1 2	STATE OF CALIFORNIA DEPARTMENT OF INDUSTRIAL RELATIONS DIVISION OF LABOR STANDARDS ENFORCEMENT					
	Casey Raymond, Esq. (SBN 303644) 320 W. 4 <sup>th</sup> Street, Suite 600					
3	Los Angeles, California 90013					
4	Telephone No.: (213) 576-7730 Facsimile No.: (213) 897-2877 craymond@dir.ca.gov					
5						
6	Hearing Officer for the Labor Commissioner  BEFORE THE LABOR COMMISSIONER					
7						
8	STATE OF CALIFORNIA					
9	DIRECT MODELS INC. dba LA DIRECT MODELS, a California Corporation,	CASE NOS.: TAC-52764; TAC-52829				
11	Petitioner,	DETERMINATION OF CONTROVERSY				
12	VS.					
13	CAMERON BAGGOTT aka ARIETTA ADAMS, an individual,					
14	Respondent.					
15	JANE DOE,					
16	Petitioner,					
17	VS.					
18	DEREK HAY; DIRECT MODELS INC.,					
19	Respondents.					
20						
21	On June 21, 22, and 23, two Petitions to Determine Controversy under Labor Code section					
22	1700.44 in the above-captioned matters came before the undersigned attorney for the Labor					
23	Commissioner assigned to hear these cases. CAMERON BAGGOTT aka ARIETTA ADAMS					
24	(also known as Jane Doe), an individual (hereinafter, "Baggott") was represented by Joseph					
25	Salama. DEREK HAY and DIRECT MODELS INC. (hereinafter, "Hay" and "Direct Models"					
26	respectively) were represented by Karen Tynan.					
27	-					
28						

The matter was taken under submission. Based on the evidence presented at this hearing and on the closing briefs filed in these matters by September 1, 2021, the Labor Commissioner hereby adopts the following decision.

#### I. FINDINGS OF FACT

1. These cases arise out of a dispute between an artist in the adult entertainment industry, Cameron Baggott, and her talent agency, Direct Models. Direct Models alleges in Petition TAC-52764 that Baggott failed to pay proper commissions on jobs received in late 2020 and early 2021 based on a two-year contract signed in 2019. Baggott, in cross-petition TAC-52829 maintains, *inter alia*, that she was charged unlawful fees and is entitled to disgorgement of any commissions, including those sought in Direct Models' petition, because Direct Models violated the Talent Agencies Act by sending her into unsafe working conditions without reasonable inquiry.

#### A. Formation of Agreement between Direct Models and Baggott

- 2. Baggott had been working as an adult entertainment artist for less than a year when she was referred to Direct Models by adult entertainment artist Lenna Lux. Direct Models is a talent agency specializing in representation in the adult entertainment industry. Derek Hay is the Owner and President of Direct Models.
- 3. Baggott and Direct Models signed a representation agreement on February 15, 2019 ("the Agreement"). In the Agreement, Baggott agreed to contract with Direct Models as her "exclusive talent agent for a period of 2 years" including "in the fields of motion pictures, legitimate stage, radio broadcasting, television, and other fields of entertainment." Direct Models agreed that it would advise, counsel, and advance Baggott's career. This included agreeing, in paragraph 8, to "use all reasonable efforts to procure employment for [Baggott] in the field or fields of endeavor specified in the contract...".
- 4. In return for representation, Baggott agreed to pay Direct Models fifteen percent commission.

- 5. Under paragraph 5 of the Agreement, either party had the right to terminate the contract by notice in writing if Baggott did not receive any bona fide offer of employment in excess of four consecutive months.
- 6. The second page of the Agreement includes the Schedule of Fees that reiterates the fifteen percent commissions owed to Direct Models. It does not include any other type of fee.
- 7. According to Hay, Direct Models also provides a "best practices and standards of conduct" form, which sets out information about the film industry. This form was not included in the Agreement that Baggott signed.
- 8. Under the Agreement, Baggott was generally represented by Hay or Christopher Fleming, a talent agent working at Direct Models. Baggott lived in Florida but would generally travel for her work.

