect to all customers, specific knowledge as to pricing policies, including volume-related pricing policies, technical specifications required or preferred and other information not publicly known that is necessary or useful in servicing such customers and that is obtained by the Company in the course of providing services to such customers), suppliers, licensors, pricing policies, operational methods, methods of manufacture, design and

design projects, inventions and research projects, technical processes and other business methods, trade secrets, consultant contractors, subscription lists, and new personnel and other acquisition plans, product and other development plans and other business plans.

(d) Property of the Company. Any method, development, invention and/or improvement, whether patentable or unpatentable, relating to the business of the Company or any of its subsidiary or affiliated companies which Executive may conceive of or make during the Term, and all memoranda, notes, lists, records and other documents or papers (and all copies thereof), including such items stored in computer memories, microfiche or by other means, made or compiled by or on behalf of Executive, are and shall remain the property of the Company. Executive agrees to promptly communicate and disclose all such methods, developments, inventions and improvements to the Company and to execute and deliver to the Company any instruments deemed necessary by the Company to effect disclosure and assignment thereof to the Company and, upon termination of his employment hereunder, to deliver to the Company or any successor thereto all memoranda, notes, lists, records and other documents and papers referred to above. Executive agrees to execute patent applications based on such methods,

developments, inventions and/or improvements on request of the Company, including any other instruments deemed necessary by the Company for the prosecution of such patent applications or the acquisition of Letters Patent in the United States and/or any foreign countries, and Executive further agrees to execute ownership agreements and such other agreements and instruments as the Company shall prescribe to vest in the Company all rights, title and interests in such patents, patent applications, methods, developments, inventions and/or improvements.

(e) Rights and Remedies. Executive acknowledges that the services to be rendered by Executive are of a special, unique and extraordinary character and Executive will have access to confidential information vital to the business of the Company and its subsidiary and affiliated companies. Executive further acknowledges and warrants that, as President and Chief Executive Officer of the Company, Executive has been and will continue to be substantially responsible for the Company's business, which includes unique, valuable, confidential or trade secret information. As a result, and because the conduct by Executive of any of the activities proscribed in clauses (a), (b) and (c) of this Section 11, among others, would inherently involve the use by Executive of the Company's



confidential or trade secret information, Executive specifically agrees that the restrictions provided in those clauses are fair and reasonable and necessary for the Company to protect its valuable confidential and trade secret information. Executive also acknowledges that if Executive breaches, or threatens to commit a breach of, any of the provisions of this Section 11, the Company would sustain irreparable harm. Therefore, in addition to any other rights and remedies which the Company may have under this Agreement or otherwise, the Company and any Successor (as hereinafter defined) shall have the right and remedy to have the provisions of this Section 11 specifically enforced by any court having equity jurisdiction and/or the right and remedy to require the Executive to account for and pay over to the Company all profits and payments for services delivered or received by Executive or any Affiliate, relative or spouse (or any relative of his spouse) of Executive as a result of Executive's breach of any of the provisions of this Section 11, and Executive shall account for and pay over the same to the Company or any Successor. For purposes of this Agreement, "Successor" means any successor to the Company including, without limitation, any successor by merger or consolidation or by acquisition of

all or substantially all of the assets, property or business of the Company.

(f) Severability of Covenants. Executive acknowledges and agrees that the restrictions set forth in this Section 11 are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any of such restrictions, or any part thereof, is invalid or unenforceable, the remainder of such restrictions shall not be affected thereby and shall be given full effect without regard to the invalid restrictions or portions thereof. The parties further agree that should a court determine that any of such restrictions or any part thereof is invalid or unenforceable, then it is their intention that the court shall reduce the extent, duration, geographical scope or other provision thereof to the minimum extent necessary to make it valid and enforceable under applicable law, and that such restriction or part thereof, as so modified, shall be given full effect. The parties agree that if the court were to fail to observe this severability clause, then the value for which the Company has bargained in entering into this Agreement could be substantially impaired.

