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**SUPERIOR COURT FOR THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

SHERA BECHARD,

Plaintiff,

v.

Case No. **BC712913**
**VERIFIED COMPLAINT FOR DAMAGES
AND OTHER RELIEF**

ELLIOTT BRODLY, an individual,
KEITH DAVIDSON, an individual;
MICHAEL AVINATI, an individual;
DAVIDSON & ASSOCIATES, PLC, a
professional limited liability company; and
DOES 1 through 20, inclusive,

Defendants.

DEMAND FOR JURY TRIAL

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

JUL 06 2018

Sheaf R. Carter, Executive Officer/Clerk of Court
By: Kristina Vargas, Deputy

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MAREIL LOS ANGELES, CA 90017

1 1. Plaintiff Shera Bechard ("Ms. Bechard") brings this Complaint against Defendants
2 Elliott Broidy ("Mr. Broidy"), Keith Davidson and Davidson & Associates, PLC (together, "Mr.
3 Davidson"), and Michael Avenatti ("Mr. Avenatti"), and alleges as follows:

4 2. Ms. Bechard is a model and former Playboy Playmate. She had a lengthy relationship
5 with Mr. Broidy, a married man. [REDACTED]

6 [REDACTED]
7 3. [REDACTED]

8 [REDACTED] Near the end of their relationship, Mr. Broidy—[REDACTED]
9 [REDACTED] got Ms.
10 Bechard pregnant.

11 4. Thereafter, Ms. Bechard retained Mr. Davidson to help her understand and assert her
12 rights against Mr. Broidy.

13 5. Despite his fiduciary and ethical duties to his client, Mr. Davidson treated Ms.
14 Bechard's claims as a commodity to be traded for his own financial gain. He began by recruiting
15 Michael Cohen ("Mr. Cohen") a notorious "fixer" for wealthy individuals including President
16 Donald Trump to approach Mr. Broidy with an offer to represent Mr. Broidy and "solve" his issues
17 with Ms. Bechard. Unknown to Ms. Bechard, Mr. Davidson and Mr. Cohen were well acquainted
18 with one another, having worked together on projects including the hush money deal between porn
19 star Stormy Daniels (represented by Mr. Davidson) and Donald Trump (represented by Mr. Cohen).

20 6. Mr. Davidson wrote a crushingly one-sided agreement (the "Settlement Agreement")
21 that favored Mr. Broidy. To be sure: it required a substantial payment from Mr. Broidy (thus inflating
22 Mr. Davidson's fee). But in exchange, it required Ms. Bechard to sign away her rights and agree to
23 additional absurd terms, such as a \$4,800,000 liquidated damages clause. No reasonable lawyer
24 would have recommended that Ms. Bechard sign the Settlement Agreement, and no properly
25 informed client in her position would have agreed. It was instead a deal that Mr. Davidson could
26 convince Ms. Bechard to sign only by misrepresenting and omitting its key terms. Indeed, to conceal
27 the Settlement Agreement's many unconscionable aspects, Mr. Davidson *included a term that*
28

1 *prohibited Ms. Bechard from having a copy of the agreement, refused to show the agreement to*
2 *her, and affirmatively lied to her about what the agreement said.*

3 7. It gets worse. Although Mr. Broidy paid Ms. Bechard the first two of eight installment
4 payments required by the Settlement Agreement, he failed to make the third installment payment, due
5 on July 1, 2018. The same day, the *Wall Street Journal* published an article on that failure. It reported
6 that Mr. Broidy's current lawyer had told it (1) that Mr. Broidy would not pay any of the \$1,200,000
7 still owed to Ms. Bechard under the Settlement Agreement, and (2) that the reason for his refusal was
8 that *Mr. Davidson* allegedly leaked the existence of the Settlement Agreement to Mr. Avenatti, who
9 in turn revealed it to the public on Twitter in April 2018.

10 8. In a statement to the *Wall Street Journal*, Mr. Davidson denied any wrongdoing,
11 adding that "[a]ny accusation to the contrary is false and defamatory." And in Mr. Avenatti's statement
12 to the *Wall Street Journal*, he refused to comment on his guilt or innocence. But Mr. Broidy's attorney
13 insists that he "can prove there was an intentional breach that renders the contract null and void"
14 i.e., that Mr. Davidson and Mr. Avenatti breached the confidentiality provisions of the Settlement
15 Agreement, thus justifying Mr. Broidy's refusal to pay Ms. Bechard the compensation to which she
16 is entitled under that agreement.

17 9. What Ms. Bechard knows for certain is that *she* has done nothing wrong; in particular,
18 she neither knows about nor ever consented to Mr. Davidson or Mr. Avenatti revealing her
19 confidential information or the terms (or even existence) of the Settlement Agreement. Thus, at least
20 one thing is clear: Defendants have violated Ms. Bechard's rights. This action seeks to enforce them.