#### B. <u>Disputed Fees</u>

- i. Booking Fees
- 9. In addition to the fifteen percent commission specified in the Agreement, Direct Models also received a booking fee related to Baggott's procurement of employment.
- 10. According to Hay, this booking fee is for work "that Direct Models does on behalf of producers," including "communication with the employer, casting director, producing director, et cetera; honing down an actor that is suitable to be cast in whatever production they are casting; confirming availability, confirming the rate fits within their budget, and confirming other details about that casting that the employer has, which may be certain sizes or skin tone or hair color or other things; general reliability to show up on set early; good attitude if on a long shooting day. It could be a myriad of other things, so it's all of those things." Hay continued that the talent agency might have a general description of what studios are looking for, and the talent agency has to find an actor that matches that description.
- 11. According to Hay, the industry standard for such a fee is \$100 for a female actor and \$50 for a male actor.
- 12. The fee applies with "almost every booking of actors from the agency." By implication, the fee does not apply at Direct Models unless a talent is booked—that is, if Direct

Models performs any of the work Hay detailed, such as communicating with the casting director or attempting to find the talent that matches the request, but the talent is not booked, Direct Models does not invoice the studio.

13. Rather than the booking fee being reflected in the statement with Baggott or other talent, Direct Models invoices the employers (generally, the studios) directly and receives payment via check or direct payment applications.

#### ii. Driver Fees

- 14. On February 25, 2019, Baggott was charged \$100 for driver fees back from a shoot that was cancelled. The shoot was supposed to be Baggott with a male performer.
- 15. On that day, the first male performer to arrive was a cross-over performer. According to Fleming, "cross-over is the term used within the adult industry to describe a male performer who works both in gay porn and straight porn as well."
- 16. After learning that the first male performer was a cross-over performer, Baggott contacted Fleming, who contacted the director to remove the first male performer. Fleming reiterated in texts at the time to Baggott that "[w]e don't allow our models to work with crossover guys" and called it "ridiculous" that the studio had not provided the appropriate information. Despite these statements, Fleming assigned the blame to Baggott in testimony at the hearing, claiming that it was "unfortunate" that Baggott had the name of the male performer the day before but had not raised that he was a crossover actor until later and that Baggott's actions were "potentially calamitous to production."
- 17. To replace the first male performer, Fleming arranged for another talent Direct Models represented to perform the scene with Baggott. Baggott testified that she informed the director that she did not want to work with the actor, who then contacted Fleming. She stated that Fleming waived off her concerns, including regarding sexually transmitted illnesses.
- 18. At the hearing, however, Fleming appeared to agree with Baggott that, at the least, the second male performer was not in a condition to perform. According to Fleming, "he had showed up in a state that wasn't shootable, and so it didn't happen."

19. Baggott agreed to pay the driver for the ride away from set after speaking with Fleming, even though Direct Models did not generally charge this fee. One hundred dollars was added to her invoice.

#### iii. Photographs Fee

- 20. As a standard practice, Direct Models takes professional photographs of its talent to use when procuring them pictures. The total cost of the pictures is \$200.
- 21. In April 2019, after the pictures were taken, Baggott asked for a copy of the pictures. In text messages, Fleming explained that Direct Models "will give the models the full set in high resolution if the model wants to pay for half of the shoot (\$200)." In response, Baggott agreed to pay the \$200.
- 22. On April 23, 2019, an accountant in the Direct Models office informed Fleming that Baggott had paid the \$200 for the pictures.
- 23. The parties disputed in testimony whether the \$200 was tacitly required for all models or was a separate transaction between Baggott and Direct Models.

#### iv. Fee for Flight to Nightmoves

- 24. Nightmoves is a series of performances in Tampa, Florida in which 20-25 adult entertainers travel in a "caravan" to adult entertainment "gentlemen's clubs" each night. According to the testimony of Derek Hay, many adult entertainment film actors, if popular enough, can transition to "feature dancing" shows to earn additional income.
- 25. In addition to being the owner and president of Direct Models, Hay also operates Lee Network, licensed out of the state of Nevada, for feature dancing. He partners with Nightmoves each year.
- 26. According to Hay, Baggott requested to dance in Nightmoves in 2019, stating originally that she would be in the area and would find her own housing. Later, Baggott changed her schedule to do a shoot in Los Angeles prior to the conference and then asked Nightmoves to reimburse her for part of the flight to Tampa.

