1 2 3 4 5 6	David S. Olson, Esq. (SBN 127264) Alisa S. Edelson, Esq. (SBN 216269) KULIK, GOTTESMAN, MOUTON & SIEGEL, LL 15303 Ventura Boulevard, Suite 1400 Sherman Oaks, California 91403 Telephone: (818) 817-3600; (310) 557-9200 Facsimile: (310) 557-0224 dolson@kgmslaw.com aedelson@kgmslaw.com Attorneys for Defendants/Cross-Complainants The Prager Perspective, LLC and Scott Webley	FILED LOS ANGELES SUPERIOR COURT OCT 05 2006 JOHN A. CLARK, EXECUTIVE OFFICER/CLERK BY R. GAMBOA R. GAMBOA		
8	SUPERIOR COURT OF THE STATE OF CALIFORNIA			
9	FOR THE COUNTY OF LOS ANGELES – CENTRAL DISTRICT			
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11	DENNIS PRAGER, an individual,	CASE NO.: BC 357131		
12	Plaintiff,	Assigned for all purposes to Hon. Edward A. Ferns, Dept. 69		
13	VS.	THE PRAGER PERSPECTIVE, LLC'S AND SCOTT WEBLEY'S CROSS-COMPLAINT		
14	THE PRAGER PERSPECTIVE, LLC, a California limited liability company; SCOTT WEBLEY, an individual; and DOES 1-25,	FOR: 1. BREACH OF ORAL CONTRACT		
16	Inclusive,	2. INTENTIONAL MISREPRESENTATION		
17	Defendants.) 3. NEGLIGENT MISREPRESENTATION		
18 19	THE PRAGER PERSPECTIVE, LLC, a California limited liability company; SCOTT) 4. FRAUDULENT CONCEALMENT) 5. INTENTIONAL INTERFERENCE WITH		
20	WEBLEY, an individual, Cross-Complainants,	 5. INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE 		
21 22	vs.)) 6. NEGLIGENT INTERFERENCE WITH) PROSPECTIVE ECONOMIC		
23	DENNIS PRAGER, an individual; and ROES 1-25, Inclusive,	ADVANTAGE		
24	Cross-Defendants.	Action Filed: June 14, 2006		
25	Signature of the state of the s) No Trial Date Set		
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00:00:1	CROSS-COMPLAINT			
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Cross-Complainants The Prager Perspective, LLC ("Prager LLC") and Scott Webley ("Webley") (collectively "Cross-Complainants") allege as follows:

GENERAL ALLEGATIONS

- 1. At all times mentioned herein, Prager LLC is a limited liability company in good standing, organized under the laws of the State of California, doing business in Los Angeles County, with its principal place of business in Los Angeles County, California.
- 2. At all times mentioned herein, Webley is an individual who resides in Los Angeles County and is one of two members of Prager LLC. Webley is the managing member of Prager LLC.
- 3. At all times mentioned herein, Cross-Defendant Dennis Prager ("Prager") is an individual who, Cross-Complainants are informed and believe, and on that basis allege, resides in Los Angeles County, California and is the other member o Prager LLC.
- 4. At all times mentioned herein, Salem Radio Network Incorporated ("Salem Radio") is a corporation in good standing, organized under the laws of the State of Delaware and qualified to do business in the State of California. Cross-Complainants are informed and believe, and on that basis allege that Salem Radio is doing business in Los Angeles County, California.
- 5. At all times mentioned herein, Salem Communications Corp. ("Salem Communications") is a corporation in good standing, organized under the laws of the State of Delaware and qualified to do business in the State of California. Cross-Complainants are informed and believe, and on that basis allege that Salem Communications is doing business in Los Angeles County, California.
- 6. Cross-Complainants are informed and believe, and on that basis allege Salem Radio is a division of or a wholly owned subsidiary of Salem Communications Corp. Salem Radio and Salem Communications are collectively referred to as "Salem" unless otherwise indicated.
- 7. Cross-Complainants are informed and believe, and on that basis allege that Salem Radio and Salem Communications acted as the agents, employees, co-venturers, alter egos, and/or partners of one another, and each of them, while acting in the course and scope of their agency, employment, co-ventureship, alter ego and/or partnership, performed the acts and conduct hereinafter alleged, and said acts and conduct were ratified and approved by each of them at all times mentioned herein.

8. Cross-Defendants Roes 1 through 25, inclusive, are sued herein by these fictitious names because their true names and capacities are unknown to Prager LLC. Cross-Complainants will seek leave to amend this cross-complaint to allege the true names and capacities of Roes 1 through 25, inclusive, when the same are ascertained. Cross-Complainants are informed and believe, and on that basis allege that each of the fictitiously named Cross-Defendants is liable for the wrongful conduct as alleged herein, and that Cross-Complainants' claims against these fictitiously named Cross-Defendants arose from such conduct.

