

IN THE MATTER OF THE ARBITRATION OF

MOTLEY CRUE, INC. ("MCI"),) Case ID: 01-23-0000-6852

Claimant/Counter-Respondent,)

V

MICK MARS,) Hon. Patrick J. Walsh (Ret.)
Respondent/Counter-Claimant.)

Respondent/Counter-Claimant.

Hon. Patrick J. Walsh (Ret.)

I, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into between the above-named parties and having been duly sworn, and having heard the proofs and allegations of the Parties, hereby AWARDS as follows:

In my initial Interim Award (which is attached hereto and incorporated herein), I held that Mick Mars' decision to stop touring precluded him from sharing in the band's touring revenues. I also upheld Nikki Sixx, Tommy Lee, and Vince Neil's decision to terminate Mars as an officer and director of MCI for "legal cause." Finally, I concluded that Mars was required to sell his shares of MCI to Sixx, Lee, and Neil at book value (though I did not make a determination of book value at that time).

In my Second Interim Award, also attached hereto and incorporated herein, I found that Mars was required to pay back the pro rata

1 portion of the advance he received for shows that he did not perform
2 in (though the number of shows was not provided at the time of the
3 Second Interim Award).

4 In this third and Final Award, I now find that the value of Mars'
5 shares in MCI is \$505,737 based on the opinion proffered by the band's
6 expert Jeff A. Neumeister. (Mars elected not to submit any evidence
7 regarding valuation.)

8 I also now find that the total recoupment that Mars owes the band
9 is \$750,030, based on the fact that the band has performed 69 shows
10 since Mars left the band and that each show resulted in a recoupment
11 of \$10,870 per band member. Subtracting the \$505,737 the band owes
12 Mars for his shares in MCI from the \$750,030 he owes the band for the
13 recoupment results in a net award of \$244,293 in favor of MCI and
14 against Mars.

15 These three awards are in full settlement of all claims and
16 counterclaims submitted to this Arbitration. All claims not expressly
17 granted therein are hereby denied.

18 IT IS SO ORDERED.

19 DATED: January 13, 2026

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22 HON. PATRICK J. WALSH (Ret.)
23 Arbitrator
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28

1 Hon. Patrick J. Walsh (Ret.)
2 Signature Resolution
3 633 W. 5th Street, Ste. 1000
4 Los Angeles, CA 90071
5 judgewalsh@signatureresolution.com
6 (213) 622-1002
7

8 IN THE MATTER OF THE ARBITRATION OF

9 MOTLEY CRUE,) Case ID: 01-23-0000-6852
10 Claimant/Counter-Respondent,)
11 v.) INTERIM AWARD
12 MICK MARS,) Hon. Patrick J. Walsh (Ret.)
13 Respondent/Counter-Claimant.)
14

15 I, THE UNDERSIGNED ARBITRATOR, having been designated in
16 accordance with the arbitration agreement entered into between the
17 above-named parties and having been duly sworn, and having duly heard
18 the proofs and allegations of the Parties, hereby AWARDS as follows:

19 I.

20 INTRODUCTION

21 In 2022 Motley Crue lead guitarist Mick Mars informed his
22 bandmates Nikki Sixx, Tommy Lee, and Vince Neil that he was unable to
23 perform on tour any longer due primarily to severe pain stemming from
24 a life-long chronic condition. In response, Sixx, Lee, and Neil
25 terminated him as an officer and director of Motley Crue Inc. ("MCI")
26 and refused to pay him 25% of the profits from the remaining tour.
27 This suit followed. In it, Motley Crue seeks:
28

1. A declaratory judgment holding that Mars was properly terminated as an officer and director and is required to sell his shares to the other band members at book value.
2. Specific performance of the contract, compelling Mars to sell his shares.
3. A declaratory judgment that Mars is not entitled to any of the proceeds from touring (except for a 12.5% share of the revenue from merchandising).

10 Mars brought a counterclaim against the band and its members in
11 which he alleged his own causes of action in response, which mostly
12 mirrored Motley Crue's.

13 For the reasons explained below, I find that Mars' decision to
14 stop touring precluded him from sharing in the revenues from touring.
15 I also find that Sixx, Lee, and Neil's decision to terminate Mars as
16 an officer and director of MCI for "legal cause" is entitled to
17 deference and will be upheld. Finally, I conclude that Mars is
18 required to sell his shares of MCI to Sixx, Lee, and Neil at book
19 value, which will be determined at a later date. At that time, I will
20 also decide whether Mars is required to pay back a portion of the
21 advance he received for the Live Nation tour.

II.

SUMMARY OF FACTS

24 Claimant Motley Crue is a rock band that was founded in 1981 by
25 Nikki Sixx, Tommy Lee, Vince Neil, and Mick Mars. In 1984, the band
26 incorporated under the name MCI. In 1987, the band members entered
27 into a shareholder agreement--the MCI Shareholder Agreement--under
28 which each member was vested with a 25% ownership in MCI. In

1 conjunction with the Shareholder Agreement, the members entered into
2 employment contracts/service agreements with MCI. Under these two
3 agreements, the band members agreed to provide their personal services
4 exclusively to the band. The contracts specifically carved out
5 services connected with live performances, song writing, and solo
6 performances. The band created a separate corporation, Motley Crue
7 Touring, Inc., to manage the band's touring and live concert business.