- 27. Based on the Direct Models statement for Baggott, these Los Angeles shoots brought Baggott \$3,000, with Direct Models taking its fifteen percent commission.
- 28. Because Hay already committed to Baggott being at Nightmoves, Hay agreed to reimburse half of Baggott's flight from Los Angeles to Tampa. Baggott agreed the same.
- 29. The reimbursement for half the flight was added on October 29, 2019 as part of the Direct Models statement for Baggott.
- 30. Hay testified that Direct Models had no involvement in this transaction and that the inclusion of this amount on Baggott's statement for Direct Models "was a simple mechanism by which to collect the [\$]150 that Ms. [Baggott] agreed to pay or reimburse Nightmoves for it." He stated that he "equally could have asked Ms. [Baggott] to pay it to Nightmoves directly or use Zelle or Venmo or something else..."

#### v. Kill Fee for Stoney Curtis Shoot

- 31. On November 6, 2019, Baggott was scheduled to do a shoot with Stoney Curtis, a director of adult entertainment films.
- 32. Baggott missed the train and did not make the shoot. She told Fleming via text message that morning that she was not upset about missing the train because she did not want to work with Curtis anymore. She stated that Curtis was "really gross and kinda pushy with stuff."
- 33. In response, Fleming sent a voice message, to which Baggott replied "if he want a kill fee its cool." Fleming then told Baggott that she should not have cancelled last minute, but agreed to discuss with Curtis any threat he made against Baggott's career.
- 34. According to Fleming and Hay, kill fees are fees for cancellations by a talent or producer and are common in the industry. They testified that the kill fees are typically \$200, unless there are flights or hotel costs are involved.
- 35. On November 12, 2019, Direct Models charged Baggott \$330 for the cancelled shoot. Neither Hay nor Fleming explained why that \$330 was above the \$200 industry standard.

#### C. Disputes Regarding the Safety of Shoots

#### i. Hobby Buchanon

- 36. All parties agreed Hobby Buchanon is an adult entertainment director and talent that films "rougher" adult entertainment scenes.
- 37. In April 2019, Fleming messaged Baggott regarding whether she was familiar with the work of Buchanon and would like to work with him. Baggott replied that she would like to work with Buchanon but that she would need to perform this shoot at the end of one of her shooting trips to Los Angeles. Baggott had performed in shoots of a similar genre previously.
- 38. The employment that Direct Models booked for Baggott with Buchanon was a point-of-view, "gonzo" shoot. According to Hay, a point-of-view shoot is a two-person shoot in which the "actor who is interacting with the female actor holds the camera up in front of him, so that the camera is his eyes." The actor is often the director as well. A gonzo shoot is an "unscripted" shoot—in other words, rather than any discernable plot agreed upon ahead of time, the parties simply act as themselves. The parties may agree beforehand on certain acts they will perform.
- 39. Fleming testified that before offering the shoot to Baggott, he performed due diligence on Buchanon's work. Fleming stated that, as with other new producers/directors, he researched Buchanon's social media pages, his websites, and the content. Fleming also testified that he saw Buchanon's shoots with other successful adult entertainment talent as well as Buchanon's "paid membership website" and "well-established Porn Hub channel."
- 40. Fleming did not go to the set himself, establish that safe words would be used on the set, confirm whether the set was a rental house or studio, ask whether the filming would be done on professional equipment, or ensure that more than two people would be on set. The parties disagree on whether taking these steps is part of industry standards. Fleming and Hay testified that many of these shoots are performed in rentals, a two-person shoot is not unusual, and agents do not generally check the film equipment or safe words ahead of time. While Baggott stated that safe words are generally created on set, she testified that it is not industry practice for an agent to send a client to a producer of "rougher" entertainment, with whom the talent agency has never worked,

without asking questions about the professionalism of the shoot, who would be on set, or whether there were safe words.