21 PARTIES

22 10. Plaintiff Shera Bechard is an individual who resides in Beverly Hills, California.

23 11. Defendant Elliott Broidy is an individual who resides in Beverly Hills, California.

24 12. Defendant Keith Davidson is an attorney who resides in Woodland Hills, California.

25 13. Defendant Davidson & Associates, PLC ("DAPLC") is a law firm whose principal
26 place of business is located at 8383 Wilshire Boulevard, Suite 510, Beverly Hills, California 90211.
27 Mr. Davidson is a principal of DAPLC.

28 14. Defendant Michael Avenatti is an attorney who resides in Newport Beach, California.

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1 21. [REDACTED]
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[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

9 B. Mr. Davidson Gets Ms. Bechard To Sign The Settlement Agreement.

10 23. Mr. Davidson told Ms. Bechard that he could help with her situation. He had Ms.
11 Bechard sign an engagement letter (the "Engagement Letter") that retained Mr. Davidson as her
12 attorney.

13 24. On or around November 8, 2017, Mr. Davidson told Ms. Bechard he had begun talking
14 with Mr. Broidy's lawyer. Ms. Bechard was surprised to hear that Mr. Davidson had so quickly
15 figured out who Mr. Broidy's lawyer was, so she asked how that had happened. Mr. Davidson
16 responded that he had a "relationship" with the lawyer, a guy named Michael Cohen. Ms. Bechard
17 asked, "wait, he's your friend?" But Mr. Davidson said no. Ms. Bechard had no reason to suspect
18 anything was amiss. So she let the issue go and told Mr. Davidson that she looked forward to hearing
19 more.

20 25. On or around November 18, 2017, Mr. Davidson told Ms. Bechard that a deal was on
21 the table under which she would receive \$1,600,000. Mr. Davidson told Ms. Bechard the amount
22 represented the net present value of child-support payments Mr. Broidy would be expected to make
23 over the 18-year support term of their child. In exchange for the money, Mr. Davidson told Ms.
24 Bechard she would give up all rights to sue Mr. Broidy for past conduct and would be required to
25 never again speak of the affair. Based on what she was told by Mr. Davidson, Ms. Bechard said she
26 would agree to the proposed deal.

27 26. On December 1, 2017, Mr. Davidson met with Ms. Bechard at a restaurant near his
28 office so she could sign a written agreement while he ate lunch. Mr. Davidson held the 26-page

1 contract in a manner such that Ms. Bechard could not actually read the document, while he purported
2 to go through the agreement paragraph by paragraph to explain it in lay terms. Mr. Davidson told Ms.
3 Bechard the following about the Settlement Agreement:

4 a) Ms. Bechard would receive \$1,600,000 over eight quarterly installment
5 payments, minus Mr. Davidson's 35 percent fee. When she questioned why installment payments
6 were necessary, [REDACTED]

7 [REDACTED]
8 b) In exchange for the money, Ms. Bechard and Mr. Broidy would never again
9 speak of the affair and would give up the right to sue one another for everything that had previously
10 happened between them.

11 c) If either party breached confidentiality, the penalties would purportedly be as
12 follows: If Mr. Broidy breached, he would have to immediately pay the full amount due under the
13 Settlement Agreement. Mr. Davidson did not explain what would happen if Mr. Broidy breached
14 confidentiality after all of the payments had been made. If Ms. Bechard breached, her first offense
15 would be punished by a judge ordering her not to talk about the affair again. If she breached again,
16 she would be charged a fee. Mr. Davidson did not say how much it would be, but he said not to worry
17 about it.

18 d) The Settlement Agreement would be secret only Ms. Bechard and her
19 accountant (no one else) could ever see it.

20 e) Mr. Davidson told her that she was not getting paid to have an abortion, but
21 rather to give up her rights to sue Mr. Broidy and to not to talk about the relationship.

22 27. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
26 [REDACTED]
[REDACTED]
[REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]

8 29. Mr. Davidson did not tell Ms. Bechard about many other material aspects of the
9 Settlement Agreement. They did not come to light until many months later. (See *infra* ¶¶ 50-53.)

10 30. During the lunch, Mr. Davidson pointed to places in the Settlement Agreement and
11 instructed Ms. Bechard to sign, which she did.

12 **C. After Signing The Settlement Agreement, Ms. Bechard Begins To Receive**
13 **Installment Payments.**

14 31. [REDACTED]
15 [REDACTED] five days later (on December 6, 2017). Ms. Bechard terminated her pregnancy. [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 32. Mr. Davidson received the first installment payment of \$200,000 from Mr. Broidy on
19 or around December 5, 2017. Mr. Davidson did not disburse Ms. Bechard's funds to her until January
20 2018, and only did so after Ms. Bechard repeatedly asked him to do so. Mr. Davidson took a \$70,000
21 (35%) fee on the first installment payment, and wired the remainder of \$130,000 to Ms. Bechard.