8 In 1992, Neil left the band. In 1999, Lee left the band. Though
9 still shareholders in the corporation, neither received any income
10 generated by the band from touring while they were gone. Both
11 subsequently returned.

12 In 2005, Mars, Sixx, and Lee created a new corporation, Red,
13 White & Crue, Inc., which operated the band's touring business.

14 In 2008, at Mars' insistence, Mars, Sixx, and Lee amended the
15 1987 Shareholder Agreement as follows:

16 In the event that any Shareholder resigns from performing and/or
17 rendering services in MC ("Resigning Shareholder") he shall not
18 be permitted to continue to use the [band's] Trademarks for any
19 purpose whatsoever and the use of all Trademarks shall continue
20 to be used by the remaining members of MC provided they are
21 performing together as "Motley Crue."

22 . . .

23 Notwithstanding anything contained herein to the contrary, in no
24 event shall any Resigning Shareholder be entitled to receive any
25 monies attributable to any live performances (i.e., tours).

26 As Sixx made clear in his testimony, Mars proposed this amendment
27 because he was concerned that Neil and/or Lee would again choose to

1 leave the band and he wanted it to be clear to all that anyone who
2 left would not share in revenue from touring.

3 In 2014, as the band prepared for its final tour, the band
4 members entered into a contract that would ostensibly prevent them
5 from touring again. Part promotion, part business agreement, this
6 "Cessation of Touring Agreement" provided that they would not use the
7 name Motley Crue in connection with any live performances after the
8 final tour unless the four band members unanimously agreed to do so in
9 writing. The band successfully completed that final tour in 2015.

10 In 2019, the band was approached by Live Nation with a lucrative
11 offer to go back on the road again and tour. All four members agreed
12 to accept the deal and entered into a contract with Live Nation to
13 perform 12 dates in the U.S. Each also signed a personal services
14 contract with Live Nation and were paid an advance. In connection
15 with announcing the new tour, the band released a video, showing the
16 Cessation Agreement being blown up.

17 The Live Nation tour was delayed due to COVID. But, in 2022, the
18 band again agreed to go out on the road for the Live Nation tour and
19 signed a new contract with Live Nation, this time for 150 shows. Each
20 member also signed a separate personal services contract.

21 The first portion of the Live Nation tour, dubbed the "Stadium
22 Tour," consisted of 36 shows. Prior to the start of the Stadium Tour,
23 in June 2022, Mars realized that he would not be able to perform in
24 all 150 scheduled Live Nation concerts due to the pain he was
25 suffering from Ankylosing Spondylitis ("AS") and informed the band
26 that he would not be performing with the band after the Stadium Tour.
27 According to Mars, he made it clear that he was not retiring from the
28 band and would be available for recording sessions, residencies, "one-

1 offs," promotions, and other band-related activities. According to
2 Motley Crue, the message they received from Mars and his counsel was
3 that he would no longer perform any services for the band.

4 Mars shared with the band's manager Allen Kovac that he was
5 concerned that his failure to complete the tour would render him in
6 breach of the contract he had signed with Live Nation. With Kovac's
7 help, Mars negotiated a deal with Live Nation that allowed him to be
8 replaced if he was unable to perform.

9 Mars performed in 36 shows between June 16, 2022 and September 9,
10 2022. During these shows, the other band members as well as the
11 band's technicians and other staff noticed that Mars' playing was off.
12 At times, he would forget what song he was playing, play the wrong
13 song, or play the right song but the wrong part of the song. This
14 caused concern among the band's members and the band's management.
15 Their solution was to have sound engineer Brent Carpenter closely
16 monitor Mars' guitar playing during the show and, when he strayed,
17 turn the volume on Mars' guitar down and the volume on a pre-recorded
18 track up. At the merits hearing, Motley Crue played a number of
19 excerpts from various concerts in which it was plain even to the
20 untrained ear that Mars' guitar playing was off.

21 After the Stadium Tour was over, Mars repeatedly stated in and
22 out of the press that he was retiring because he could no longer
23 handle the rigors of the road. With Mars' concurrence, at a
24 subsequent MCI board meeting on November 4, 2022, the band voted to
25 replace Mars with guitarist John 5. At that same board meeting, over
26 the objections of Mars and his lawyer, who was present, Sixx, Lee, and
27 Neil (by proxy) "accepted" Mars' "resignation" from the band and voted
28 to terminate him as an officer and director of MCI. They based this

1 decision on their finding that Mars had engaged in conduct constituting “legal cause” for termination under the Shareholder Agreement,
2 citing the fact that Mars: (1) was unable to perform with the band
3 because his guitar playing had deteriorated; (2) had quit the band;
4 and (3) was requesting to be paid for touring even though he was not
5 touring, in violation of the 2008 Amendment to the Shareholder
6 Agreement.

7 As a result, Mars has not received any money from live
8 performances since he stopped touring and his revenue share from the
9 sale of merchandise using his name, likeness, or image has been
10 reduced from 25% to 12.5%.