- 41. On June 18, 2019, Baggott performed the shoot. Baggott and Buchanon were the only people at the shoot, which was filmed on an iPad in an Airbnb. Baggott testified credibly that, unlike other shoots she had performed of the same content, Buchanon repeatedly did not stop when she told him she was in pain and asked him to stop.
- 42. Immediately following the shoot, Baggott and Fleming exchanged messages regarding the shoot. Baggott stated that "everything went well[;] he['s] just like super amateur," noting that "it felt like a content trade." Baggott stated that she would not want to do a rougher anal adult scene with Buchanon in the future.
- 43. In response, Fleming agreed that "the content is quite amateurish in production which you can see on his site but he seems like a professional and nice guy." Baggott reaffirmed that she did not want to do "anal" scenes but that Buchanon "is r[ea]lly nice tho[ugh]" and that she would shoot another scene of a different type with Buchanon in the future. Baggott affirmed in her testimony that Buchanon was nice.

#### ii. Stoney Curtis Shoots

- 44. On around four occasions, Baggott was booked to perform with Stoney Curtis. According to Fleming, Baggott scheduled the first shoot before she signed with Direct Models. Direct Models managed that shoot as well as three subsequent ones.
- 45. In August 2019, Fleming sent a message to Baggott "double checking" that she did not want to work with Curtis. She replied that she would, but that Curtis had previously gossiped about other women and lectured her during a previous shoot. After Fleming stated that he would communicate with Curtis regarding the gossip, Baggott agreed to perform additional shoots with him in August 2019. According to the Direct Models statement for Baggott, she again performed with Curtis in October 2019.

<sup>&</sup>lt;sup>1</sup> According to Fleming, "a content trade is generally when two performers get together and they might shoot a scene together and then they share the rights to that content."

46. As discussed above, Baggott booked a final performance with Curtis in November 2019, for which she missed the train. She told Fleming on that date that she did not want to work with Curtis again because she did not like him.

#### iii. Karen Michmichian and Dave Cunningham

- 47. Lenna Lux, who had introduced Baggott to Direct Models, also introduced her to Karen Michmichian and Dave Cunningham.
- 48. Baggott credibly testified that she felt unsafe on multiple occasions working with Michmichian and Cunningham.
- 49. Baggott testified that there was an understanding among talent at Direct Models that they had to perform services for Michmichian and Cunningham to continue to receive work from Hay and Direct Models. Baggott also testified that she knew that Hay, Michmichian, and Cunningham had a relationship because Hay would often be at Michmichian's house. Baggott also stated that Michmichian offered to talk to Hay on her behalf if she felt like she was not getting enough shoots from him.
- 50. Hay denies that he personally or Direct Models as an agency had any relationship with Michmichian and Cunningham.

#### D. End of Relationship between Baggott and Direct Models

- 51. Based on the Direct Models Statement presented at hearing, Baggott's last shoot on which she paid commission to Direct Models was January 29, 2020.
- 52. Around that time, Baggott became concerned with Direct Models' license, believing it to be out of date. She communicated that concern to Jill Kassidy, another talent represented by Direct Models.
- 53. In response to Kassidy's concerns, in late February 2020, Hay provided the updated license to Kassidy and explained that it had not expired. Hay also texted Kassidy that Baggott was a liar and that Direct Models "will move forward with a grievance case against [Baggott]." Hay

stated that he would "work [his] hardest not to allow [Baggott] to deliberately cause harm" to Kassidy.

- 54. Around that time, Baggott told Hay that she no longer wanted to be represented by Direct Models. Baggott testified that she did not want the representation because "Mr. Hay was getting charged and arrested for pandering and all that criminal stuff going on." Baggott testified that Hay required a \$5000 payout to be released from the contract.
- 55. On March 9, 2020, Baggott's counsel sent a letter to Direct Models' counsel stating that the Agreement was no longer in effect due to breaches of the contract by Direct Models.
- 56. In March 2020, the adult entertainment industry largely shut down non-solo shoots due to the pandemic. According to Hay, the shutdown continued to around July 2020.
- 57. On April 22, 2020, Fleming conveyed an offer to Baggott for a short solo shoot for \$500. Baggott turned down the offer.
- 58. Outside of that single offer in April 2020, Direct Models did not provide an offer for employment to Baggott in the remainder of 2020 or 2021; nevertheless, Hay and Fleming testified that they continued to look for employment for Baggott throughout that time.
- 59. Baggott testified that she performed several other shoots in the winter of 2020 and early 2021. She did not pay commission to Direct Models for those shoots.