22 33. Mr. Davidson received the second installment payment of \$200,000 from Mr. Broidy
23 on or around April 1, 2018. Mr. Davidson took a \$70,000 (35%) fee on the second installment
24 payment, plus \$3,292.42 in costs. Mr. Davidson wired the remainder of \$126,707.58 to Ms. Bechard.
25 When Ms. Bechard inquired about the basis for the costs, Mr. Davidson told her they were incurred
26 on a trip he took to New York for a face-to-face meeting before the Settlement Agreement happened.

27 34. The next installment payment of \$200,000 from Mr. Broidy was due on July 1, 2018.
28

1 **D. Ms. Bechard Learns About The Troubling Relationship Between Mr. Davidson**
2 **And Mr. Cohen.**

3 35. In early April 2018, Ms. Bechard began to realize that something had gone seriously
4 awry. The national news reported on Mr. Davidson and Mr. Cohen for their apparent collusion on two
5 other deals: (1) an agreement between Donald Trump and Stephanie Clifford (aka “Stormy Daniels”),
6 and (2) an agreement between American Media, Inc. (“AMI”) and Karen McDougal, which also
7 related to Donald Trump. The press reported strange behavior between Mr. Davidson and Mr. Cohen
8 that seriously concerned Ms. Bechard.

9 36. On the AMI deal, for example, Mr. Davidson’s only client was Karen McDougal. Yet
10 according to a *New York Times* report, Mr. Davidson improperly and unethically back-channelled
11 information about that deal to Mr. Cohen. (See Jim Rutenberg et al., *Tools of Trump’s Fixer: Payouts,*
12 *Intimidation and Tabloids*, N.Y. Times (Feb. 18, 2018), [https://www.nytimes.com/2018/02/18](https://www.nytimes.com/2018/02/18/us/politics/michael-cohen-trump.html)
13 [/us/politics/michael-cohen-trump.html](https://www.nytimes.com/2018/02/18/us/politics/michael-cohen-trump.html) [“Soon after Ms. McDougal signed the confidential agreement
14 on Aug. 5, 2016, Mr. Davidson emailed Mr. Cohen, “Michael, please give me a call at your
15 convenience.” Mr. Davidson followed up by explaining to Mr. Cohen over the phone that the
16 McDougal transaction had been completed, according to a person familiar with the conversation.”].)
17 This conduct also contributed to a Federal Election Commission complaint alleging that AMI had
18 made an undisclosed in-kind campaign contribution to the Trump campaign. (See [https://www.](https://www.commoncause.org/wp-content/uploads/legacy/press/press-releases/common-cause-v-trump-fcc.pdf)
19 [commoncause.org/wp-content/uploads/legacy/press/press-releases/common-cause-v-trump-fcc.pdf](https://www.commoncause.org/wp-content/uploads/legacy/press/press-releases/common-cause-v-trump-fcc.pdf).)

20 37. As a result of these disclosures, and needing to protect herself, in April 2018 Ms.
21 Bechard fired Mr. Davidson and retained new counsel.

22 **E. Michael Avenatti Publicizes The Settlement Agreement.**

23 38. On April 12, 2018, Mr. Avenatti began to expose the facts of the affair on Twitter. His
24 Twitter post identified an LA-based “prominent GOP donor” and identified the existence of a “hush
25 NDA” between him and an “LA woman,” noting that he “impregnated her and then made sure she
26 had an abortion” and that “[t]he deal provided for multiple payments across many months.”

27 39. On April 13, 2018, after the *Wall Street Journal* revealed additional details about the
28 Settlement Agreement, identifying Ms. Bechard and Mr. Brody by name, (see Joe Palazzolo &

1 Michael Rothfeld, *Trump Lawyer Michael Cohen Negotiated \$1.6 Million Settlement for Top*
2 *Republican Fundraiser*, Wall Street J. (last updated April 13, 2018 9:36 p.m. ET),
3 [https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-](https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-top-republican-fundraiser-1523638726)
4 [top-republican-fundraiser-1523638726](https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-top-republican-fundraiser-1523638726) [the “April WSJ Article”]), Mr. Avenatti publicly expressed
5 his disappointment for the lack of credit he had received for the April WSJ Article, tweeting “I tweeted
6 the facts on this last night. Always good to be proven correct. But attribution would have been nice.
7 [https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-](https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-top-republican-fundraiser-1523638726)
8 [top-republican-fundraiser-1523638726](https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-top-republican-fundraiser-1523638726) ... via @WSJ.”

9 40. In the *Wall Street Journal* article, Mr. Broidy had vaguely acknowledged his affair
10 with Ms. Bechard but avoided expressly acknowledging the existence of the Settlement Agreement.

