

1 MARTIN D. SINGER (BAR NO. 78166)  
2 MICHAEL D. HOLTZ (BAR NO. 149616)  
3 LAVELY & SINGER  
4 PROFESSIONAL CORPORATION  
5 2049 Century Park East, Suite 2400  
6 Los Angeles, California 90067-2906  
7 (310) 556-3501 - Telephone  
8 (310) 556-3615 - Telecopier

9 Attorneys for Plaintiffs  
10 MATTHEW GALE KRANE and GOLDFLEUGEL PARTNERSCHAFT, LLC

**CONFORMED COPY**  
OF ORIGINAL FILED  
Los Angeles Superior Court

JUL 21 2009

John A. Clarke, Executive Officer/Clerk  
By *Dawn Alexander*, Deputy  
DAWN ALEXANDER

11 SUPERIOR COURT FOR THE STATE OF CALIFORNIA  
12 FOR THE COUNTY OF LOS ANGELES

13 MATTHEW GALE KRANE, an individual; )  
14 GOLDFLEUGEL PARTNERSCHAFT, LLC, )  
15 a Delaware Limited Liability Company, )

16 Plaintiffs )

17 vs. )

18 HAIM SABAN, an individual; )  
19 CHERYL SABAN, an individual; )  
20 TITANIUM )  
21 TRADING PARTNERS LLC, a Delaware )  
22 Limited Liability Company; and DOES 1-10, )  
23 inclusive, )

24 Defendants. )

CASE NO.: **BC418250**

COMPLAINT FOR:

- (1) DECLARATORY RELIEF;
- (2) DECLARATORY RELIEF.

DEMAND FOR JURY TRIAL

25 Plaintiffs Matthew Gale Krane and Goldfleugel Partnerschaft LLC (collectively  
26 "Plaintiffs") allege as follows:

27 INTRODUCTION

28 1. Most Americans pay their income taxes as fair consideration for the privileges  
citizenship confers. Defendant Haim Saban is not one of them. Despite being one of the richest  
men in the world, Haim Saban, believing he is above the law, has spent decades trying to avoid  
paying taxes on the many billions of dollars in income he has received, evidencing little restraint

1 in his conduct other than seeking a convenient scapegoat. Saban retained the services of numerous  
2 tax consultants and advisors, including plaintiff Matthew Krane, to advise Saban on aggressive tax  
3 strategies, a task made even more difficult by the perpetual fraudulent and deceptive conduct of  
4 Saban.

5 2. This case arises out of a tax and financial plan (“the Plan”) put together for Saban.  
6 The business transaction (the “Transaction”) subject to the Plan concerned the sale by Haim  
7 Saban, his wife Cheryl Saban, and their children (operating through a limited partnership called  
8 Silverlight Enterprises, L.P. and a limited liability company called Titanium Trading Partners,  
9 LLC) (collectively Haim Saban, Cheryl Saban and Titanium Trading Partners LLC are referred  
10 to herein as “Defendants”) of their interest in Fox Family Worldwide, Inc. (“FFWW”) in 2001  
11 for over \$1.5 billion dollars. Saban insisted on paying no taxes on the enormous profits  
12 Defendants stood to gain from the Transaction. In his effort to avoid paying taxes, Saban solicited  
13 Matthew Krane, whose record of success in tax plans and tax audits exceeded that of any tax  
14 advisor Saban had ever known. Saban demanded Krane put together a tax plan (the “Plan”) to  
15 ensure that Saban would pay \$0 in tax on his \$1.5 billion profit from the impending sale of his  
16 company. Saban requested that Krane put together the Plan, and obtain independent legal advice  
17 and approval from prominent law firms, and Saban agreed to pay fees commensurate with the  
18 benefit the Plan provided and consistent with the going rates in the marketplace. The ultimate fee  
19 Saban paid for the Plan was substantially less than the marketplace rate and conferred far greater  
20 benefit than other plans would have.