12 III.

13 ANALYSIS

14 1. Mars’ Decision to Stop Performing on Tour Made Him a “Resigning
15 Shareholder” Under the 2008 Amendment to the 1987 Agreement and
16 Barred Him From Receiving Tour Money

17 The parties’ dispute is grounded in the interpretation of three
18 or four contracts of the more than twenty that they entered into over
19 the years.¹ In resolving this dispute, I seek to give effect to the
20 intention of the parties, *State v. Cont’l Ins. Co.* (2012) 55 Cal. 4th
21 186, 195, to arrive at an interpretation that is “lawful, operative,
22 definite, [and] reasonable.” Cal. Civ. Code Section 1643. In doing
23 so, I take into consideration, among other things, the course of

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25 ¹ These include the 1987 Shareholder Agreement; the individual
26 personal services agreements that were executed in tandem with it; the
27 1987 touring contract; the 2005 touring contract; the 2008 Amendment
28 to the 1987 Agreement; the 2014 Cessation Agreement; the 2019 Live
Nation contract; the personal service contracts signed in connection
with it; the 2022 Live Nation contract; the personal service contracts
that were signed in connection with that contract; and the 2022, Red,
White and Crue touring contract.

1 dealings between the parties over the years. *Dillingham-Ray Wilson v.*
2 *City of Los Angeles* (Cal. Ct. App. 2010) 182 Cal. App. 4th 1396, 1404.

3 The 1987 Shareholder Agreement established that each of the four
4 band members were equal members of the band and entitled to equal
5 shares of the profits of the band. The 2008 Amendment to that
6 contract provided that if a band member “resigned” from performing
7 live shows he was not entitled to receive any money from the live
8 shows. In September 2022, on his own volition, Mars stopped
9 performing live shows. As a result, he is not entitled to any money
10 from the live shows.

11 Mars disagrees. He proffers a series of legal, factual, and
12 equitable arguments why he is still entitled to share in the profits
13 from the live shows even though he no longer performs in them. For
14 the reasons set forth below, these arguments are rejected.

15 Mars points to what he believes are a number of technical
16 problems/deficiencies with the 1987 Shareholder Agreement and the 2008
17 Amendment to that agreement and the band’s reliance on them. He
18 notes, for example, that the 1987 Shareholder Agreement was created
19 solely for the purpose of vesting the Motley Crue trademark in MCI so
20 that the company could control it and that touring was intentionally
21 left out of that agreement. He contends that, since the 1987
22 agreement did not touch upon touring, the 2008 amendment to that
23 contract could not address touring, either. He argues that the band’s
24 reliance on the 1987 contract and the 2008 Amendment are misplaced
25 because there are at least eight separate entities that were created
26 in connection with the band and its touring contracts over the years,
27 none of which takes precedence over the others.

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1 To the extent that the band members and the entities that they
2 owned and controlled to operate this business were mixed and matched
3 and mashed throughout the life of the band does not undermine the
4 actions the band members took in regard to operating the business or
5 terminating Mars. Mars himself did not honor the corporate
6 formalities in his interactions with the band and the corporate
7 entities that were formed to conduct the band's business. This is
8 evidenced by the fact that Mars and his lawyer were present at the MCI
9 shareholders' meeting in November 2022 when the band members/officers
10 and directors, including Mars, voted to replace Mars on the tour with
11 John 5. Obviously, this vote had solely to do with touring, which, as
12 Mars points out, is not addressed in the Shareholder Agreement and,
13 therefore, in Mars' view, had nothing to do with MCI. This undermines
14 Mars' arguments that the band's failure to honor the corporate form is
15 fatal to their arguments herein.

16 Mars argues that he never resigned from the band but merely
17 retired from touring. Even were I to accept this explanation, it
18 would not alter the outcome. By all accounts, the point of the 2008
19 Amendment was to codify the band members' agreement that, if you do
20 not perform on tour, you do not get paid for touring, whatever the
21 reason. The fact that a band member stops performing because he
22 retires, as opposed to resigns, does not change the ultimate fact that
23 he stops getting up on stage and performing, which is a prerequisite
24 to being paid.

25 Mars contends that he was available for "one-offs" and/or
26 residencies. But, as the evidence established, there were no
27 residencies or one-offs in the fall of 2022 when the other band
28 members voted him out. More importantly, as was clear from the

1 evidence, even if there had been, it is not reasonable to assume that
2 Mars could have simply parachuted onto the stage and resumed his role
3 as lead guitarist for the band after a lengthy period off the road.
4 The band members, including Mars, explained that the band does not
5 simply go on stage and improvise. The band members practice/rehearse
6 together for months prior to a tour and then play together on stage as
7 a band for dozens and dozens of shows over the course of a year or
8 two. Mars' suggestion that, even though he would not have
9 participated in any of that for an extended period of time, he could
10 have simply rejoined the band and taken up where he left off makes no
11 sense. This is particularly true based on the fact that, even after
12 rehearsing for months and playing dozens of shows, Mars still at times
13 had difficulty playing the right songs at the right times.

14 Mars points to his willingness to write songs and collaborate
15 with the band as a reason for finding that his decision to stop
16 touring was not tantamount to retiring from the band. But song
17 writing was specifically carved out of the 1987 contract and was not
18 addressed in the other contracts at issue here. As to his proposal
19 that he could continue to collaborate, the contract defines a
20 "resigning shareholder" as a band member who resigns from performing
21 and/or rendering services. Thus, even assuming that Mars was willing
22 to continue to collaborate, his decision to resign from performing
23 rendered him a resigning shareholder and barred him from being paid.