12. Additional Covenant of the Company. As further consideration for the services to be provided by Executive hereunder, the Company hereby agrees as follows:

(a) The Company shall make loans to Executive up to the aggregate principal amount of \$90,000, which loans shall be made in six (6) equal monthly installments of \$15,000 on the first business day of each month, commencing May 1, 1992 (the "\$90,000 Loan"); provided however that the Company shall not be obligated to make any such installment on or after the date of the closing of the sale of Executive's current residence. Executive shall use the proceeds of the \$90,000 Loan for certain mortgage payments on Executive's current residence. The \$90,000 loan shall be evidenced by and subject to the terms and provisions of a Promissory Note (the "\$90,000 Note") substantially in the form of Exhibit A hereto.

(b) The Company shall make a loan to Executive in the aggregate principal amount of \$160,000 for the payment of his federal income taxes for the taxable year ended December 31, 1991, which loan shall be evidenced by and subject to the terms and provisions of a Secured Promissory Note (the "\$160,000 Note" and, together with the \$90,000 Note, the "Notes") substantially in the form of Exhibit B hereto.

(c) In addition to, and without limiting any other rights the Company may have under the Notes or this Agreement, the Executive hereby grants to the Company a right to set-off and apply any payments (including, without limitation, any final payments payable upon termination of Executive's employment with the company) required to be made by the Company to Executive under this Agreement against any amounts owed but not paid when due (whether at stated maturity, acceleration or otherwise) by Executive to the Company under the Notes, without presentment, demand, protest or other notice of any kind, all of which Executive hereby expressly waives.

(d) If the Company meets the Annual Budgets (as defined in the Shareholders' Agreement) for the Company's 1992 and 1993 fiscal years prior to the Termination Date (as such term is defined in the \$90,000 Note), and Executive has, prior thereto, repaid all amounts payable under the \$90,000 Note, the Company shall pay to Executive as a bonus that sum equal to the amounts so borrowed and repaid (including interest paid) by Executive under the \$90,000 Note (the "Bonus Payment"); provided, however, that such Bonus Payment shall be subject to such deductions as may be required to be withheld in accordance with applicable law or regulations from time to time in effect.

13. Survival. Notwithstanding anything to the contrary contained in this Agreement, the provisions of Sections 11 and 12 shall survive the termination of Executive's employment hereunder, irrespective of the reason therefor.

14. Notices. All notices, requests, demands and other communications permitted or required hereunder shall be in writing, shall refer to this Agreement and may be delivered personally or sent by registered or certified mail, return receipt requested, or by courier service guaranteeing next-day delivery or by telecopy, receipt confirmed, to the parties at their addresses set forth below, or such other addresses as the parties may designate by like notice:

(a) If to the Company, to:

Modern VideoFilm, Inc.  
7165 Sunset Boulevard  
Hollywood, California 90046  
Attn: Controller  
Fax: (213) 859-1367

with a copy to:

Bear Stearns Acquisition XIV, Inc.  
c/o Bear, Stearns & Co. Inc.  
245 Park Avenue  
New York, New York 10167  
Attn: Jeffrey Weiss  
Fax: (212) 272-2977

and a copy to:

Weil, Gotshal & Manges  
767 Fifth Avenue  
New York, New York 10153  
Attn: Howard Chatzinoff, Esq.  
Fax: (212) 310-8007

(b) If to the Executive, to:

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
7165 Sunset Boulevard  
Hollywood, California 90046  
Fax: (213) 859-1367

with a copy to:

Jeffer, Mangels, Butler & Marmaro  
2121 Avenue of the Stars, Tenth Floor  
Los Angeles, California 90067  
Attn: Jeffrey E. Sultan, Esq.  
Fax: (310) 203-0567

Any such notice shall be deemed given, if delivered personally, upon receipt; if sent by certified or registered mail, 3 days after deposit (postage prepaid) with the U.S. mail service; if sent by courier service guaranteeing next-day delivery, the next business day following deposit with such courier service; and if telecopied, when receipt confirmed.

15. Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Neither this Agreement, nor any of the rights and obligations hereunder, shall be

assigned by any party hereto without the prior written consent of the other party, except that the Company may assign its rights and obligations hereunder to an Affiliate or any Successor.