11 41. On July 1, 2018, the *Wall Street Journal* published another story about the Settlement
12 Agreement. (See Michael Rothfeld & Joe Palazzolo, *Top GOP Fundraiser to Stop Hush Payments*
13 *Over Affair*, Wall Street J. (last updated July 1, 2018 5:30 p.m. ET), [https://www.wsj.com/articles/top-](https://www.wsj.com/articles/top-gop-fundraiser-to-stop-hush-payments-over-affair-1530477047)
14 [gop-fundraiser-to-stop-hush-payments-over-affair-1530477047](https://www.wsj.com/articles/top-gop-fundraiser-to-stop-hush-payments-over-affair-1530477047) [the “July WSJ Article”].) This time,
15 Mr. Broidy admitted the existence of the Settlement Agreement, stating through his lawyer that
16 “Elliot specifically was paying for confidentiality that would shield his family from the embarrassing
17 mistake he made.” (*Id.*) Mr. Broidy also told the *Wall Street Journal* he would not make his July 1,
18 2018 installment payment.

19 42. Mr. Broidy told the *Wall Street Journal* that he believed the Settlement Agreement had
20 been breached. To be clear: Mr. Broidy did not allege that Ms. Bechard had personally breached the
21 contract, nor even that she had intended for a breach to happen. Nor could he. Ms. Bechard had no
22 incentive or desire to reveal any confidential information. And she has never done so. Indeed, even
23 in the face of intense public scrutiny resulting from the April WSJ Article, Ms. Bechard refrained
24 from revealing any confidential information.

25 43. Nonetheless, Mr. Broidy maintains that the contract was somehow breached by Ms.
26 Bechard because *Mr. Davidson—the lawyer who represented Ms. Bechard in negotiating the*
27 *Settlement Agreement—leaked confidential information to Mr. Avenatti, who then exposed and*
28 *publicized it*. As the *Wall Street Journal* explained:

1 Mr. Broidy, who worked on the RNC with Mr. Cohen, will withhold the third
2 installment of \$200,000 that was due Sunday, in response to an alleged breach of the
nondisclosure agreement, according to Chris Clark, a lawyer for Mr. Broidy.

3 Mr. Clark said Ms. Bechard's lawyer at the time of the agreement, Keith Davidson,
4 improperly discussed the hush-money agreement with another lawyer, Michael
Avenatti, who has replaced Mr. Davidson in representing Stephanie Clifford, a former
5 adult-film star. Ms. Clifford, known professionally as Stormy Daniels, got a \$130,000
6 payment arranged by Mr. Cohen to keep quiet about what she said was a 2006 sexual
encounter with Mr. Trump.

7 "Elliott specifically was paying for confidentiality that would shield his family from
the embarrassing mistake he made," Mr. Clark said. "We can prove there was an
8 intentional breach that renders the contract null and void."

9 . . .

10 Mr. Clark, Mr. Broidy's lawyer, said Mr. Broidy and his representatives . . . spoke to
people who said they had knowledge that Mr. Avenatti learned of the hush-money deal
11 from Mr. Davidson, prompting the tweet.

12 (July WSJ Article.)

13 44. The July WSJ Article also reported statements that Mr. Davidson and Mr. Avenatti
14 made in response to the allegations of Mr. Broidy.

15 45. According to the *Wall Street Journal*, Mr. Davidson had denied any wrongdoing: "A
16 spokesman for Mr. Davidson said the lawyer hasn't breached any agreement. 'Any accusation to the
17 contrary is false and defamatory,' said the spokesman, Dave Wedge, adding that Mr. Davidson 'looks
18 forward to addressing these matters in the proper venue, which is the court room, not the press.'" (*Id.*)

19 46. According to the *Wall Street Journal*, Mr. Avenatti declined to comment on his
20 complicity: "Mr. Avenatti said: 'I'm neither going to confirm nor deny what information I have about
21 this, whether it's all been disclosed yet, or where I learned it. But I would encourage Ms. Bechard to
22 disclose everything she knows about this situation to the public.'" (*Id.*)

23 **E. Additional Serious Misconduct Is Revealed.**

24 47. Additional troubling facts about the Settlement Agreement and the circumstances
25 surrounding it came to light after Ms. Bechard fired Mr. Davidson and retained the undersigned as
26 counsel.

27 48. *First*, the April WSJ Article revealed that Mr. Davidson had actually *recruited* Mr.
28 Cohen. According to Mr. Broidy's statement in the April WSJ Article: "Mr. Cohen reached out to me

1 after being contacted by this woman's attorney, Keith Davidson. Although I had not previously hired
2 Mr. Cohen, I retained Mr. Cohen after he informed me about his prior relationship with Mr.
3 Davidson." The July WSJ Article further described the circumstances of these events, reporting that
4 when Mr. Cohen first approached Mr. Broidy, he had told him "It's your lucky day, because you have
5 a big problem, and I can help you solve it."

