I. <u>INTRODUCTION</u>

The Labor Commissioner heard the above-captioned Petition to Determine Controversy under Labor Code section 1700.44 on April 24, 2024. LEMON LIME AGENCY, INC.¹ ("Lemon Lime") appeared via its owner Chaim Magnum. Respondent TERRYN WESTBROOK ("Westbrook") appeared in pro per. Based on evidence presented at the hearing and on the other papers on file in this matter, the Labor Commissioner hereby adopts the following determination ("Determination").

II. FINDINGS OF FACT

Lemon Lime is a licensed talent agency specializing in commercial and print advertising.

Until October 29, 2021, Lemon Lime was jointly owned by Robin Harrington and Mr. Magnum with

Ms. Harrington holding a 51% ownership interest. Westbrook is an actor.

On June 6, 2021, Lemon Lime and Westbrook entered into a written agreement (the "Written Agency Agreement"). According to the terms of the Written Agency Agreement, Lemon Lime would serve as Westbrook's sole and exclusive agent in commercial and print representation for a one-year term. Westbrook agreed to pay Lemon Lime 10% for commercial and related services and 20% for print and related services of her gross earnings from the jobs Lemon Lime procured.

On October 29, 2021, Ms. Harrington and Mr. Magnum entered into a Stock Purchase Agreement (the "Purchase Agreement")² whereby Mr. Magnum became the sole owner of Lemon Lime. At the time of change in ownership, there was no written agreement in existence as to the division of Lemon Lime's talent or the division of any commissions, if any, due from talent.³ Instead, Ms. Harrington and Mr. Magnum agreed to issue a pre-approved joint announcement (the "Joint Announcement")⁴ to their clients informing them of the change in ownership. The language of

testimony as to its contents.

³ See also Lemon Lime Agency, Inc. v. Bo Barrett, TAC Case No. 52850, at 2 (March 9, 2023) ("Barrett"); Lemon Lime Agency, Inc. v. Horace Brooks, TAC Case No. 52851, at 2 (March 9, 2023) ("Brooks").

² Due to confidentiality, the parties did not enter the Purchase Agreement into the record but there was

of the evidence, it is clear the named Petitioner is Lemon Lime Agency, Inc.

¹ The Petition to Determine Controversy failed to properly name the corporation. However, upon review

⁴ During the hearing, the parties referred to the email that Mr. Magnum and Ms. Harrington sent to their clients during Lemon Lime's change in ownership as "email" or "memo" whereas the prior two TAC cases involving the same email or memo referred to it as the "Joint Announcement." For purposes of consistency, we will also refer to that same memo or email here as the "Joint Announcement."

the Joint Announcement was attached as Exhibit A to the Purchase Agreement.⁵ On October 29, 2021, the Joint Announcement was sent to Lemon Lime's clients via their casting platform, Casting Networks, and read, in part:

[W]e (Robin and Chaim) have decided to end our business alliance...it is our sincere wish that **you experience a seamless transition** with continuous access to job opportunities. Chaim will remain at Lemon Lime and become the sole owner of the company. Robin and Lauren will begin operating their new talent agency. We have agreed to remain impartial in an effort to allow you, our trusted clients, the opportunity to decide where you would like to continue to be represented. Each of you has an open invitation to either agency.

If you wish to remain at Lemon Lime, then nothing needs to be done. If you wish to follow Robin and Lauren, simply respond to the email invitation to follow in a separate thread.

Please know that this decision did not come easy for us. But in the end, it is our shared belief that **empowering our clients to decide is the most honorable and amicable pathway forward.** As L. Frank Baum...was famously quoted, 'Everything has to come to an end, sometime.' **May this end lead to bright new beginnings for us all.** [Emphasis added.]

Ms. Harrington and Mr. Magnum both signed off and approved the Joint Announcement before it was sent to Lemon Lime's clients.

On November 1, 2021, after receiving the Joint Announcement, Westbrook had a phone conversation with Mr. Magnum during which she informed him of her decision to move to Ms. Harrington's new agency, Wildflowers Agency ("Wildflowers"). On November 5, 2021, Westbrook memorialized the conversation by emailing Mr. Magnum again informing him that, as "of November 1st, 2021," Lemon Lime no longer represented her.

On November 11, 2021, after Westbrook informed Mr. Magnum that Lemon Lime would no longer represent her, Wildflowers arranged for Westbrook to attend an audition for a United Airlines commercial. On November 17, 2021, Westbrook received a callback for the United Airlines commercial, which was also facilitated by Wildflowers. On November 24, 2021, Wildflowers emailed Westbrook informing her that they booked the United Airlines commercial for her. It is undisputed by all parties that Wildflowers booked the United Airlines commercial for Westbrook.