- 9. Cross-Complainants are informed and believe, and on that basis allege that these fictitiously-named Cross-Defendants, and each of them, acted as the agents, employees, co-venturers, alter egos, and/or partners of the named Cross-Defendants, and the Roe Cross-Defendants, and each of them, while acting in the course and scope of their agency, employment, co-ventureship, alter ego and/or partnership, performed the acts and conduct hereinafter alleged, and said acts and conduct were ratified and approved by each named Cross-Defendants. Cross-Complainants are informed and believe, and thereon allege, that the named Cross-Defendants, and each of them, acts as the agents, employees, co-venturers, alter egos, and/or partners of each other, and, while acting in the course and scope of their agency, employment, co-ventureship and/or partnership, performed the acts and conduct hereinafter alleged, and said acts and conduct were ratified and approved by the each named Cross-Defendant.
- 10. Prager is a popular radio talk show host. He has been broadcasting on radio in Los Angeles since approximately 1982. In or about 1999, his radio show became nationally syndicated and is known as "The Dennis Prager Show" (hereinafter referred to as "the Radio Show"). Since on or about January 1, 2001, the Radio Show has been broadcasted on KRLA 870 AM (hereinafter referred to as "the Radio Station"). Salem Communications owns the Radio Station.
- Prager is also the author of several books, essays, articles, newsletters and columns.

 Prager also has appeared for a number of speaking engagements.
 - 12. Webley and Prager met in or about the late 1990s.
- 13. In or around late 2000 or early January 2001, Webley and Prager orally agreed that (1) they would form Prager LLC to market, distribute and sell all intellectual property in the form of cassettes, audio and video tapes, newsletters, books, internet downloads, compact and digital video discs

conceived, developed, and/or written by Prager, (2) Prager LLC would manage and operate a website featuring Prager and such intellectual property, (3) Prager would continue to conceive, develop and/or write such materials, (4) Webley would provide an infrastructure including but not limited to providing offices, hiring personnel, data processing, warehousing, shipping and distribution services necessary to carry out the business of Prager LLC, (5) Prager granted an exclusive license including the use of his name for the sale and distribution of such materials, (6) Prager and Webley would be the members of Prager LLC, and (7) Prager and Webley would equally share in any revenues generated by Prager LLC (the "Prager LLC Agreement").

- 14. Webley and Prager subsequently formed Prager LLC on or about January 3, 2001 to market, sell, and distribute sell various merchandise related to Prager's radio personality and collection of work such as Prager's books, essays, articles, newsletters, columns, recordings of various speaking engagements and broadcastings of the Radio Show by way of the internet, mail and/or telephone.
- 15. Webley and Prager are 50% owners of Prager LLC. They have and continue to equally share in any revenues generated by Prager LLC.
- 16. In reliance upon and in consideration of the Prager LLC Agreement, Webley undertook liabilities and invested his time and expense to provide such an infrastructure for Prager LLC including but not limited to opening an office, hiring personnel, and setting up Prager LLC's website "dennisprager.com" (the "Website").
- 17. Beginning, in or about January 2001 through in or about late 2003 or early 2004, Prager and his assistant Alan Briese delivered the master tapes of the Radio Show to Prager LLC's office.

 During this time, Prager and his assistant Alan Briese represented to Cross-Complainants that these master tapes were lawfully taken from the Radio Station and Cross-Complainants were to transfer these recordings onto cassette tapes and/or CD for sale and distribution.
- 18. Salem, with Prager's knowledge, consent, and/or direction, knowingly and intentionally, and to further the business of Prager LLC, Salem uploaded electronic feeds of each daily broadcast from the Radio Show directly onto the Website in or about late 2003 or early 2004. Salem uploaded these electronic feeds from in or about late 2003 or early 2004 to on or about January 13, 2006. Prager LLC made the Radio Show available to its customers by way of electronic downloads instead of just cassette

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suggesting changes to the Website menu and drafting a synopsis of the daily broadcasts of the Radio Show to be posted on the Website to further the sale and distribution of such recordings from in or about mid 2002 to in or about early 2006. 19. Once Salem began uploading the electronic feeds of the Radio Show onto the Website,

tapes or CDs. In addition, Salem participated in the format and structure of the Website including