6 49. *Second*, on April 12, 2018, and again, through counsel, on April 13, 2018, Ms.
7 Bechard requested from Mr. Davidson her complete client file and a copy of the Settlement
8 Agreement. Mr. Davidson refused to even respond to this request until April 24, 2018, at which time
9 he asserted a \$420,000 lien for unpaid attorney's fees. Mr. Davidson unethically and impermissibly
10 refused to turn over Ms. Bechard's client file and the Settlement Agreement to her promptly upon her
11 request.

12 50. *Third*, a review of the Settlement Agreement reveals (1) unconscionable terms to
13 which no reasonable lawyer or informed client would agree, as well as (2) terms that Mr. Davidson
14 either deliberately refused to disclose to Ms. Bechard or about which he affirmatively lied. For
15 example, in addition to the terms discussed *supra* at ¶¶ 26-27, the Settlement Agreement provides no
16 effective remedy to Ms. Bechard if Mr. Broidy violates its confidentiality or payment provisions (not
17 even acceleration, as Mr. Davidson had claimed to Ms. Bechard). In fact, Mr. Broidy has already
18 made multiple statements to the press that concern Ms. Bechard and the Settlement Agreement,
19 including about Mr. Davidson's and Mr. Avenatti's alleged actions that breached it. In stark contrast,
20 Ms. Bechard faces the threat of a preposterously high liquidated damages penalty and resulting
21 financial ruin if *she* has the audacity to mention the Settlement Agreement or respond to Mr. Broidy's
22 factual misstatements.

23 51. Indeed, among the more overtly unconscionable terms of the Settlement Agreement is
24 the **\$4,800,000** penalty it purports to impose on Ms. Bechard for a breach. (Agreement at § 5.1.2.)
25 Shockingly, this provision arose when *Mr. Davidson* sent a redlined draft to Mr. Cohen that increased
26 the liquidated damages provision by many multiples, from \$500,000 to \$4,800,000. Mr. Davidson
27 never discussed this change with Ms. Bechard nor explained the significance of that provision—on
28

1 the contrary, he minimized it, telling her it was something about which she need not be at all
2 concerned.

3 52. The Agreement was also peppered with deliberate falsehoods that were useful only to
4 Mr. Broidy, such as “[Ms. Bechard] has been asked by counsel for [Mr. Broidy] but has refused to
5 show proof of pregnancy.” (Agreement at § 2.3.) That was flatly untrue. Days after retaining Mr.
6 Davidson, Ms. Bechard had given Mr. Davidson a copy of sonogram images of her baby. And she
7 had told Mr. Davidson she would gladly conduct paternity tests. Mr. Davidson had told her, however,
8 that Mr. Broidy would not submit to one. When the *Wall Street Journal* covered the story, they
9 reported those false details in ways that embarrassed Ms. Bechard, writing for example that “Ms.
10 Bechard declined to provide proof that she was pregnant with Mr. Broidy’s child, the contract says.”
11 (See April WST Article.)

12 53. [REDACTED]
13 [REDACTED]
14 [REDACTED]; (Agreement at
15 24.) Mr. Davidson never told Ms. Bechard that these provisions existed, or that this was in what she
16 was signing; rather, when she finally discovered that Mr. Davidson had tricked her into signing these
17 false statements, Ms. Bechard was shocked and appalled at these deliberate and knowing falsities.

18 54. **Fourth**, to add insult to injury, Ms. Bechard learned from the client file that Mr.
19 Davidson had even lied to her about the \$3,292.42 in costs for his trip to New York. These costs were
20 not incurred on her case because they were from a trip that occurred in January of 2017—nine months
21 before Ms. Bechard even met Mr. Davidson.

22 55. **Finally**, on May 8, 2018, Mr. Avenatti released a report that revealed three wire
23 payments of \$62,500 had been made from Mr. Broidy to Mr. Cohen. (Avenatti & Associates, APC,
24 *Project Sunlight: Executive Summary* (May 8, 2018), [https://s3.amazonaws.com/assets.fiercemarkets](https://s3.amazonaws.com/assets.fiercemarkets.net/public/005-LifeSciences/Avenatti-Cohen+report.pdf)
25 [.net/public/005-LifeSciences/Avenatti-Cohen+report.pdf](https://s3.amazonaws.com/assets.fiercemarkets.net/public/005-LifeSciences/Avenatti-Cohen+report.pdf).) The payments were made on January 2,
26 2018, January 31, 2018, and March 1, 2018, and appear to be monthly fees paid to Mr. Cohen for his
27 role in the Settlement Agreement. (*Id.*)

28

1 **FIRST CAUSE OF ACTION**

2 **(For Breach of Contract)**

3 (Against Broidy)

4 56. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

5 57. Under the Settlement Agreement, Mr. Broidy is required to pay Ms. Bechard
6 \$1,600,000 in eight \$200,000 quarterly payments. (Agreement at §§ 3.1, 3.1.2.)