21 3. Krane ultimately put together a Plan that achieved Saban’s stated goal of paying no  
22 taxes on the enormous profit Defendants received from the sale of their interest in FFWW, while  
23 simultaneously achieving several non-tax objectives as well. The Plan thus saved Defendants  
24 \$150,000,000 or more in tax benefits while, at the same time, placing \$60,000,000 in potential  
25 stock profit at Saban’s disposal and streamlining and expanding the asset and family protection  
26 needs of Saban (benefits to which Saban, who focused solely on tax savings, paid no attention and  
27 showed little interest, but which Krane understood were necessary and critical components of the  
28 Plan). The Plan provided more benefit at less risk and substantially less expense than competing

1 plans in the marketplace. Without Plaintiffs, Saban would have inevitably chosen a plan that  
2 would have caused Saban substantial loss, greater risk and more expense.

3 4. The Plan employed the services of multiple nationally prominent law firms (who  
4 approved the Plan with knowledge of all relevant facts concerning the Plan's tax benefits), a  
5 European bank and a Hong Kong international bank (perhaps the largest bank in the world at the  
6 time), and a Seattle-based international investment company (who provided financial advisory and  
7 investment services). Saban chose the Plan demanding Krane's thorough involvement. Saban also  
8 paid a fee for the Plan. The fee was below market rates, and was not commensurate with the  
9 benefit of Krane's contribution to the Plan and/or with the ongoing financial benefit that the Plan  
10 conferred upon Saban. Krane did not bill Saban, and Saban did not pay Krane, for the substantial  
11 time Krane spent creating, designing and initially researching the Plan for Saban's benefit.

12 5. The fee which Saban contractually agreed to pay to the Seattle-based international  
13 investment company was consideration for work performed, service provided and benefit  
14 conferred in connection with the Plan. No portion of the fee paid to or on behalf of Krane in  
15 connection with the Plan was in any way a referral fee, a finder's fee or any kind of kickback.  
16 Without Krane, there would have been no Plan, and without the Plan, Saban (and the other  
17 Defendants) would not have received the substantial tax savings and other benefits which they  
18 enjoyed.

19 6. Just as Saban hates paying taxes (while using his political donations to demand  
20 special treatment and personal favors), Saban likes to steal even more. More than seven (7) years  
21 after reaping astronomical profits from the Transaction, and more than three (3) years since Saban  
22 knew of the payments made specifically for Krane in consideration of Krane's services in  
23 connection with the Plan, Saban sought to deprive Plaintiffs of the entire portion of the fee fully  
24 earned by Plaintiffs for the work Krane performed for Saban. To that end, Defendants' attorneys  
25 filed claims against Plaintiffs in Vienna, Austria, notwithstanding that the claims are time-barred,  
26 that Defendants and Krane are California residents, and that all relevant events took place in  
27 California. Defendants' attorneys also bragged about special influence over and collusion with  
28 prosecuting attorneys for the Western District of Washington in facilitating the prosecutorial

1 charging, arrest and bail decisions of the federal prosecutors concerning criminal charges brought  
2 against Krane, all in the hopes of depriving Plaintiffs of the fee deservedly earned for Krane's  
3 instrumental role in putting together the Plan.

4 7. This theft of another person's labor conforms to a lifelong pattern of Saban's.  
5 Plaintiffs are informed and believe and based thereon allege that Saban has made hundreds of  
6 millions of dollars stealing from recording artists, illicitly claiming authorship of songs to which  
7 he likely can't even read the music, and built his multi-billion dollar fortune through forgery,  
8 perjury and fraud. Now, to protect himself and hide his secrets, including secrets that implicate  
9 major foreign policy in this country and prominent foreign public officials, Saban seeks to  
10 scapegoat Krane.

11 8. Saban knew about the fee received by Krane in connection with the Plan since at  
12 least early 2005, yet never sued or sought any legal action, fully aware and cognizant of the  
13 substantial benefit Krane's work conferred upon Saban. Saban knew the Plan could not succeed  
14 without Krane's involvement, and Saban chose the Plan because of Krane's unique abilities.  
15 Krane defrauding Saban is as far-fetched as Saban being the true author of the songs for which he  
16 stole the credit and continues to steal the royalties.