#### E. Petitions

- 60. Direct Models filed a Petition to Determine Controversy for unpaid commissions on April 1, 2020.
- 61. Baggott filed a cross-petition on April 1, 2021 and amended the cross-petition on May 25, 2021.

#### II. LEGAL STANDARD

The proper burden of proof in actions before the Labor Commissioner is found at Evidence Code section 115, which states, "[e]xcept as otherwise provided by law, the burden of proof requires proof by a preponderance of the evidence." "[T]he party asserting the affirmative at an administrative hearing has the burden of proof, including both the initial burden of going forward

<u>//</u>

//

<u>//</u>

<u>//</u>

//

and the burden of persuasion by preponderance of the evidence." *McCoy v. Bd. of Ret.*, 183 Cal.App.3d 1044, 1051 n.5 (1986). "[P]reponderance of the evidence standard... simply requires the trier of fact' to believe that the existence of a fact is more probable than its nonexistence." *In re Michael G.*, 63 Cal.App.4th 700, 709 n.6 (1998).

However, the burden may be altered when the parties have asymmetrical access to information. To determine whether a basic burden of proof should be altered "the courts consider a number of factors: the knowledge of the parties concerning the particular fact, the availability of the evidence to the parties, the most desirable result in terms of public policy in the absence of proof of the particular fact, and the probability of the existence or nonexistence of the fact." *Amaral* v. *Cintas Corp. No. 2*, 163 Cal.App.4th 1157, 1188 (2008). "Where essential facts necessary to proof lie within the exclusive knowledge or control of one party, 'fundamental fairness' is what justifies shifting the burden of proof to this party." *Id.* at 1190.

#### III. LEGAL ISSUES

- A. Was the Contract Between Direct Models and Baggott Still In Effect When She Refused to Pay Commissions in late 2020?
- B. <u>Did Direct Models Violate Its Duty to Protect the Health and Safety of Baggott under Labor Code Section 1700.33 by Sending Her into Unsafe Situations?</u>
- C. <u>Did Direct Models Charge Unlawful Fees to Baggott?</u>
- D. <u>Is Hay Personally Liable for the Unlawful Fees?</u>
- E. <u>Is Baggott Entitled to Attorney's Fees and Costs?</u>

#### IV. LEGAL DISCUSSION

We first address Direct Models' petition against Baggott claiming that Baggott failed to pay commission on shoots obtained during her contract period with Direct Models. We then turn to the petition filed by Baggott against Direct Models and Hay alleging Direct Models and Hay failed to protect Baggott's health and safety and charged unlawful fees not included in the Schedule of Fees.<sup>2</sup>

## A. Was the Contract Between Direct Models and Baggott Still In Effect When She Refused to Pay Commissions in late 2020?

Direct Models and Baggott signed a two-year contract on February 15, 2019. Direct Models contends that Baggott violated this contract by failing to pay 15% commission on shoots that she performed in late 2020 and early 2021. Baggott maintains that the contract was no longer in effect at that time. We agree with Baggott because she lawfully cancelled the contract before the shoots at issue and, alternatively, because Direct Models stopped attempting to procure her work.

#### i. Cancellation of the Contract

Pursuant to 8 C.C.R. section 12001(e), a talent agency agreement must contain a term allowing for the cancellation of the contract if talent has not received an offer of employment for four consecutive months. The regulation states in relevant part that a contract must include:

A provision that, in the event of the failure of the artist to obtain employment or a bona fide offer therefor from a responsible employer, in the field or fields of endeavor specified in the contract in which the talent agency is representing the artist, for a period of time in excess of four consecutive months, such failure shall be deemed cause for the termination of the contract by either party; provided, however, that the artist shall at all times during such period of four consecutive months be ready, willing, able and available to accept employment and to render the services required in connection therewith. Notices of intention of either party to such a contract to terminate same must be given in writing to the other party to such a contract directed to the last known address of said party.