7 58. The third quarterly payment of \$200,000 was due on July 1, 2018.

8 59. Mr. Broidy breached the Settlement Agreement by failing to make the required
9 contractual payment on July 1, 2018.

10 60. Ms. Bechard did not breach the Settlement Agreement and knows of no valid excuse
11 for Mr. Broidy's breach.

12 61. Further, Mr. Broidy's assertion of a breach by Ms. Bechard was made in "bad faith"
13 within the meaning of the Settlement Agreement, entitling Ms. Bechard to acceleration of at least two
14 installment payments. (See Agreement at § 5.1.2(a).) Evidence of bad faith here includes, but is not
15 limited to, the following evidence:

16 a. Ms. Bechard did not personally reveal any confidential information (defined
17 by the Settlement Agreement to include, among other things, the agreement itself and the affair).

18 b. Any alleged disclosure of confidential information was purportedly done by
19 Mr. Davidson, who was not acting with Ms. Bechard's consent or knowledge.

20 c. Mr. Broidy's allegation of breach was made to the *Wall Street Journal*, which
21 is the wrong forum to allege breach by Ms. Bechard under the Settlement Agreement; indeed, that
22 allegation itself is a breach of Mr. Broidy's duties of confidentiality and non-disclosure under the
23 Settlement Agreement.

24 62. Ms. Bechard has suffered damages as a result of Mr. Broidy's breach of the Settlement
25 Agreement and requests monetary payment of \$200,000, the immediate acceleration of at least two
26 required installment payments due to Ms. Bechard, and, in the alternative, payment of all remaining
27 amounts due under the Settlement Agreement. Ms. Bechard also requests pre- and post-judgment
28 interest at the statutory rate as well as her attorneys' fees and costs in this action.

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SECOND CAUSE OF ACTION
(For Tortious Interference With Contract And
Interference With Prospective Economic Advantage)
(Against Davidson, DAPL.C, and Avenatti)

63. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

64. The Settlement Agreement was a valid contract between Ms. Bechard and Mr. Broidy. The Engagement Letter between Mr. Davidson and Ms. Bechard was also a valid contract. The Settlement Agreement required confidentiality. The Engagement Letter and Mr. Davidson's associated ethical duties similarly required Mr. Davidson not to reveal confidential information about Ms. Bechard and her case, including but not limited to the existence and terms of the Settlement Agreement. The relationships between Mr. Broidy and Ms. Bechard, as well as between Mr. Davidson and Ms. Bechard, also promised Ms. Bechard economic advantage.

65. Mr. Broidy has alleged that "Mr. Avenatti learned of the hush-money deal from Mr. Davidson." (See July WSJ Article.) Mr. Broidy thereby alleges that Mr. Davidson breached the Settlement Agreement by revealing its existence and terms to Mr. Avenatti, which would in turn be a breach of the Engagement Letter as well as Mr. Davidson's ethical duties thereunder.

66. Mr. Davidson knew of the Settlement Agreement by virtue of his role as Ms. Bechard's attorney. At no time did Ms. Bechard give consent to, or have any knowledge of, the alleged disclosure of the Settlement Agreement, its existence, its terms, or anything else to Mr. Avenatti. The reported disclosure by Mr. Davidson to Mr. Avenatti constitutes an intentional act designed to induce breach or disruption of the Settlement Agreement and the economic relationship between Ms. Bechard and Mr. Broidy, and was accomplished by unlawful and unethical means in particular, the violation of Mr. Davidson's ethical duties to his client.

67. Mr. Avenatti knew of the Settlement Agreement by virtue of Mr. Davidson purportedly telling him about it. Additionally, as an attorney and given the nature of what he himself called the "hush NDA" agreement, Mr. Avenatti knew that Mr. Davidson was contractually and ethically bound not to disclose to Mr. Avenatti information known by Mr. Davidson about Ms. Bechard's case, including but not limited to the existence and contents of the Settlement Agreement. If Mr. Avenatti

1 indeed agreed to receive and received information about the Settlement Agreement from Mr.
2 Davidson, as alleged by Mr. Broidy, Mr. Avenatti engaged in an intentional act designed to induce
3 breach or disruption of the Settlement Agreement and the Engagement Letter, as well as the economic
4 relationship between Ms. Bechard, Mr. Broidy, and Mr. Davidson. Mr. Avenatti's decision to receive
5 confidential information about Ms. Bechard from her attorney, including the existence and terms of
6 the Settlement Agreement was, if Mr. Broidy's allegations are correct, accomplished through
7 unlawful and unethical means including complicity in Mr. Davidson's violation of ethical duties owed
8 to Ms. Bechard.