24 Mars argues that the 2008 Amendment expired by its own terms
25 because there was a clause within the amendment that provided that the
26 members would render services to the band "on a non-exclusive, first
27 priority basis" for three album cycles, which was suggested is in the
28 neighborhood of five to ten years. In Mars' view, this means that,

1 once those three album cycles were completed, the contract dissolved
2 by its own accord. This argument is rejected for two reasons. First,
3 the contract does not state that it was ending after three cycles and
4 the fact that it provided for non-exclusive services for three albums
5 does not imply that it ended on its own accord after they were
6 finished. The fact that the band members would no longer have to give
7 first priority to the band after the third album cycle does not mean
8 that they no longer had any obligations to the band. Second, even if
9 it did and the ending date was the completion of the three album
10 cycles, band manager Kovac testified that the three album cycles have
11 still not been completed.

12 Mars argues that the 2014 Cessation Agreement superseded the 2008
13 Amendment. This argument, too, is rejected. First, the 2014
14 Agreement does not refer to the 2008 Amendment at all. It makes no
15 sense that the parties intended to replace the 2008 contract with the
16 2014 contract but chose not to say so. Further, none of the band
17 members testified that they thought that the Cessation Agreement was
18 intended to alter or replace the 2008 Amendment. Finally, the terms
19 of the Cessation Agreement cannot reasonably be construed to supersede
20 the 2008 Amendment because the 2014 Cessation Agreement addressed only
21 the band's agreement not to tour when the farewell tour was over. It
22 did not address a situation such as here, where the band did, in fact,
23 agree to tour, again.²

25 ² Mars also contends that the 2014 Cessation Agreement is still
26 in effect and the band's public relations campaign to "blow it up" did
27 not alter the contract. I agree that the band's video depicting them
28 symbolically blowing up the contract was insufficient to void it but I
find that the band members' actions and words, including signing
contracts with Live Nation to tour, performing dozens of shows on
tour, and accepting millions of dollars in exchange for those

1 In the end, I find that Mars' legal arguments addressed above
2 (and the numerous others contained in Mars' briefing that I am
3 rejecting *sub silentio*) are not persuasive. Mars was the architect of
4 the 2008 Amendment and that agreement encompassed his design, i.e.,
5 that band members who did not tour did not get paid. All four
6 understood that that was the purpose of the 2008 Amendment. By
7 applying the most reasonable interpretation to the language of that
8 agreement I am simply giving effect to the parties' mutual intention
9 in entering into it. See *Cont'l Ins. Co.* 55 Cal. 4th at 195; and Cal.
10 Civ. Code Section 1643.

11 This finding is further supported by the course of dealing
12 between the parties. See *Dillingham-Ray Wilson*, 182 Cal. App. 4th at
13 1404. Throughout the many decades that this band was together, the
14 band did not pay members for touring unless they toured. It is
15 completely consistent with that course of dealing that Mars is barred
16 from touring revenues when he does not tour.

17 The equities, too, lean in favor of the band. As the band
18 members, including Mars, testified, being out on the road can be,
19 among other things, rigorous, monotonous, and onerous. It requires
20 them to be separated from their family and friends for long stretches
21 of time and sleep in a bed not their own night after night. In fact,
22 these are some of the very reasons why Mars elected to stop touring.
23 It seems inequitable that three members of a band would be subjected
24 to the hardships of the road yet all four would share in the spoils.

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27 performances, is. I further find that, once the band members tacitly
28 agreed to void the Cessation Agreement and start touring again, the
Cessation Agreement was no longer operative and none of the band
members could rely on it to veto any subsequent shows.

1 Mars proffered uncontroverted testimony that other rock bands,
2 like Earth, Wind & Fire and The Beach Boys, have provided for their
3 founding/legacy members even after they stopped performing with the
4 band. I do not doubt that that is true and, had the parties agreed to
5 such an arrangement, whether formally or informally, I certainly would
6 have upheld it. But they did not. And I am not at liberty to simply
7 create such an arrangement out of whole cloth.³

8 Mars argues that it is immoral for him to be cast aside after
9 forming the backbone of this group for more than four decades merely
10 because his age and AS symptoms precluded him from performing. I am
11 not unsympathetic to this argument but it is not for me in the context
12 of this arbitration to weigh in on the morality of the band's
13 decision. To be clear, I am not suggesting that what the band did was
14 immoral; I am merely saying that morality is not a justiciable issue
15 and, therefore, I am not empowered to address it.

16 In the end, I find that the contracts, the law, and the equities
17 lead to the conclusion that band members who stop touring are not
18 entitled to share in the proceeds from touring. Mars voluntarily
19 stopped touring and, as a result, he is not entitled to share in the
20 tour proceeds.⁴

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24 ³ There was evidence throughout these proceedings that the band
25 had offered to pay Mars 5% of the touring revenues after he stopped
26 touring but Mars rejected that offer. I have not focused on those
27 discussions because I believe that they were in the context of
settlement negotiations.

28 ⁴ The 2008 Amendment further provided that resigning
shareholders were only entitled to one-half of their 25% share in
merchandise sales, which applies to Mars as a resigning shareholder.