<sup>&</sup>lt;sup>2</sup> Neither party disputes that Baggott is an artist within the meaning of Labor Code section 1700.4(b) and DIRECT MODELS is a licensed talent agency within the meaning of Labor Code section 1700.4(a).

Section 5 of the contract between Direct Models and Baggott incorporated this provision.

On March 9, 2020, Baggott's counsel sent a letter to Direct Models' counsel stating that Baggott viewed the contract as void. At the very least, this constituted notice of Baggott's intention to cancel the contract and the continued insistence of counsel that the contract was void constituted a continual notice of the intent to cancel by Baggott. Even assuming that the April 22, 2020 offer of employment was bona fide, Baggott was entitled to fulfill the cancellation of the contract through the previous written notification four months later on August 22, 2020, after having not received any offer of employment. There is no indication that any of Baggott's additional shoots occurred before August 22, 2020; as such, the contract was cancelled prior to the shoots from which Direct Models seeks commissions.

#### ii. Failure to Seek Procurement of Employment

The contract was also void for the time period Direct Models seeks commissions because Direct Models failed to take proper steps to procure employment for Baggott after January 2020.

Pursuant to 8 C.C.R. section 12001(d), a talent agency must include in its contract that it will use all reasonable efforts to procure employment for an artist during the term of the contract. Section 8 of the contract between Direct Models and Baggott incorporated this requirement.

Hay and Fleming insisted that they continued to seek employment for Baggott through the end of her contract period. Their testimony lacks credibility.

First, Hay and Fleming produced a single instance from February 2020 to February 2021 in which they attempted to procure employment for Baggott. In April 2020, Fleming sent a single offer of employment to Baggott for \$500 that Baggott then rejected. Outside of that communication, Hay and Fleming produced no evidence that they obtained offers for Baggott or even sought employment for Baggott. It is not credible that these communications would all have been over telephone and thus not evidenced through email or text. A single email thus cannot credibly be meant to convey a years' worth of attempts at procurement.

Hay and Fleming point to the pandemic as an explanation, but that—in itself—does not account for Direct Models' complete lack of action. As evidenced by the April 2020 email from

Fleming to Baggott, some business still existed for at-home shoots during the pandemic. Moreover, according to Hay, filming started again in the summer of 2020; yet, Direct Models failed to produce any evidence of seeking procurement after that date.

Second, and relatedly, Hay's and Fleming's testimony does not grapple with the clear break in the relationship between Baggott and Direct Models in February 2020. In text messages to Kassidy at the time, Hay called Baggott a liar, threatened to file a grievance against Baggott, and stated that Baggott deliberately caused harm. Legal demands from Baggott followed a month later. Absent additional evidence of Direct Models' attempts to procure work for Baggott, it is not credible that they met their fiduciary duty as agents while calling their talent a liar who deliberately caused harm.

\*\*\*

Because the contract between Direct Models and Baggott was void at the time of the shoots from which Direct Models seeks commissions, its petition is denied.

B. <u>Did Direct Models Violate Its Duty to Protect the Health and Safety of Baggott under Labor Code Section 1700.33 by Sending Her into Unsafe Situations?</u>

Labor Code section 1700.33 provides:

No talent agency shall send or cause to be sent, any artist to any place where the health, safety, or welfare of the artist could be adversely affected, the character of which place the talent agency could have ascertained upon reasonable inquiry.

In Szarko v. Direct Models, Inc., TAC 50639 (October 2018) (Szarko), the Labor Commissioner explained the reach of Labor Code Section 1700.33:

[T]he Act implies into each and every Talent Agency contract the covenant that '[n]o talent agency shall send or cause to be sent, any artist to any place where the health, safety, or welfare of the artist could be adversely affected, the character of which place the talent agency could have ascertained upon reasonable inquiry.' Labor Code section 1700.33. This amounts to an explicit covenant and duty of the agent or agency to engage in reasonable inquiry to determine whether an artist's health, safety or welfare would be adversely affected by being sent to a job they are attempting to procure for the artist. [Emphasis in original]

. . . .