16. Entire Agreement. This Agreement (together with the agreements and instruments referred to herein) contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, proposals or representations, arrangements or understandings, written or oral, with respect thereto. This Agreement may not be amended, modified, superseded or cancelled except in a writing signed by each of Executive and, on behalf of the Company, by a majority of the members of the Special Committee (as such term is defined in the Shareholders' Agreement), and the terms and conditions hereof may be waived only in a writing signed by Executive (if granted by Executive) or by a majority of the members of such Special Committee (on behalf of, and if granted by, the Company). Waiver by either party hereto (in the manner described in the preceding sentence) of any breach hereunder by the other party shall not operate as a waiver of any other breach, whether similar to or different from the breach waived.

17. Third Party Beneficiary. The parties hereby agree that, so long as Holdings owns shares of any class of stock of the Company, Holdings shall be a third party beneficiary hereunder and, so long as Acquisition owns shares of any class of stock of Holdings, Acquisition shall be a third party beneficiary hereunder, and as such Holdings and Acquisition shall be entitled to enforce on behalf of the Company to the fullest extent all of the Company's rights and remedies with respect to any breach or threatened breach by Executive of any covenant, agreement or understanding contained in this Agreement after notice to the Company of its intention to do so.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such state, without regard to principles of conflicts of laws in such state.

19. Paragraph Headings. The paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

20. Separability. In case any one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect, any such provision shall be



ineffective to the extent of such invalidity, illegality or unenforceability and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected thereby.

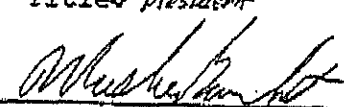
21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

MODERN VIDEOFILM, INC.

By: 

Name: Moshe Barkat  
Title: President

  
Moshe Barkat

Schedule I to  
Barkat Employment Agreement

1. 401(k) Profit Sharing Plan.
2. Section 125 Medical Insurance Plan.
3. Executive Benefit Plan.
4. Life insurance policies consistent with existing coverage up to \$10 million term insurance for the benefit of Barkat's living trust (excluding Sanwa Bank and Bear Stearns key man policies), the premiums for which are paid by the Company.
5. Execucare Health Care Plan.

Schedule II to  
Barkat Employment Agreement

1. GB Engineering.
2. Pro-Line Enterprises (US and Israel).
3. MVF - France.

Modern Videofilm, Inc.  
4411 West Olive Avenue  
Burbank, California 91505-4219

**COPY**

July 30, 1998

Mr. Moshe Barkat  
c/o Modern Videofilm, Inc.  
4411 W. Olive Avenue  
Burbank, CA 91505-4219

Re: New Employment Agreement

Dear Moshe,

As you are aware, we extended your Employment Agreement with the Company dated as of April 27, 1992, through the end of its renewal period, April, 27, 1999, per the terms thereof. However, in connection with certain proposed financing transactions with General Electric Capital Corporation, we will need to enter into a new employment agreement with you that will provide for your employment with the Company through the term of the loans made with GECC. In the interests of keeping all parties focussed on closing the GECC transactions, we are not seeking to enter into such an agreement with you at this time. Therefore, by signing below, you agree with the Company to enter into, within 60 days hereof, a new employment agreement for a term of equal duration to the term of the GECC loans, but which will more accurately reflect the current situation of you and the Company. Both you and the Company agree that the base salary provisions of your current employment agreement now in force, will not be modified.

Sincerely,

  
George Marton  
Chief Operating Officer

ACCEPTED AND AGREED  
AS OF JULY 30, 1998

  
Moshe Barkat



4411 West Olive Avenue, Burbank, California 91505-4219 (818) 840-1700

April 16, 2001

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
4411 W. Olive Avenue  
Burbank, CA 91505-4219

Re: Employment Agreement Term Extension and Amendment

Dear Moshe,

Reference is made to the Employment Agreement, dated April 27, 1992, between Modern Videofilm, Inc. and you (the "Employment Agreement"). As you are aware, the Employment Agreement was extended through the end of its renewal period, April, 27, 1999.

Because both you and Modern VideoFilm, Inc. (the "Company"), successor in interest to Modern Videofilm, Inc., desire to continue your employment with the Company, in consideration of your continued employment with the Company, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you and the Company hereby agree that: (i) the Term of the Employment Agreement is extended hereby from the date hereof through May 31, 2002 (the "Revised Term"); and (ii) the obligations of Modern Videofilm, Inc. are hereby assumed by the Company.