⁵ See *Barrett*, TAC Case No. 52850, at 2; *Brooks*, TAC Case No. 52851, at 2.

According to Mr. Magnum, the Joint Announcement gave Lemon Lime talent the ability to stay with Lemon Lime or go to Wildflowers. However, Mr. Magnum claims that the commissions for the United Airlines commercial belong to Lemon Lime because the Joint Announcement did not terminate the Written Agency Agreement between Westbrook and Lemon Lime. Mr. Magnum further claims that Paragraph 8 of the Written Agency Agreement entitles Lemon Lime to commissions.⁶

Conversely, Westbrook testified that the Joint Announcement ended the contract she had with Lemon Lime, allowing her and the other talent previously represented by Lemon Lime the opportunity to choose whichever agency they wanted. Westbrook testified she thought it very clear from the Joint Announcement that the contract was voided at the time of the Joint Announcement and she was free to work with the agency of her choice. Westbrook called Ms. Harrington as a witness who testified that the intent of the Joint Announcement was to have the talent experience a "seamless transition," allowing them to choose to stay with Lemon Lime or move on to Wildflowers. Ms. Harrington further testified that the intent of the Joint Announcement was to end the contract the talent previously had with Lemon Lime because it was no longer relevant. The talent was free to choose "with no strings attached." This included that no fees would be "commissioned back" to Lemon Lime on jobs Westbrook booked after she accepted the invitation to join Wildflowers and subsequently provided written notice to Mr. Magnum that she was leaving Lemon Lime.

III. LEGAL ANALYSIS

Lemon Lime is a talent agency within the meaning of Labor Code section 1700.4(a). Westbrook is an artist under Labor Code section 1700.4(b). The Labor Commissioner is vested with jurisdiction over any controversies arising over the contract between talent agencies and the artists they represent. (*Styne v. Stevens* (2001) 26 Cal.4th 42, 54.) The Labor Commissioner's jurisdiction includes the resolution of contract claims brought by artists or agents seeking damages for breach of

⁶ Mr. Magnum appears to misinterpret Paragraph 8 of the Written Agency Agreement. Paragraph 8 provides that either party could terminate the agreement if Lemon Lime did not obtain employment or a "bona fide offer" of employment for Westbrook within a period of four consecutive months. Paragraph 8 focuses on the parties' ability to terminate the contract if Westbrook was not provided employment or an offer of employment within four months. Conversely, the issue here is whether Lemon Lime was entitled to commissions for the United Airlines commercial given the language in the Joint Announcement. Thus, we do not address Paragraph 8 of the Written Agency Agreement any further as it is misplaced and not pertinent to the matter at hand.

a talent agency contract. (*Garson v. Div. of Lab. Enf't* (1949) 33 Cal.2d 861, 862-63, 865-66; see also *Robinson v. Superior Court* (1950) 35 Cal.2d 379, 387.)

The issue in this case is whether Lemon Lime is entitled to commissions on the United Airlines commercial.

A. Lemon Lime is not entitled to commissions for the United Airlines commercial.

The Labor Commissioner has ruled in two prior cases involving petitioner, Lemon Lime, and based on similar facts, that Lemon Lime is not entitled to commissions owed on jobs procured after respondent artists terminated their relationship with this agency.

In previously holding that Lemon Lime was not entitled to commissions for jobs after respondent artists separated from the agency, we stated the following:

Parties to a contract requiring performance can agree to end or change their agreement at any time. [internal citations omitted] The parties' release of their contractual obligations upon termination can be confirmed by language contained in the actual writing or by evidence and testimony of the parties. [internal citation omitted].

(Barrett, supra, TAC Case No. 52850, at 6; Brooks, supra, TAC Case No. 52851, at 5.)

The parties' ability to end their agreement and release them of their contractual obligations based on an actual writing or the parties' evidence must be considered in the context of the Talent Agencies Act (the "Act" or "TAA"). The Act has long been considered a remedial statute. "Statutes such as the Act are designed to correct abuses that have long been recognized and which have been the subject of both legislative action and judicial decision. . . Such statutes are enacted for the protection of those seeking employment." (*Buchwald v. Superior Court* (1967) 254 Cal.App.2d 347, 350 ("*Buchwald*").) "Consequently, the Act should be liberally construed to promote the general object sought to be accomplished; it should 'not [be] construed within narrow limits of the letter of the law." (*Waisbren v. Peppercorn Prods., Inc.* (1995) 41 Cal.App.4th 246, 254) ("*Waisbren*").)