- Prager and his assistant Alan Briese discontinued bringing the master tapes to Prager LLC.
- 20. Cross-Complainants are informed and believe and thereon allege that Salem was aware of and consented to the sale and/or distribution of the Radio Show's recordings.
- 21. With the knowledge, consent, and/or participation of Prager and Salem, Prager LLC offered a membership subscription for a variety of services. This subscription included individual emails from Prager, access to forum discussions with Prager, and electronic downloads of daily recordings of the Radio Show and recordings of Prager's lecture series. In addition, Prager LLC's customers could also purchase Prager's articles, essays, books, newsletters, films, or individual recordings of the Radio Show, Prager's lecture series or other various speaking engagements through the internet or by telephone or mail.
- 22. Cross-Complainants are informed and believe and thereon allege that Salem discovered in or about the summer of 2005 that Prager LLC was a successful and profitable business venture. Cross-Complainants are further informed and believe and thereon allege that, despite Salem's prior consent, Salem then objected to the use and sale of the Radio Show to usurp the revenue generated by Prager LLC. Cross-Complainants believed and continue to believe, and thereon allege that Salem's objections were meritless.
- 23. At this same time in or about 2005, Cross-Complainants learned Prager had entered into an agreement with Salem regarding the Radio Show (hereinafter referred to as "the Salem Agreement"). Salem contended Prager had transferred all production and syndication rights to the Radio Show under The Salem Agreement. Salem informed Prager LLC and/or Webley that it intended to maintain a website that featured various Salem radio personalities. Salem wrongfully demanded that Prager LLC, including its members Webley and Prager, turn over the Website and anything related to the Radio Show to Salem. Prager LLC denied Salem's request because Salem's objection was without merit.

- 24. On or about January 13, 2006, Salem discontinued the uploads of electronic recordings of the Radio Show onto the Website.
- 25. Shortly thereafter, customers contacted Prager LLC and complained that they could not access the downloads of the Radio Show. Because the downloads of the Radio Show were no longer available, Prager LLC was forced to refund membership subscriptions or offer at no charge other inventory such as recordings of Prager's various speaking engagements or articles or essays written by Prager.
- 26. Currently, the Radio Show is broadcasted live on a daily basis on the website "townhall.com" that features many of the radio personalities, including Prager, who broadcast on Salem owned radio stations including the Radio Station. The "townhall.com" site also makes many of Prager's columns and clips of the Radio Show from programs recorded in or about January 2006 to in or about October 2006 available for internet users. Cross-Complainants are informed and believe, and on that basis allege that "townhall.com" is owned and/or is part of Salem Communications.
- 27. On or about June 14, 2006, Salem Radio filed an action in the Ventura County Superior Court entitled Salem Radio Network Incorporated v. The Prager Perspective, LLC and Scott Webley, bearing Case Number CIV 241578 (hereinafter referred to as "the Salem Lawsuit"). Prager was not sued in the Salem Lawsuit. This case was subsequently transferred to Central District of the Los Angeles Superior Court and now bears the case number BC 358558. The Salem Lawsuit alleges in part:
 - (a) Salem Radio and Prager entered into an agreement on or about November 6, 2000 that only Salem Radio would produce and syndicate the Radio Show.
 - (b) Prager agreed he would not permit his name to be used in connection with any other radio station or program and that Salem Radio would have exclusive ownership, exploitation, and syndication rights to the Radio Show in all forms and formats.
 - (c) Webley and Prager LLC, not Prager, wrongfully copied the Radio Show from 2001 to January 2006 onto the Website. Webley and Prager LLC then marketed, sold, and distributed electronic and tangible expressions of the Radio Show on the Website and collected \$300,000 in revenue without compensating Salem Radio. This conduct then disrupted and interfered with its

economic relationship with Salem's own customers who are the purchasers and potential purchasers of electronic and tangible expressions of the Radio Show.

FIRST CAUSE OF ACTION

(Cross-Complainant Scott Webley for Breach of Oral Contract Against Cross-Defendant Dennis Prager and Roes 1 through 25)