Additionally, you and the Company further agree as follows:

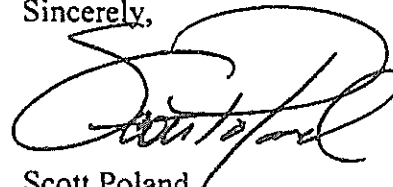
1. If the earnings before interest, taxes, depreciation and amortization (the "EBITDA") of the Company, together with its subsidiaries on a consolidated basis, exceeds \$10 million in any Company fiscal year ending during the Revised Term, the Company hereby agrees to pay you a bonus equal to ten percent (10%) of the amount of EBITDA which exceeds \$10 million (the "EBITDA Bonus"). The EBITDA Bonus shall be paid to you within a reasonable period of time after the Company has concluded its internal accountings for each fiscal year.
2. Intentionally omitted.

Both you and the Company agree that your current base salary and benefits will be deemed to be the applicable starting base salary and benefits for purposes of those matters in the Employment Agreement. Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

Moshe Barkat  
April 16, 2001  
Page 2

Please sign below indicating your acceptance of the foregoing.

Sincerely,

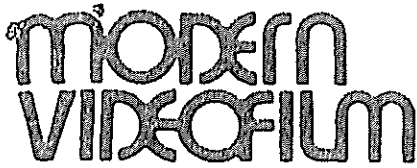
A handwritten signature in black ink, appearing to read "Scott Poland", written over a horizontal line.

Scott Poland  
Executive Vice President

ACCEPTED AND AGREED  
AS OF APRIL 16, 2001

A handwritten signature in black ink, appearing to read "Moshe Barkat", written over a horizontal line.

Moshe Barkat



4411 West Olive Avenue, Burbank, California 91505-4219 (818) 840-1700

May 31, 2002

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
4411 W. Olive Avenue  
Burbank, CA 91505-4219

Re: Employment Agreement Term Extension and Amendment

Dear Moshe,

Reference is made to the Employment Agreement, dated April 27, 1992, between Modern Videofilm, Inc. and you (the "Employment Agreement"). As you are aware, the Employment Agreement was extended through the end of its renewal period, April, 27, 1999 and then again through May 31, 2002.

Because both you and Modern VideoFilm, Inc. (the "Company"), successor in interest to Modern Videofilm, Inc., desire to continue your employment with the Company, in consideration of your continued employment with the Company, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you and the Company hereby agree that: (i) the Term of the Employment Agreement is extended hereby from the date hereof through October 14, 2007 (the "Revised Term"); and (ii) the obligations of Modern Videofilm, Inc. are hereby assumed by the Company.

Additionally, you and the Company further agree as follows:

1. If the earnings before interest, taxes, depreciation and amortization (the "EBITDA") of the Company, together with its subsidiaries on a consolidated basis, exceeds \$10 million in any Company fiscal year ending during the Revised Term, the Company shall pay you a bonus equal to ten percent (10%) of the amount of EBITDA generated by the Company (together with its subsidiaries on a consolidated basis) during that fiscal year which exceeds \$10 million (the "EBITDA Bonus"). The EBITDA Bonus shall be paid to you within a reasonable period of time after the Company has concluded its internal accountings for each fiscal year.
2. Intentionally omitted.

Both you and the Company agree that your current base salary and benefits will be deemed to be the applicable starting base salary and benefits for purposes of those matters in the

Moshe Barkat  
May 31, 2002  
Page 2

Employment Agreement. Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

Please sign below indicating your acceptance of the foregoing.

Sincerely,



Hugh Miller  
Executive Vice President

ACCEPTED AND AGREED  
AS OF May 31, 2002

  
Moshe Barkat





4411 West Olive Avenue, Burbank, California 91505-4219 (818) 840-1700

November 5, 2008

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
4411 W. Olive Avenue  
Burbank, CA 91505-4219

Re: Employment Agreement Term Extension and Amendment

Dear Moshe:

Reference is made to the Employment Agreement, dated April 27, 1992, between Modern Videofilm, Inc., a California corporation, and you (as amended, the "Employment Agreement"). As you are aware, the term of the Employment Agreement was extended through the end of its renewal period, April, 27, 1999, then again through May 31, 2002, and once again through October 14, 2007 (the "Expiration Date").