1 2. Respondent Was Properly Terminated As a Director and Officer of
2 MCI

3 At a November 2022 shareholder meeting, Sixx, Lee, and Neil (by
4 proxy) voted to terminate Mars as an officer and director of MCI
5 pursuant to Section 1(g) of the 1987 Shareholder Agreement, which
6 authorizes termination for "conduct constituting legal cause." In a
7 January 2023 resolution, they explained the basis for their decision:

- 8 1. Mars was unable to perform with the band because his
9 guitar playing had deteriorated;
- 10 2. Mars had quit the band; and
- 11 3. Mars was requesting to be paid for touring even though
12 he was not touring, in violation of the 2008 amendment
13 to the 1987 shareholder agreement.⁵

14 Mars argues that the alleged inability to play the guitar does
15 not constitute "conduct constituting legal cause" for termination, and
16 especially not cause for termination as an officer and director of the
17 corporation. He contends that his allegedly poor guitar playing could
18 not really be the reason for his termination because his playing had
19 not changed over the years and his bandmates had never tried to remove
20 him before. Mars claims that, even during the stadium tour, none of
21 the other band members suggested that he should be terminated for not
22 playing well. In Mars' view, the decision to terminate him was driven

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⁵ Motley Crue points to a number of other justifications
26 supporting the band's decision to terminate Mars, including the fact
27 that he falsely claimed in a pleading that Sixx had not played live
28 during the Stadium Tour and that he routinely disparaged other members
of the band when they were on tour together. I have not considered
these other bases for termination as they were not considered by the
band members in rendering their votes in November 2022.

1 solely by greed in that the others wanted his share of the concert
2 revenues.

3 As with any company, the decision of officers/directors Sixx,
4 Lee, and Neil to terminate Mars is entitled to deference. See *Berg &*
5 *Berg Enters., LLC v. Boyle* (Cal. Ct. App. 2009) 178 Cal. App. 4th
6 1020, 1048 (describing the judicial policy of deference "to the
7 exercise of good faith business judgment in management decisions").
8 This is equally true in the context of this case, where the
9 corporation consists of members of a rock band who make their living
10 performing together live on stage.

11 The testimony established that they terminated Mars because they
12 believed that his guitar playing had so deteriorated that they had to
13 make provisions to cover for his mistakes when he strayed during
14 concerts. They also believed that he had quit the band. And they
15 understood that he wanted an equal share of the proceeds from touring
16 despite the fact that he was no longer touring. Even were I convinced
17 that the evidence was to the contrary--which I am not--I would still
18 uphold their decision to terminate Mars as an officer and director
19 because their decision cannot be overturned simply because it was
20 based on faulty findings. Under the contract, they had the power to
21 define "conduct constituting legal cause" and to determine whether
22 Mars' conduct fit within that definition. They did so and their
23 decision to terminate Mars as a result was a proper exercise of that
24 power.⁶

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26 ⁶ I can conceive of a situation where I would not grant
27 deference to officers and directors of a corporation who exercised
28 their power to terminate another officer or director, for example,
where a director/officer was terminated due solely to her race or
gender. Such a termination would be against public policy and would
not be countenanced. But that is not what occurred here.

1 3. Claimant is Entitled to Specific Performance but Mars Will
2 Be Given the Opportunity to Provide Evidence Regarding
3 Valuation

4 Under Section 1(g) of the Shareholder Agreement:

5 [T]he terminated Shareholder agrees to sell to the other
6 Shareholders, and the other Shareholders agree to purchase ...
7 the shares of MC then owned by such terminated Shareholders at a
8 purchase price determined and upon terms as set forth in Section
9 7 hereof.

10 Section 13(j) of the Shareholder Agreement provides that the
11 “parties agree that in addition to all other rights and remedies
12 available at law or in equity, the parties shall be entitled to obtain
13 specific performance of the obligations of each party to this
14 Agreement[.]” Thus, under the agreement, since Mars has been
15 terminated, he is required to sell his shares to the other members of
16 Motley Crue and they are entitled to specific performance.

17 Motley Crue argues that I should set the price based on the
18 testimony of its valuation expert, which was, essentially,
19 uncontroverted because Mars did not present valuation testimony of his
20 own. Mars proffers that valuation is beyond the scope of these
21 proceedings because, in its pleadings, Motley Crue merely requested
22 declaratory relief in the form of a ruling that Mars had to sell his
23 shares and did not seek a ruling on the fair market price of those
24 shares. He asks that in the interests of fairness I allow him to
25 present evidence on that issue now. He also contends that I should
26 not weigh in on whether Mars is required to pay back any of the
27 advance he received from Live Nation but that if I am so inclined I
28 should rule that he is not.

1 Motley Crue counters that it produced its expert's valuation in
2 October 2023, clearly putting Mars on notice that valuation was in
3 issue and giving Mars sufficient time to retain an expert to counter
4 the testimony.

5 I am siding with Mars on this issue. I accept his counsel's
6 representation that he did not believe that valuation was on the table
7 and agree that there is some ambiguity in the demand. In the interest
8 of fairness, I will allow him to present evidence on valuation. I
9 will do so in tandem with the issue of reimbursement for the advance
10 from Live Nation. Whether or not the pleadings properly signaled that
11 valuation was in issue, it is now clear to both sides that it is and
12 it would be a disservice not to rule on the issue and, instead, tee it
13 up for what would clearly be the next lawsuit between the parties. As
14 such, I am designating this decision as an interim award and will
15 address valuation/reimbursement in future proceedings.