- 28. Webley alleges and incorporates herein by this reference each and every allegation made above in Paragraphs 1 through 27 of this Cross-Complaint.
- 29. In or around late 2000 or January 2001, Webley and Prager orally agreed and contracted that (1) they would form Prager LLC to distribute and sell all intellectual property in the form of cassettes, audio and video tapes, newsletters, books, internet downloads, compact and digital video discs conceived, developed, and/or written by Prager, (2) Prager LLC would manage and operate a website featuring Prager and such intellectual property, (3) Prager would continue to conceive, develop and/or write such materials, (4) Webley would provide an infrastructure including but not limited to providing offices, hiring personnel, data processing, warehousing, shipping and distribution services necessary to carry out the business of Prager LLC, (5) Prager granted an exclusive license, including for the use of his name, for the sale and distribution of such materials, (6) Prager and Webley would be the members of Prager LLC, and (7) Prager and Webley would equally share in any revenues generated by Prager LLC (the "Prager LLC Agreement").
- 30. Pursuant to the Prager LLC Agreement, Prager LLC was formed on or about January 3, 2001.
- 31. In reliance upon the Prager LLC Agreement and with Prager's knowledge, consent, and participation in furtherance of the Prager LLC Agreement, and in consideration thereof, Webley provided an infrastructure including but not limited to hiring personnel, acquiring office space, and maintaining the Website from in or about January 2001 to the present.
- 32. In reliance upon, pursuant to, and in consideration of the Prager LLC Agreement, Webley has performed each and every term and condition of the Prager LLC Agreement, except to the extent said performance was waived or excused by Prager's conduct.

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Cross-Complainants reasonably relied to their detriment on these representations.

(Cross-Complainant The Prager Perspective, LLC for Intentional Interference with Prospective Economic Advantage against Cross-Defendant Dennis Prager and Roes 1 through 25)

- 61. Prager LLC alleges and incorporates herein by this reference each and every allegation made above in Paragraphs 1 through 60 of this Cross-Complaint.
- 62. Prager LLC has an economic relationship with its customers, who are the buyers and potential buyers of recordings of the Radio Show in addition to other inventory such as recordings of Prager's lecture series and various other speaking engagements, and Prager's articles, columns, essays, books, films and newsletters. This relationship would have resulted in an economic benefit to Prager LLC.
- 63. As set forth above, Prager has now, and at all relevant times have had, knowledge of an economic relationship between Prager LLC and its customers.
- 64. Prager intentionally committed acts designed to disrupt this relationship including but not limited to (i) misrepresenting that Cross-Complainants had the right to market, sell, and distribute any inventory or merchandise relating to the Radio Show, (ii) misrepresenting and directing Cross-Complainants to use the master tapes Prager and his assistant Alan Briese claimed they lawfully took from the Radio Station to make recording copies for sale and distribution, (iii) for entering into the Salem Agreement, and (iv) for concealing the Salem Agreement from Cross-Complainants as further alleged in the above paragraphs.
- 65. Cross-Complainants are further informed and believe and thereon allege that Prager knew, consented in and/or participated in Salem's uploading of the electronic feeds of the Radio Show directly onto the Website for nearly two years and subsequent discontinuation.
- 66. Prager succeeded in disrupting Prager LLC's relationships with its customers and subscribers and engaged in wrongful conduct by his involvement and participation in the discontinuation of the uploading of electronic feeds of the Radio Show onto the Website. Prager LLC was then forced to refund subscriptions or to offer other inventory such as recordings of Prager's lectures or other speaking engagements or articles or newsletters written by Prager at no charge.

- 67. Prager's actions, therefore, were not justified, and were outside the real of legitimate business transaction. As described above, Prager's actions were intended to usurp Prager LLC's revenue as a successful and profitable business venture.
- As a direct and proximate result of Prager's interference with the prospective economic relationship between Prager LLC and its customers, Prager LLC has incurred damages. These damages include but are not limited to refunds of the Website's subscriptions and the cost to provide other inventory in lieu of downloads of the Radio Show to its subscribers. Prager LLC has lost revenue in excess of \$500,000 as a result of Prager's wrongful conduct in an amount according to proof at trial.
- 69. Prager's actions were undertaken with fraud, malice or oppression, or with a conscious disregard of Prager LLC's rights, and therefore, Prager LLC is entitled to an award of exemplary and punitive damages against Prager, and each of them, in an amount according to proof at the trial hereof, and pursuant to California Code of Civil Procedure section 3294.

SIXTH CAUSE OF ACTION

(Cross-Complainant The Prager Perspective, LLC for Negligent Interference with Prospective Economic Advantage Against Cross-Defendant Dennis Prager and Roes 1 through 25)

- 70. Prager LLC alleges and incorporates herein by this reference each and every allegation made above in Paragraphs 69 of this Cross-Complaint.
- 71. Prager LLC has an economic relationship with its customers, who are the buyers and potential buyers of recordings of the Radio Show in addition to other inventory such as recordings of Prager's lecture series and various other speaking engagements, and Prager's articles, columns, essays, books, films and newsletters. This relationship would have resulted in an economic benefit to Prager LLC.
- 72. As set forth above, Prager has now, and at all relevant times have had, knowledge of the conomic relationship between Prager LLC and its customers.
- 73. Prager was negligent in his conduct and such conduct interfered with Prager LLC's economic prospective economic relations as set forth above.
 - 74. Prager has failed to exercise due care in engaging in the actions alleged above.