17 9. Through this action, plaintiffs seek: (1) a declaration that the claims filed by  
18 Defendants in Austria are governed by California law and are time-barred by the applicable  
19 statutes of limitations; and/or (2) a declaration that even if the claims filed by Defendants in  
20 Austria are not time-barred (which they are), Plaintiffs have a legal right to the compensation  
21 Plaintiffs received in connection with the Plan.

### 22 23 THE PARTIES

24 10. Plaintiff Matthew Gale Krane ("Krane") is, and at all times relevant hereto was,  
25 an individual residing in the County of Los Angeles, State of California.

26 11. Plaintiff Goldflugel Partnerschaft LLC ("Goldflugel") is, and at all times relevant  
27 hereto has been, a Delaware limited liability company.

28 12. Plaintiffs are informed and believe and based thereon allege that Defendant Haim

1 Saban ("Saban") is, and at all times relevant hereto has been, an individual residing in the County  
2 of Los Angeles, State of California.

3 13. Plaintiffs are informed and believe and based thereon allege that Defendant Cheryl  
4 Saban is, and at all times relevant hereto has been, an individual residing in the County of Los  
5 Angeles, State of California.

6 14. Plaintiffs are informed and believe and based thereon allege that Defendant  
7 Titanium Trading Partners LLC ("Titanium") is, and at all times relevant hereto has been, a  
8 Delaware limited liability company owned by Haim and Cheryl Saban, authorized to conduct and  
9 conducting business in the County of Los Angeles, State of California.

10 15. Plaintiffs are informed and believe and based thereon allege that Defendants, and  
11 each of them, were the agents, employees, partners, joint-venturers, co-conspirators, owners,  
12 principals, and employers of the remaining Defendants, and each of them, and are, and at all times  
13 herein mentioned were, acting within the course and scope of that agency, partnership,  
14 employment, conspiracy, ownership, or joint venture. Plaintiffs are further informed and believe  
15 and based thereon allege that the acts and conduct herein alleged of each such Defendant were  
16 known to, authorized by, and/or ratified by the other Defendants, and each of them.

17 16. Plaintiffs are informed and believe and based thereon allege that pursuant to Code  
18 of Civil Procedure section 474, the fictitiously named Defendants sued herein as Does 1 through  
19 10, inclusive, and each of them, were in some manner responsible or legally liable for the actions,  
20 events, transactions and circumstances alleged herein. The true names and capacities of such  
21 fictitiously named Defendants, whether individual, corporate, associate or otherwise, are presently  
22 unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend this Complaint to assert the  
23 true names and capacities of such fictitiously named Defendants when the same have been  
24 ascertained. For convenience, each reference to a named defendant herein shall also refer to the  
25 Doe Defendants and each of them.

1 **FIRST CAUSE OF ACTION**

2 **(For Declaratory Relief Against All Defendants)**

3 17. Plaintiffs repeat, reallege, adopt and incorporate each and every allegation contained  
4 in paragraphs 1 through 16, inclusive, as though fully set forth herein.

5 18. Plaintiffs are informed and believe and based thereon allege that in late 2008,  
6 Defendants filed claims in Austria against Krane and Goldfleugel for fraud, breach of fiduciary  
7 duty and unjust enrichment.

8 19. Plaintiffs are informed and believe and based thereon allege that by no later than  
9 mid-2005, Defendants discovered and had knowledge of the underlying facts which give rise to  
10 the claims filed by Defendants in Austria against Krane and Goldfleugel for fraud, breach of  
11 fiduciary duty and unjust enrichment.

12 20. An actual controversy and dispute has arisen between the parties as to the  
13 following:

14 (a) Plaintiffs contend that the civil claims for fraud, breach of fiduciary duty  
15 and unjust enrichment filed by Defendants in Austria are governed by California law, and that  
16 under California law each of said civil claims is barred by the applicable statute of limitations;

17 (b) Conversely, Defendants contend that some or all of the civil claims for  
18 fraud, breach of fiduciary duty and unjust enrichment filed by Defendants in Austria are not  
19 governed by California law, and/or are not barred by the applicable California statute of  
20 limitations.