16 4. Mars' Counterclaims Are Without Merit

17 Mars initially raised several counterclaims in this suit, most of
18 which were mirror images of Motley Crue's and others that he has
19 apparently abandoned. For the reasons set forth herein, Mars'
20 counterclaims are denied.

21 IV.

22 CONCLUSION

23 Mars' decision to stop touring precludes him from receiving
24 revenues from touring. The decision by Sixx, Lee, and Neil to
25 terminate him as an officer and director for legal cause is entitled
26 to deference. Finally, Mars is ordered to sell his shares to Sixx,
27 Lee, and Neil for book value, which will be determined in future
28

1 proceedings, as will the issue of whether he is required to pay back a
2 portion of the advance he received for the Live Nation tour.

3 IT IS SO ORDERED.

4 DATED: February 27, 2025

5 *Patrick J. Walsh*
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7 HON. PATRICK J. WALSH (Ret.)
8 Arbitrator

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1 Hon. Patrick J. Walsh (Ret.)
2 Signature Resolution
3 633 W. 5th Street, Ste. 1000
4 Los Angeles, CA 90071
5 judgewalsh@signatureresolution.com
6 (213) 622-1002
7

8 IN THE MATTER OF THE ARBITRATION OF

9 MOTLEY CRUE,) Case ID: 01-23-0000-6852
10 Claimant/Counter-Respondent,)
11 v.) SECOND INTERIM AWARD
12 MICK MARS,) Hon. Patrick J. Walsh (Ret.)
13 Respondent/Counter-Claimant.)
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15 I, THE UNDERSIGNED ARBITRATOR, having been designated in
16 accordance with the arbitration agreement entered into between the
17 above-named parties and having been duly sworn, and having duly heard
18 the proofs and allegations of the Parties, hereby AWARDS as follows:

19 I.

20 INTRODUCTION

21 In a prior decision, I found that Motley Crue's former lead
22 guitarist Mick Mars was not entitled to receive tour revenues after he
23 was forced to stop touring due to a medical condition. The parties
24 now seek a ruling on whether Mars is required to return a portion of
25 the advance that he received for the band's Live Nation tour for
26 concerts in which he did not perform. For the reasons set forth
27 below, I find that he is. Mars is required to repay that portion of
28

the \$1,108,696 remaining that is due and owing as of the date of this decision.

II.

SUMMARY OF FACTS

5 In 2019, Motley Crue was approached by Live Nation with a
6 lucrative offer to go back on the road and tour. All four members of
7 the band agreed to accept the deal. That same year, the band's
8 company, Red, White & Crue, Inc. ("RWC"), signed a contract with Live
9 Nation for 150 shows. That number was later reduced to 138 shows
10 under a 2022 agreement.¹ The contract included a \$7,000,000 advance.
11 (Exh. 33, 2022 Live Nation Contract, para. 4(b)(I).) All four members
12 of the band signed personal guarantees that were incorporated into the
13 contract, promising to perform on the tour or pay back the advance if
14 they didn't:

I hereby irrevocably, unconditionally and without any limitation or qualification whatsoever, except as provided herein, guarantee to Live Nation the prompt and complete payment and performance when due of all of Company's agreements and obligations under the Tour Agreement (the 'Obligations'), including without limitation, the re-payment to Live Nation of any portion of the Initial Advance [\$7 million tour advance] required thereunder.

(See Exh. 46, Mars' Guarantee.)

Live Nation advanced \$7,000,000 to RWC, which RWC treated as a loan from Live Nation. RWC executed a promissory note in favor of

¹ Due to COVID, the tour was postponed. In 2022, RWC and Live Nation entered into a new agreement for 138 shows. The agreement included the same recoupment provision from the 2019 contract. (Exh. 33.)

1 Live Nation for the \$7,000,000, agreeing to pay back the tour advance
2 if the band did not complete the tour. RWC then advanced \$6,000,000
3 of the \$7,000,000 to the band members, \$1,500,000 each. The band
4 members, including Mars, understood that the money was an advance that
5 would be recouped pro rata during the tour. As Mars testified at the
6 hearing:

7 Q. Okay. You received a \$1.5 million advance in connection
8 with the Live Nation agreement?

9 A. Yes.

10 Q. And you understood that that amount needed to be
11 recouped; right?

12 A. Yes.

13 Q. And I asked you in your deposition if you understood what
14 recoupmment was, and you said "yes." Do you still understand
15 what recoupmment is?

16 A. Yes.

17 Q. Okay. And you understood, sir, that you had to perform
18 each show to fully recoup the advance; right?

19 A. Yes.

20 (Hearing Transcript at 937:18-938:2.)

21 The tour was set to begin in the summer of 2022. Prior to the
22 start of the tour, Mars shared with the band's manager Allen Kovac
23 that he was experiencing severe complications from his Ankylosing
24 Spondylitis and did not know if he would be able to perform all 138
25 concerts on the schedule. Mars was concerned that his failure to
26 complete the tour would render him in breach of the contract he had
27 signed with Live Nation and subject him to liability for failing to
28

1 perform. With Kovac's help, Mars negotiated a deal with Live Nation
2 that allowed him to be replaced if he was unable to perform.