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- 75. Prager succeeded in disrupting Prager LLC's relationships with its customers and subscribers and engaged in wrongful conduct by his involvement and participation in the discontinuation of the uploading of electronic feeds of the Radio Show onto the Website. Prager LLC was then forced to refund subscriptions or to offer other inventory such as recordings of Prager's lectures or other speaking engagements or articles or newsletters written by Prager at no charge.
- 76. It was reasonably foreseeable that this wrongful conduct would interfere with or disrupt this economic relationship when Prager failed to exercise due care.
- 77. Prager's actions, therefore, were not justified, and were outside the real of legitimate business transaction. As set forth above, Prager's actions were intended to usurp Prager LLC's revenue as a successful and profitable business venture.
- 78. As a direct and proximate result of Prager's interference with the prospective economic relationship between Prager LLC and its customers, Prager LLC has been incurred damages in excess of \$500,000. These damages include but are not limited to the monies to the extent it has been forced to refund money to subscribers to the Website and to offer at no cost other inventory in lieu of downloads of the Radio Show to its subscribers. Prager LLC has lost revenue as a result of Prager's wrongful conduct in an amount according to proof at trial.

WHEREFORE, Cross-Complainants pray for judgment against Cross-Defendants as follows:
On the First Cause of Action:

1. For compensatory damages in an amount to be proven at trial plus interest thereon.

On the Second Cause of Action:

- 1. For compensatory damages in an amount to be proven at trial; and
- 2. For exemplary and punitive damages in an amount sufficient to punish Cross-Defendant Dennis Prager and to deter him from engaging in similar conduct in the future.

On the Third Cause of Action:

1. For compensatory damages in an amount to be proven at trial;

On the Fourth Cause of Action:

1. For compensatory damages in an amount to be proven at trial; and

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1	2. For exemplary and punitive damages in an amount sufficient to punish Cross-Defendant	
2	Dennis Prager and to deter him from engaging in similar conduct in the future.	
3	On the Fifth Cause of Action:	
4	1. For compensatory damages in an amount to be proven at trial; and	
5	2. For exemplary and punitive damages in an amount sufficient to punish Cross-Defendant	
6	Dennis Prager and to deter him from engaging in similar conduct in the future.	
7	On the Sixth Cause of Action:	
8	1. For compensatory damages in an amount to be proven at trial.	
9	On all Causes of Action:	
10	1. For Cross-Complainants' costs of suit incurred herein; and	
11	2. For such other and further relief as the Court deems just and proper.	
12		
13	Dated: October 5, 2006 KULIK, GOTTESMAN, MOUTON & SIEGEL, LLP	
14		
15	By: DAVID S. OLSON	
16	ALISA S. EDELSON Attorneys for Cross-Complainants	
17	The Prager Perspective, LLC and Scott Webley	
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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is BARRY MINSTER SERVICES, 30802 Bayonne Ct., Westlake Village, CA 91362.

On October 5, 2006, I served the foregoing document(s) described as SUMMONS AND THE PRAGER PERSPECTIVE, LLC'S AND SCOTT WEBLEY'S CROSS-COMPLAINT FOR: 1. BREACH OF ORAL CONTRACT; 2. INTENTIONAL MISREPRESENTATION 3. NEGLIGENT MISREPRESENTATION; 4. FRAUDULENT CONCEALMENT; 5. INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE; 6. NEGLIGENT INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE on the interested parties in this action addressed as follows:

SEE ATTACHED SERVICE LIST

BY MAIL: I placed such envelope for collection and mailing pursuant to the ordinary business practices of this firm on the above-referenced date. I am "readily familiar" with the firm's practice for collection and processing correspondence for mailing. Under that practice, correspondence is deposited with the U.S. Postal Service at 15303 Ventura Boulevard, Sherman Oaks, California, with first-class postage prepaid on the same day that it is placed for collection and mailing.

BY OVERNIGHT MAIL [C.C.P. § 1013(c)] I deposited such envelope for overnight delivery to the offices of the addressee shown above.

- BY PERSONAL SERVICE: I hand delivered such envelope to the offices of the addressee and left it with the addressee, the office receptionist, or the person apparently in charge.
- (STATE) I declare under penalty of perjury under the laws of the State of California that the above is true and correct. 20
 - [(FEDERAL) I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the above is true and correct.

Executed on October 5, 2006, at Sherman Oaks, California.

BARRY MINSTER

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SERVICE LIST

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