Because both you and Modern VideoFilm, Inc., a Delaware corporation (the "Company"), successor-in-interest to Modern Videofilm, Inc., desire that you continue your employment with the Company subsequent to the Expiration Date, in consideration of your continued employment with the Company, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you and the Company hereby agree that: (i) the Term of the Employment Agreement is extended hereby, retroactive from the Expiration Date, through September 30, 2010 (the "Revised Term"); (ii) because you and the Company have been operating since the Expiration Date essentially pursuant to the terms of the Employment Agreement, all monies paid to you and all benefits provided to you since the Expiration Date through the date hereof shall be deemed to have been paid and/or provided to you in accordance with the Employment Agreement; (iii) the Employment Agreement is hereby amended by replacing "Modern Videofilm, Inc." with "Modern VideoFilm, Inc." in all instances so as to make clear that all of the obligations of Modern Videofilm, Inc., a California corporation, arising under the Employment Agreement, have been assumed by the Company, a Delaware corporation.

Additionally, you and the Company agree that if the earnings before interest, taxes, depreciation and amortization (the "EBITDA") of the Company, together with its subsidiaries on a consolidated basis, exceeds \$10 million in any Company fiscal year ending during the Revised Term, the Company shall pay you a bonus equal to ten percent (10%) of the amount of EBITDA generated by the Company (together with its subsidiaries on a consolidated basis) during that fiscal year which exceeds \$10 million (the "EBITDA Bonus"); provided, however, that except as is already due or has already been paid as of September 25, 2008 (the "Amendment No. 6 Closing Date"), no EBITDA Bonus shall be paid to you prior to the time at which the aggregate

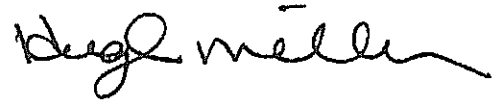
Moshe Barkat  
November 5, 2008  
Page 2

amount of principal payments to General Electric Capital Corporation on the Term Loan A during the period from and after the Amendment No. 6 Closing Date shall have equaled or exceeded \$2,000,000. The EBITDA Bonus shall be paid to you, subject and pursuant to the foregoing terms and conditions, within a reasonable period of time after the Company has concluded its internal accountings for each fiscal year.

Both you and the Company agree that your current base salary and benefits will be deemed to be the applicable starting base salary and benefits for purposes of those matters in the Employment Agreement. Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

Please sign below indicating your acceptance of the foregoing.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh Miller".

Hugh Miller  
Executive Vice President

ACCEPTED AND AGREED  
AS OF November 5, 2008

A handwritten signature in cursive script, appearing to read "Moshe Barkat".

Moshe Barkat

September 25, 2012

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
2300 W. Empire Avenue  
Suite 200  
Burbank, CA 91504

Re: Employment Agreement Term Extension and Amendment

Dear Moshe:

Reference is made to the Employment Agreement, dated April 27, 1992, between Modern Videofilm, Inc., a California corporation, and you (as amended by letter agreements, the "Employment Agreement"). As you are aware, the terms and conditions, including, without limitation, the term of the Employment Agreement, were modified including, among other things, to extend the term through the end of its renewal period, April, 27, 1999, then again through May 31, 2002, and again through October 14, 2007 (the "Expiration Date").