9 68. As a result of the foregoing, Ms. Bechard has suffered damages in the form of Mr.
10 Broidy's refusal to pay the amounts due under the Settlement Agreement, as well as in the form of
11 expenses incurred in the Settlement Agreement's enforcement. Accordingly, Mr. Davidson and Mr.
12 Avenatti are liable in an amount to be proved at trial, and for pre- and post-judgment interest.

13 **THIRD CAUSE OF ACTION**

14 **(For Conspiracy To Commit Breach Of Fiduciary Duty)**

15 (Against Davidson, DAPL.C, and Avenatti)

16 69. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

17 70. The attorney-client relationship is a fiduciary relationship of the highest character.
18 (*Cox v. Delmas* (1893) 99 Cal. 104.) Every lawyer must refrain from using undue influence and must
19 undertake the relationship with the utmost good faith. (*Trafton v. Youngblood* (1968) 69 Cal. 2d 1;
20 *Clark v. State Bar* (1952) 39 Cal. 2d 161.) Every lawyer must render legal advice with the skill,
21 prudence, and diligence of a lawyer of ordinary skill and capacity. (*Kirsch v. Duryea* (1978) 21 Cal.
22 3d 303, 308; California Rules of Prof. Conduct 3-110.) And every lawyer owes an undivided duty of
23 loyalty and fidelity to his client. (*Alkow v. State Bar* (1971) 3 Cal. 3d 924.)

24 71. The elements of civil conspiracy are "(1) the formation and operation of the
25 conspiracy, (2) wrongful conduct in furtherance of the conspiracy, and (3) damages arising from the
26 wrongful conduct." (ARELL Cases (2013) 216 Cal. App. 4th 1004, 1022.)

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- (c) The extent to which Attorney's services have contributed to the result obtained;
- (d) The amount of the fee in proportion to the value of the services performed;
- (e) The amount of recovery obtained;
- (f) Time limitations imposed on Attorney by Client or by the circumstances; and
- (g) The experience, reputation and ability of personnel performing the services.

77. Mr. Davidson has been discharged by Ms. Bechard.

78. To date, Mr. Davidson has charged Ms. Bechard fees of \$140,000.

79. Applying the factors listed in the Engagement Letter to the facts of this case, the reasonable value of Mr. Davidson's services—particularly in light of his serious ethical violations, *see infra* ¶¶ 86(a)-(g) is zero, or, in the alternative, less than the \$140,000 in fees already paid by Ms. Bechard to Mr. Davidson.

80. There is an actual and continuing controversy about this issue between Ms. Bechard and Mr. Davidson. Mr. Davidson asserts that he has done nothing wrong, and remains entitled to a 35 percent contingency fee on all future payments received by Ms. Bechard from Mr. Broidy.

81. Accordingly, Ms. Bechard seeks a declaratory judgment that Mr. Davidson is entitled to no further attorney's fees, or, in the alternative, to an amount less than the amount he has claimed.

FIFTH CAUSE OF ACTION

(For The Return Of Excessive Attorney's Fees and Costs Paid)

(Against Davidson and DAPLC)

82. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

83. Pursuant to Rule 4-200 of the Rules of Professional Conduct, "[a] member shall not enter into an agreement for, charge, or collect an illegal or unconscionable fee," and the unconscionability of a fee shall be determined on the basis of all the facts and circumstances existing at the time the agreement is entered into except where the

1 parties contemplate that the fee will be affected by later events. Among the factors to
2 be considered, where appropriate, in determining the conscionability of a fee are the
3 following:

- 4 (1) The amount of the fee in proportion to the value of the services
5 performed.
- 6 (2) The relative sophistication of the member and the client.
- 7 (3) The novelty and difficulty of the questions involved and the skill
8 requisite to perform the legal service properly.
- 9 (4) The likelihood, if apparent to the client, that the acceptance of the
10 particular employment will preclude other employment by the member.
- 11 (5) The amount involved and the results obtained.
- 12 (6) The time limitations imposed by the client or by the circumstances.
- 13 (7) The nature and length of the professional relationship with the client.
- 14 (8) The experience, reputation, and ability of the member or members
15 performing the services.
- 16 (9) Whether the fee is fixed or contingent.
- 17 (10) The time and labor required.
- 18 (11) The informed consent of the client to the fee.

19 84. Applying these factors to the facts of this dispute, the fee that Mr. Davidson has
20 received to date is unconscionable. Particularly in light of Mr. Davidson's serious ethical violations,
21 *see infra* ¶¶ 86(a)-(g), he should be entitled to no fee whatsoever, and the Court should order
22 disgorgement of the \$140,000 currently in his possession, as well as of the money paid by Ms.
23 Bechard to Mr. Davidson for his alleged costs, or, in the alternative, the Court should order the return
24 of such lesser amount as this Court deems just and proper.