21 21. Wherefore, Plaintiffs seek a judicial determination and declaration that (i) the civil  
22 claims for fraud, breach of fiduciary duty and unjust enrichment filed by Defendants in Austria  
23 are governed by California law, (ii) under California law each of said civil claims is barred by the  
24 applicable statute of limitations, and (iii) as such, Defendants have no right to any of the  
25 compensation Plaintiffs received in connection with the Plan.

1 **SECOND CAUSE OF ACTION**

2 **(For Declaratory Relief Against All Defendants)**

3 22. Plaintiffs repeat, reallege, adopt and incorporate each and every allegation contained  
4 in paragraphs 1 through 16, and 18 through 20, inclusive, as though fully set forth herein.

5 23. An actual controversy and dispute has arisen between the parties as to the  
6 following:

7 (a) In the event that the civil claims for fraud, breach of fiduciary duty and  
8 unjust enrichment filed by Defendants in Austria are not barred by the statute of limitations,  
9 Plaintiffs nonetheless contend that they have a legal right to the compensation they received in  
10 connection with the Plan;

11 (b) Conversely, Defendants contend that Plaintiffs do not have a legal right to  
12 the compensation they received in connection with the Plan.

13 24. Wherefore, Plaintiffs seek a judicial determination and declaration that Plaintiffs  
14 have a legal right to the compensation Plaintiffs received for the work performed by Krane in  
15 connection with the Plan and as contractually agreed to by Defendants for the benefits conferred  
16 by Plaintiffs.

17  
18 **PRAYER FOR RELIEF**

19 WHEREFORE, Plaintiffs Matthew Gale Krane and Goldfleugel Partnerschaft LLC pray  
20 for judgment against Defendants Haim Saban, Cheryl Saban and Titanium Trading Partners LLC,  
21 and each of them, as follows:

22  
23 **AS TO THE FIRST CAUSE OF ACTION**

24 1. For a Declaratory Judgment that (i) the civil claims for fraud, breach of fiduciary  
25 duty and unjust enrichment filed by Defendants in Austria are governed by California law, (ii)  
26 under California law each of said civil claims is barred by the applicable statute of limitations, and  
27 (iii) as such, Defendants have no right to any of the compensation Plaintiffs received in connection  
28 with the Plan;

1 **AS TO THE SECOND CAUSE OF ACTION**

2 2. For a Declaratory Judgment that in the event that the civil claims for fraud, breach  
3 of fiduciary duty and unjust enrichment filed by Defendants in Austria are not barred by the statute  
4 of limitations, Plaintiffs nonetheless have a legal right to the compensation Plaintiffs received in  
5 connection with the Plan;

6 **AS TO ALL CAUSES OF ACTION**

7 3. For all costs of suit incurred herein by Plaintiffs to the extent provided by law; and

8 4. For such other and further relief as the Court deems just and proper.

9

10 DATED: July 20, 2009

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

LAVELY & SINGER PC  
PROFESSIONAL CORPORATION  
MARTIN D. SINGER  
MICHAEL D. HOLTZ

By:   
MARTIN D. SINGER

Attorneys for Plaintiffs  
MATTHEW GALE KRANE and  
GOLDFLEUGEL PARTNERSCHAFT, LLC

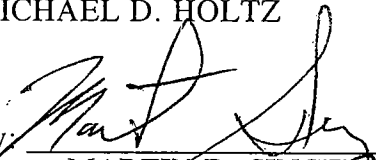
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**JURY DEMAND**

Plaintiffs Matthew Gale Krane and Goldfleugel Partnerschaft LLC hereby demand trial by jury.

DATED: July 20, 2009

LVELY & SINGER PC  
PROFESSIONAL CORPORATION  
MARTIN D. SINGER  
MICHAEL D. HOLTZ

By:   
\_\_\_\_\_  
MARTIN D. SINGER

Attorneys for Plaintiffs  
MATTHEW GALE KRANE and  
GOLDFLEUGEL PARTNERSCHAFT, LLC