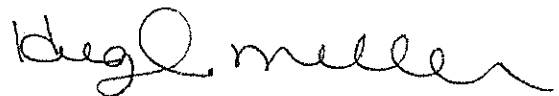
Because both you and Modern VideoFilm, Inc., a Delaware corporation (the "Company"), successor-in-interest to Modern Videofilm, Inc., desire that you continue your employment with the Company subsequent to the Expiration Date, in consideration of your continued employment with the Company, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you and the Company hereby agree that: (i) the Term of the Employment Agreement is extended hereby, retroactive from the Expiration Date, through September 30, 2018 (the "Revised Term"); (ii) because you and the Company have been operating since the Expiration Date essentially pursuant to the terms of the Employment Agreement, all monies paid to you and all benefits provided to you since the Expiration Date through the date hereof shall be deemed to have been paid and/or provided to you in accordance with the Employment Agreement; (iii) you hereby confirm and acknowledge receipt of all monies which were due to be paid to you under the Employment Agreement (other than any reimbursements) prior to the date hereof; (iv) you and the Company hereby amend the Employment Agreement to replace "Modern Videofilm, Inc." with "Modern VideoFilm, Inc." in all instances so as to make clear that all of the obligations of Modern Videofilm, Inc., a California corporation, arising under the Employment Agreement, have been assumed by the Company, a Delaware corporation; and (v) you and the Company hereby amend Section 11(a)(i) of the Employment Agreement by adding to the end of that provision, after the words "its subsidiary or affiliated companies" the following: "; provided, however, that after the termination of the Term for whatever reason, the foregoing limitation shall be limited to those individuals whose identity is not generally known in the video post-production industry and

whose identity Executive learned during the term of the Agreement, or customers about whom Executive obtained specific knowledge as to pricing policies, including volume-related pricing policies, technical specifications required or preferred and other information that is not publicly known that was necessary or useful in servicing such customers and that Executive obtained in the course of providing services to such customers."

Both you and the Company agree that your current base salary and benefits as in effect on the date hereof shall be deemed to be the applicable starting base salary and benefits for purposes of those matters in the Employment Agreement. Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

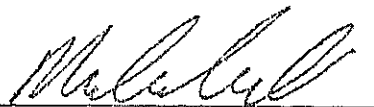
Please sign below indicating your acceptance of the foregoing.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh Miller".

Hugh Miller  
Executive Vice President

ACCEPTED AND AGREED  
AS OF SEPTEMBER 25, 2012

A handwritten signature in cursive script, appearing to read "Moshe Barkat".

Moshe Barkat

# MODERN | VIDEOFILM

As of May 31, 2013

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
2300 W. Empire Avenue  
Suite 200  
Burbank, CA 91504

Re: Employment Agreement Amendment

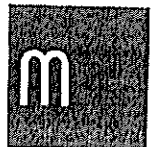
Dear Moshe:

Reference is made to the Employment Agreement, dated April 27, 1992, between Modern Videofilm, Inc., a California corporation, and you (as amended by letter agreements, the "Employment Agreement"). Your current employer, Modern VideoFilm, Inc., a Delaware corporation (the "Company"), is the successor-in-interest to Modern Videofilm, Inc., a California Corporation.

As you are aware, the Company is entering into the following agreements: (i) Limited Waiver, Limited Consent and Amendment No. 2 To Credit Agreement, entered into as of May 31, 2013, by and among Modern VideoFilm Holdings, LLC ("Holdings"), the Company, the lenders signatory thereto and Medley Capital Corporation, as Administrative Agent and Collateral Agent for the Secured Parties (the "Medley Amendment"); and (ii) Limited Waiver and Amendment No. 1 to Revolving Credit and Security Agreement, effective as of May 31, 2013, by and among Holdings, the Company, and OneWest Bank, FSB (the "OWB Amendment" and, together with the Medley Amendment, collectively, the "Amendments").

It is a condition precedent to the effectiveness of the Amendments that certain terms and conditions of the Employment Agreement be modified. Therefore, you and the Company hereby agree to amend and modify the Employment Agreement as follows (capitalized terms not defined herein shall have the meanings ascribed to such terms in the Amendments):

In the event that Consolidated Adjusted EBITDA for the Test Period ending May 31, 2014 is less than \$10,000,000, then your annual total compensation (which shall include your salary, bonus, benefits and any other payments made by the Credit Parties or any of their Subsidiaries or Affiliates to you) to be paid to you shall be reduced to \$600,000, with all sums due to you in excess of \$600,000 being deferred; provided that, in the event that Consolidated Adjusted EBITDA for the Test Period ending May 31, 2014 is less than \$10,000,000, then for any Test Period subsequent to May 31, 2014, in the event that Consolidated Adjusted EBITDA equals or exceeds \$10,000,000 (taking into account the payments to you detailed in the preceding



Mr. Moshe Barkat  
As of May 31, 2013  
Page 2 of 2

clause), the foregoing deferred sums shall be paid to you in equal monthly installments over a period of six (6) months from the date of the end of such Test Period and the foregoing reduction in amounts payable to you shall cease and the total compensation to be paid to you shall return to the full levels specified in the Employment Agreement without deferral of any sums.

Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

Please sign below indicating your acceptance of the foregoing.

Sincerely,



Hugh Miller  
Executive Vice President

ACCEPTED AND AGREED  
AS OF MAY 31, 2013



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Moshe Barkat

As of December 20, 2013

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
2300 W. Empire Avenue  
Suite 200  
Burbank, CA 91504

Re: Employment Agreement Amendment

Dear Moshe:

Reference is made to the Employment Agreement, dated April 27, 1992, between Modern Videofilm, Inc., a California corporation, and you (as amended by letter agreements, the "Employment Agreement"). Your current employer, Modern VideoFilm, Inc., a Delaware corporation (the "Company"), is the successor-in-interest to Modern Videofilm, Inc., a California Corporation.

As you are aware, the Company is entering into a Limited Waiver, Limited Consent and Amendment No. 3 To Credit Agreement, entered into as of December 20, 2013, by and among Modern VideoFilm Holdings, LLC ("Holdings"), the Company, the lenders signatory thereto and Medley Capital Corporation, as Administrative Agent and Collateral Agent for the Secured Parties (the "Medley Amendment"). In addition, it is anticipated that the Company shall also enter into a Limited Waiver and Amendment No. 2 to Revolving Credit and Security Agreement, by and among Holdings, the Company, and OneWest Bank, FSB (the "OWB Amendment" and, together with the Medley Amendment, collectively, the "Amendments").

It is a condition precedent to the effectiveness of the Medley Amendment and is anticipated to be a condition to the effectiveness of the OWB Amendment that certain terms and conditions of the Employment Agreement be modified. Therefore, you and the Company hereby agree to amend and modify the Employment Agreement as follows (capitalized terms not defined herein shall have the meanings ascribed to such terms in the Amendments):

1. That certain letter agreement, dated as of May 31, 2013, by and between you and the Company, amending the Employment Agreement is hereby terminated in its entirety, such that such letter agreement shall be of no further force or effect; and

2. You and the Company hereby agree that the amount of your total cash compensation (which shall include salary and bonus, and any other payments made by the Credit Parties or any of their Subsidiaries or Affiliates, including, for the avoidance of doubt, any joint ventures, to

you) paid to you shall be reduced to a rate of \$600,000.00 per annum (\$50,000.00 per month), effective as of the first interest payment date after June 30, 2014, but only in the event that the Credit Parties do not make such interest payment (after giving effect to any grace periods under Section 10.01(a) of the Credit Agreement) (the "Barkat Payment Suspension"); provided however, that the Barkat Payment Suspension shall end and no longer be deemed to be in effect on that date when (i) any missed interest payments after June 30, 2014 are paid in full in cash and (ii) the Credit Parties have made the interest payments for the two following interest periods when such amounts are due (after giving effect to any grace periods under Section 10.01(a) of the Credit Agreement), in which case, the deferred amounts of your total compensation during the Barkat Payment Suspension shall be paid to you in equal monthly installments over a period of six (6) months from the date of the end of the Barkat Payment Suspension. The repayment of such deferred amounts will automatically be suspended immediately upon each occurrence, if any, of the Credit Parties not making any further interest payments after June 30, 2014; provided however, that any such deferred amounts will be repaid to you, per the foregoing repayment schedule once the Credit Parties on that date when (1) any missed interest payments after June 30, 2014 are paid in full in cash and (2) the Credit Parties have made the interest payments for the two following interest periods when such amounts are due (after giving effect to any grace periods under Section 10.01(a) of the Credit Agreement).

Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

Please sign below indicating your acceptance of the foregoing.