3 From June to September 2022, the band performed the first 36
4 shows of what the parties have referred to as the "Stadium Tour."
5 Mars performed in every one of those shows. At the end of the Stadium
6 Tour, Mars made it clear that he would not be able to perform in the
7 remainder of the shows.

8 In response, on November 4, 2022, Motley Crue, Inc. ("MCI") held
9 a board meeting in which Mars and his lawyer were present. (Mars,
10 Nikki Sixx, Tommy Lee, and Vince Neil were the officers, directors,
11 and shareholders of MCI.) With Mars' concurrence, the band voted to
12 replace Mars with guitarist John 5. At that same board meeting, over
13 the objections of Mars and his lawyer, Sixx, Lee, and Neil (by proxy)
14 "accepted" Mars' "resignation" from the band and voted to terminate
15 him as an officer and director of MCI. (Mars' termination did not
16 become effective until January 25, 2023. The delay was due to the
17 parties seeking to work out a deal to resolve their differences.)

18 On May 8, 2023, Nu Crue, Inc. was created to replace RWC. On
19 June 22, 2023, RWC assigned "its rights and interests in and to, and
20 obligations arising under the Touring Agreement, to Nu Crue, Inc." That
21 agreement was conditioned on Live Nation consenting to the
22 assignment. On August 31, 2023, Live Nation consented. (Exh. 106.) On
23 September 23, 2023, RWC and Nu Crue entered into an amendment to
24 the assignment, backdating it to January 25, 2023.

25 At some point, RWC assigned Mars' obligation to repay the advance
26 to MCI:

27 [A]ll remaining indebtedness of Mars that arose under, pursuant
28 to, or is otherwise related to the Touring Agreement, which was

1 not previously assigned to Nu Crue. Specifically, RWC assigns to
2 MCI Mars' portion of the unrecouped \$7 million advance that the
3 band received from Live Nation in 2019, which equates to payable
4 amount of \$1,108,696.00 currently due and owing by Mars to RWC,
5 to the Live Nation touring agreement to Nu Crue.

6 The assignment was dated January 25, 2023, but Mars contends that
7 it was actually executed no earlier than August 2023 and was
8 backdated. (MCI does not dispute that the assignment was backdated
9 but does not say when the assignment was actually executed.)

10
11 III.

12 ANALYSIS

13 The \$1,500,000 tour advance that Mars received from RWC in 2019
14 was exactly that, an advance. It was not a payment for services. It
15 was not a gift. It was not an honorarium. It was an advance. And
16 Mars knew it and knew that he had to pay it back through recoupment or
17 through payment. In fact, he twice signed a guarantee acknowledging
18 that fact. Mars's failure to perform all of the shows triggered his
19 obligation to pay back the advance. For that reason, he is required
20 to repay the unearned portion of the advance.

21 Mars disagrees. He introduces a series of legal and equitable
22 arguments as to why he believes that he should not have to pay it
23 back. He argues that the payment was not an advance but was
24 consideration for his agreement to go on tour and was earned when he
25 signed off on the deal. This argument is not persuasive. If the
26 \$1,500,000 had been earned when he signed onto the tour there would
27 have been no requirement of recoupment. Nor would there have been any
28 need for him to twice guarantee his performance on the tour or his

1 payback of the advance. Nor would RWC have had to sign a note
2 promising to pay back the advance if Mars and the others had not
3 completed the tour.

4 Mars notes that RWC never required him to sign a promise to repay
5 the advance when it advanced him the \$1,500,000. And he points out
6 that the guarantee he did sign was with Live Nation, not RWC. In his
7 view, that means that he doesn't owe RWC (or MCI) anything.²

8 This argument is rejected. The fact that there is no written
9 agreement between Mars and RWC--of which he was one of four officers,
10 directors, and shareholders when the Live Nation deal was inked and
11 when he received the advance--does not mean that he doesn't have to
12 pay it back. There is no dispute that RWC advanced him the money and
13 that that advance was based on a mutual understanding that it was an
14 advance and that he would have to pay it back if he didn't complete
15 the tour. By accepting the advance under the terms of the Live Nation
16 deal he also accepted the obligation to pay it back.

17 MCI notes that RWC booked the advance as a loan to Mars and
18 argues that that is proof that it was a loan. Mars complains that he
19 never saw the books and, even if he did, he contends that the fact
20 that RWC booked the advance as a loan does not create an obligation on
21 his part to repay it. I agree with Mars that RWC did not create an
22 obligation on Mars' part to repay it simply by booking the advance as
23 a loan. But that is not why I am finding that Mars has to repay the
24 advance. I am finding that Mars has to repay it because that is what
25 he agreed to do when he accepted the advance. At the time, everyone
26 involved--Mars, his bandmates, everyone at RWC, and everyone at Live

27
28 ² Presumably, under this theory, he wouldn't owe Live Nation
anything, either, because RWC paid him the advance, not Live Nation.

1 Nation--knew that the \$7,000,000 advanced to RWC, \$1,500,000 of which
2 was then advanced from RWC to Mars, was an advance that had to be paid
3 back through recoupment by the band's performances or repayment if
4 they failed to perform.

5 Mars notes that MCI was not a party to the Live Nation tour
6 contract and played no role in receiving or distributing the advance.
7 This is true. But RWC assigned its rights to MCI to collect the
8 advance from Mars and the others, which is perfectly legal and
9 enforceable.