On nearly identical facts in *Barrett* and *Brooks*, we determined that the Joint Announcement issued by Lemon Lime:

empower[ed] Lemon Lime's clients to choose and allow them to experience a 'seamless transition.' That language contained in the Joint Announcement is what [respondent artist] relied on when he decided to leave Lemon Lime with the belief that he could terminate his

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contract by mutual accord of all parties and be released of all contractual obligations after November 5, 2021. The Joint Announcement was an invitation to terminate the relationship which was accepted by [respondent artist]. Absent any evidentiary evidence to the contrary of this agreement between Lemon Lime and [respondent artist], the Labor Commissioner must deny Magnum's requested relief for commissions owed on jobs procured after [respondent artist] terminated his relationship with Lemon Lime on November 5, 2021.[Emphasis added.]

(Barrett, supra, TAC Case No. 52850, at 7; see also Brooks, supra, TAC Case No. 52851, at 6.)

Here, we also find that Lemon Lime is **not** entitled to commissions for the United Airlines commercial. On October 29, 2021, as part of their Purchase Agreement, Mr. Magnum and Ms. Harrington issued a pre-approved Joint Announcement. The Joint Announcement informed Lemon Lime's clients of the change in ownership, the "seamless transition" and opportunity for Lemon Lime clients to "decide where [they] would like to continue to be represented," and an "open invitation" to join either agency. In reliance of the language in the Joint Announcement, Westbrook called Mr. Magnum on November 1, 2021, informing him of her decision to move to Wildflowers. On November 5, 2021, the same day respondent artist in *Barrett* terminated his relationship with Lemon Lime, Westbrook memorialized her conversation by emailing Mr. Magnum again informing him that, as "of November 1st, 2021," Lemon Lime no longer represented her. On November 11, 2021, after Westbrook's separation from Lemon Lime, only Wildflowers engaged in all efforts to book the United Airlines commercial for Westbrook.

Like *Barrett* and *Brooks*, the Joint Announcement empowered Westbrook to choose and allow her a "seamless experience" when she decided to terminate her relationship with Lemon Lime and to go to Wildflowers. The Joint Announcement was also an open invitation for Westbrook to terminate her relationship with Lemon Lime, which she accepted. Specifically, in reliance of the language contained in the Joint Announcement, Westbrook decided to leave Lemon Lime with the belief that she could terminate her contract by mutual accord of all parties and be released of all contractual obligations after November 5, 2021. This included termination of Westbrook's contractual obligation to pay Lemon Lime commissions for jobs procured after Westbrook terminated her relationship with Lemon Lime on November 5, 2021.

We reach this conclusion based on the evidence presented. Our conclusion is further supported by our obligation to liberally construe the TAA for the protection of the artist who seeks employment, and to protect against the abuses that might have otherwise occurred should Westbrook have been required to pay commissions back to Lemon Lime when the Joint Announcement terminated the Written Agency Agreement. (See *Buchwald*, *supra*, 254 Cal.App.2d at 350; *Waisbren*, *supra*, 41 Cal.App.4th at 254.) Here, it is undisputed that only Wildflowers had any role in procuring the United Airlines commercial for Westbrook beginning on November 11, 2021 and after Westbrook terminated her relationship with Lemon Lime.

Accordingly, and for all the reasons discussed above, Lemon Lime is not entitled to commissions owed on the United Airlines commercial or any other jobs procured after Westbrook terminated her relationship with Lemon Lime on November 5, 2021.

IV. ORDER

For the reasons set forth above, IT IS HEREBY ORDERED that this Petition to Determine Controversy is DENIED.

Petitioner LEMON LIME AGENCY, INC., is not entitled to any commissions for earnings connected with the United Airlines commercial.

Petitioner LEMON LIME AGENCY, INC., is not entitled to any commissions for earnings on any other jobs procured after Westbrook terminated her relationship with Lemon Lime on November 5, 2021.

IT IS ORDERED.

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Respectfully submitted,

PATRICIA SALAZAR

Attorney for the Labor Commissioner

ADOPTED AS THE DETERMINATION OF THE LABOR COMMISSIONER

Dated: February <u>13</u>, 2025

February 13, 2025

LILIA GARCIA-BROWER State Labor Commissioner

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