Sincerely,



Hugh Miller  
Chief Financial Officer

ACCEPTED AND AGREED  
AS OF DECEMBER 20, 2013

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Moshe Barkat



you) paid to you shall be reduced to a rate of \$600,000.00 per annum (\$50,000.00 per month), effective as of the first interest payment date after June 30, 2014, but only in the event that the Credit Parties do not make such interest payment (after giving effect to any grace periods under Section 10.01(a) of the Credit Agreement) (the "Barkat Payment Suspension"); provided however, that the Barkat Payment Suspension shall end and no longer be deemed to be in effect on that date when (i) any missed interest payments after June 30, 2014 are paid in full in cash and (ii) the Credit Parties have made the interest payments for the two following interest periods when such amounts are due (after giving effect to any grace periods under Section 10.01(a) of the Credit Agreement), in which case, the deferred amounts of your total compensation during the Barkat Payment Suspension shall be paid to you in equal monthly installments over a period of six (6) months from the date of the end of the Barkat Payment Suspension. The repayment of such deferred amounts will automatically be suspended immediately upon each occurrence, if any, of the Credit Parties not making any further interest payments after June 30, 2014; provided however, that any such deferred amounts will be repaid to you, per the foregoing repayment schedule once the Credit Parties on that date when (1) any missed interest payments after June 30, 2014 are paid in full in cash and (2) the Credit Parties have made the interest payments for the two following interest periods when such amounts are due (after giving effect to any grace periods under Section 10.01(a) of the Credit Agreement).

Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

Please sign below indicating your acceptance of the foregoing.

Sincerely,

Hugh Miller  
Chief Financial Officer

ACCEPTED AND AGREED  
AS OF DECEMBER 20, 2013



Moshe Barkat

As of May 27, 2014

Mr. Moshe Barkat  
c/o Modern VideoFilm, Inc.  
2300 W. Empire Avenue  
Suite 200  
Burbank, CA 91504

Re: Employment Agreement Amendment

Dear Moshe:

Reference is made to the Employment Agreement, dated April 27, 1992, between Modern Videofilm, Inc., a California corporation, and you (as amended by letter agreements, the "Employment Agreement"). Your current employer, Modern VideoFilm, Inc., a Delaware corporation (the "Company"), is the successor-in-interest to Modern Videofilm, Inc., a California Corporation.

As you are aware, the Company is entering into a Forbearance Agreement, entered into as of May 27, 2014, by and among Modern VideoFilm Holdings, LLC ("Holdings"), the Company, the lenders signatory thereto and Medley Capital Corporation, as Administrative Agent and Collateral Agent for the Secured Parties (the "Medley FA"). In addition, it is anticipated that the Company shall also enter into a similar forbearance agreement, by and among Holdings, the Company, and OneWest Bank, FSB (the "OWB FA" and, together with the Medley FA, collectively, the "FA's").

It is a condition precedent to the effectiveness of the Medley FA and is anticipated to be a condition to the effectiveness of the OWB FA that certain terms and conditions of the Employment Agreement be modified. Therefore, you and the Company hereby agree to amend and modify the Employment Agreement as follows (capitalized terms not defined herein shall have the meanings ascribed to such terms in the Amendments):

1. That certain letter agreement, dated as of December 20, 2013, by and between you and the Company, amending the Employment Agreement is hereby terminated in its entirety, such that such letter agreement shall be of no further force or effect; and

2. You and the Company hereby agree that the amount of your total cash compensation (which shall include salary and bonus, and any other payments made by the Credit Parties or any of their Subsidiaries or Affiliates, including, for the avoidance of doubt, any joint ventures, to you) paid to you shall be reduced to a rate of \$600,000.00 per annum (\$50,000.00 per month),

Mr. Moshe Barkat  
As of May 27, 2014  
Page 2 of 2

effective as of the date the Medley FA shall become effective until the parties to the Medley FA enter into a further agreement that sets forth the terms and conditions by which the amounts reduced by you hereunder may be paid to you.

Except as set forth herein, all other terms and conditions of the Employment Agreement will remain in full force and effect.

Please sign below indicating your acceptance of the foregoing.

Sincerely,



Hugh Miller  
Chief Financial Officer

ACCEPTED AND AGREED  
AS OF MAY 27, 2014



Moshe Barkat