25 **SIXTH CAUSE OF ACTION**
26 **(For Breaches Of Fiduciary Duty)**
27 **(Against Davidson and DAPLC)**

28 85. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

1 86. Mr. Davidson breached his fiduciary duties to Ms. Bechard in at least the following
2 ways:

3 a. Mr. Davidson contacted and hired Mr. Cohen without disclosing to Ms.
4 Bechard the nature of his relationship with Mr. Cohen and the conflicts arising thereunder.

5 b. Mr. Davidson drafted and coerced Ms. Bechard into signing a contract that
6 included provisions rendering it unconscionably lopsided in favor of Mr. Broidy for the purpose of
7 increasing his fee at Ms. Bechard's expense.

8 c. Mr. Davidson made false statements and omissions to Ms. Bechard about the
9 terms of the Settlement Agreement, and induced her to sign a contract containing provisions to which
10 she would not reasonably agree had she known of and understood them.

11 d. Mr. Davidson failed to promptly deliver to Ms. Bechard her client file and the
12 Settlement Agreement when she asked for them, during a period when she needed to fully understand
13 the Settlement Agreement's provisions.

14 e. Mr. Davidson purportedly disclosed confidential information, as it is defined
15 in the Settlement Agreement, and information about his representation of Ms. Bechard, to Mr.
16 Avenatti without Ms. Bechard's knowledge or consent.

17 f. Mr. Davidson unreasonably delayed in delivering client funds to Ms. Bechard;
18 in particular, the money that Mr. Broidy paid under the Settlement Agreement.

19 g. Mr. Davidson charged costs to Ms. Bechard claiming they were associated
20 with her case when in fact no such costs were incurred.

21 87. As a result of the foregoing, Ms. Bechard was materially harmed, and Mr. Davidson
22 should be denied his fee and should be required to make Ms. Bechard whole for his misconduct.

23 88. Additionally, because Mr. Davidson's conduct was willful, malicious, oppressive, and
24 done with a conscious disregard for Ms. Bechard's rights and interests, punitive damages should be
25 awarded to punish and deter future misconduct.

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1 SEVENTH CAUSE OF ACTION

2 (For Legal Malpractice)

3 (Against Davidson and DAPLC)

4 89. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

5 90. "In a legal malpractice action arising from a civil proceeding, the elements are (1) the
6 duty of the attorney to use such skill, prudence, and diligence as members of his or her profession
7 commonly possess and exercise; (2) a breach of that duty; (3) a proximate causal connection between
8 the breach and the resulting injury; and (4) actual loss or damage resulting from the attorney's
9 negligence." (*Coscia v. McKenna & Cuneo* (2001) 25 Cal. 4th 1194, 1199.)

10 91. Mr. Davidson breached the duty of care owed to Ms. Bechard by failing to accurately
11 inform her of the terms of the Settlement Agreement, by drafting and coercing her to sign a Settlement
12 Agreement with unconscionable terms, by failing to perform legal services with the care and
13 competence of a reasonable attorney, by failing to require adequate security to Ms. Bechard under the
14 Settlement Agreement, by failing to promptly deliver money and client files to which Ms. Bechard
15 was entitled, by failing to accurately and fully disclose the relationship between Mr. Davidson and
16 Mr. Cohen and the conflicts therefrom, by recommending and inserting terms to which no properly
17 informed client in Ms. Bechard's position would agree and which no reasonable counsel for her would
18 recommend, and by the repeated improper and unethical conduct referred to in this action.

19 92. Ms. Bechard was damaged by this malpractice by Mr. Davidson in an amount to be
20 established by proof at trial.

21 EIGHTH CAUSE OF ACTION

22 (For Equitable Indemnity)

23 (Against Davidson and DAPLC)

24 93. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

25 94. "[A] contract under which the indemnitor undertook to do work or perform services
26 necessarily implic[s] an obligation to do the work involved in a proper manner and to discharge
27 foreseeable damages resulting from improper performance . . ." (*Prince v. Pac. Gas & Elec. Co.*
28 (2009) 45 Cal. 4th 1151, 1159.)

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- 4. For declaratory relief with respect to Mr. Broidy, Mr. Davidson, and DAPLC;
- 5. For punitive damages from Mr. Davidson and DAPLP; and
- 6. For such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiff demands a jury trial for all claims so triable.

Dated: July 5, 2018

STRIS & MAIER LLP


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Counsel for Plaintiff Shera Bechard

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VERIFICATION


STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I, Shera Bechard, declare:

I am the plaintiff in this action. I have read the foregoing complaint and know its contents. The matters stated in the foregoing complaint are true of my own knowledge, or are stated on my information and belief and I believe them to be true.

Executed on July 5, 2018, in Los Angeles County, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.



Shera Bechard