10 Mars argues that the RWC-MCI assignment was infirm because MCI
11 did not pay consideration for the assignment. MCI disagrees. It
12 notes that it took on the burden of collecting the advance from Mars
13 and the risk it would not be paid and argues that this is
14 consideration under state law, citing, among others, 1 Witkin, Summary
15 of Cal. Law, Contracts § 209 (11th ed. 2025).

16 I might be more receptive to Mars' argument regarding the lack of
17 consideration if it were being made by RWC. But I don't find it all
18 persuasive coming from Mars, who is now seeking to use it as both a
19 sword and a shield to defend against MCI's efforts to collect the
20 advance that Mars promised to repay. RWC assigned its rights to
21 repayment to MCI and MCI seeks to enforce those rights. RWC is not
22 objecting and, of course, MCI is not, either. For these reasons, this
23 argument is rejected.

24 Mars complains that RWC backdated the assignment to MCI. He
25 contends that this is another reason why MCI's claims should fail.
26 MCI responds that there is nothing per se wrong with backdating an
27 assignment and no harm to Mars resulted. I agree with Mars that it
28 appears that the assignment was backdated from August or September of

1 2023 to January of 2023. But the law does not prohibit parties from
2 backdating an agreement unless it was done for an improper purpose
3 and/or there is a showing of prejudice. Mars has not established
4 either.

5 Here, again, Mars disagrees. He claims the backdating is
6 significant here because, by the time RWC assigned its rights to MCI,
7 it had already assigned all of its interests in the Live Nation tour
8 to Nu Crue. Thus, it had nothing left to assign to MCI.

9 MCI disputes this claim. It points out that RWC only assigned
10 its rights to the Live Nation tour and argues that that did not
11 include RWC's advance to Mars or Mars' obligation to repay the
12 advance.

13 MCI has the better argument, here. When RWC transferred its
14 rights and obligations under the Live Nation contract to Nu Crue, it
15 was not transferring Mars' obligation to repay RWC the advance. As
16 such, it did not transfer the right to collect from Mars to Nu Crue
17 and still possessed that right when it assigned it to MCI in 2023 and
18 backdated it to January 2023.³

19 Mars makes a series of equitable arguments that he believes
20 compel a finding that he should not have to repay the advance. He
21 points out that the Live Nation tour has generated tens of millions of
22 dollars for the band and that Sixx, Lee, and Neil are already
23 realizing a windfall because the profit generated from the tour is now

24
25 ³ Mars' argument that when RWC transferred its rights and
26 obligations under the Live Nation tour to Nu Crue it transferred its
27 rights to recover Mars' advance--since that was part of the Live
28 Nation tour deal--undermines Mars' argument that he shouldn't have to
pay RWC back because the advance from RWC was not part of the Live
Nation deal nor was it encompassed in his guarantee to pay Live Nation
back.

1 being split three ways instead of four. This is true. Sixx, Lee, and
2 Neil stand to gain greater profits from the tour because Mars is no
3 longer splitting the money with them. But that is not a compelling
4 reason to release Mars from his obligation to repay the advance he
5 received and promised to repay.

6 Mars notes the maxim that equity forbids a forfeiture. He
7 contends that to require him to repay the advance would amount to a
8 forfeiture. He notes, too, that RWC assigned its right to collect the
9 advance from Mars only after the Superior Court ruled that RWC was not
10 subject to arbitration. He points out that RWC then "covertly"
11 manipulated the date of the assignment. His argument, it seems, seeks
12 to wrap an unclean hands defense around his forfeiture defense.

13 I don't see the equities the way that Mars does. Requiring him
14 to pay back an advance that he promised to pay back is not
15 inequitable. The fact that RWC backdated its assignment is not a
16 reason to reach a different result.

17 Mars argues that it is inequitable to require him to repay the
18 band for concerts that he missed when the band did not require Tommy
19 Lee to repay the band when he failed to perform due to a rib injury.
20 The evidence undermines this argument. Though Lee did suffer a rib
21 injury and was not able to perform the entire show at times, he still
22 performed at all of the shows and used a replacement drummer only when
23 the pain prevented him from completing the entire show.

24 Mars points out that not all of the recoupment is due because not
25 all of the tour dates have arrived. Mars is right. The tour is not
26 over and, therefore, the total payment is not due. Were Mars required
27 to pay now for future shows he could, conceivably, be required to pay
28 twice if the band didn't finish the tour and Live Nation sought to

1 enforce his guarantee. Mars will not be required to pay the
2 recoupment for future shows because repayment is not due yet.

3 IV.

4 CONCLUSION

5 Mars was given a \$1,500,000 advance in exchange for his agreement
6 to perform 138 shows. He understood when he received the advance that
7 it was an advance and that he had to pay it back if he stopped
8 touring. Mars stopped touring. Therefore, he must pay it back. Mars
9 is ordered to pay to MCI the pro rata rate for the shows he missed
10 between September 2021 and today. He is not required to pay for shows
11 that have not taken place.

12 IT IS SO ORDERED.

13 DATED: December 20, 2025

14 *Patrick J. Walsh*

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16 HON. PATRICK J. WALSH (Ret.)
17 Arbitrator
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