Thus, it is a covenant implied by law into the Agency Contract and all agency contracts, that an agent has an on-going and ever-present duty to perform 'reasonable inquiry' to assure that the job they procure for the artist provides for the 'health, safety and welfare' of the artist. This is an essential part of the agent's covenant with the artist and its negotiations with the employer (the reasonable inquiry), and an agent's failure to do so is a material breach of any agency agreement. [Emphasis in original].

Szarko, TAC 50639, at 10.

Baggott alleges that Direct Models and Hay sent her into an unsafe situations when they sent her to shoots with Hobby Buchanon and Stoney Curtis as well as when they worked in concert with and/or referred her to Michmichian and Cunningham.

#### i. Buchanon

Baggott provided credible testimony that she felt unsafe while shooting with Hoby Buchanon, including his failure to have a safe word and to stop shooting when she requested breaks. This is deeply concerning testimony in an industry that, as both parties agree, relies on consent. The legal question, however, is whether Fleming as an agent for Direct Models performed sufficient due diligence *before* sending Baggott to this shoot. We hold that Baggott has not met her burden of proof to show that Fleming and thus Direct Models acted outside of its obligation to conduct a reasonable inquiry into the safety of the work environment.

The facts regarding the due diligence performed are not in dispute. Fleming testified that he checked with Baggott regarding the "rougher" nature of the shoot, reviewed the other talent with whom Buchanon had worked, and examined Buchanon's paid content sites. On the other hand, he did not check whether the director/performer had an established safe-word, the size of the film crew, the film equipment, or the location of filming. Hay and Direct Models contend that Fleming's due diligence met industry standards and adequately safeguarded Baggott; Baggott argues the opposite, particularly given the nature of the point of view, "rougher" shoot that Buchanon conducted.

Baggott has not produced sufficient evidence to meet her burden that Fleming's due diligence was not a reasonable inquiry into the safety of Buchanon's shoot. Baggott did not present

any other witnesses, including agents or talent in the adult entertainment industry, to testify on industry standards for due diligence or any specific evidence of Buchanon's prior reputation of which Fleming should have been aware. While Baggott's contention is plausible that Fleming should have conducted additional diligence, Fleming presents an equally plausible explanation that reviewing the type of content, obtaining consent from the talent, and examining other talent with whom the director has worked was sufficient due diligence to constitute a reasonable inquiry. Without more, the evidence is in equipoise. Because it was Baggott's burden to prove that Fleming violated his duty, Baggott's claim fails.

#### ii. Stoney Curtis

Baggott next contends that Fleming failed to conduct a reasonable inquiry when he arranged for her to shoot with Stoney Curtis. The facts do not support Baggott's contention.

While Baggott expressed concern with Curtis's gossip and eventually stated that she did not want to work with him again, Fleming appeared responsive to Baggott's concerns. He spoke with Curtis regarding the gossip as well as threats about Baggott's career when Baggott missed the train for the final shoots. Again, Baggott failed to provide any additional testimony or evidence that other adult entertainment talent perceived that working with Curtis was an unsafe environment or that Fleming should have conducted additional due diligence. Baggott therefore failed to meet her burden of proof.

#### iii. Karen Michmichian and Dave Cunningham

Baggott finally contends that Hay and Direct Models violated their fiduciary duty by referring her and/or working in concert with Michmichian and Cunningham.

At the outset, the question is whether *in this case* Baggott has proven that Hay and Direct Models referred talent and/or worked in concert with Michmichian and Cunningham and not whether Baggott offered credible testimony about her experience working for Michmichian and Cunningham.

20

21

19

22

23

24 25

26 27

28

Baggott testified that, although Hay did not introduce her directly to Michmichian and Cunningham, she knew Hay wanted her to perform services for them "[b]ecause it was kind of a thing in the industry, if you were signed to Derek, you needed to be good" with them "or Derek wasn't going to book you as much." She continued, "It was just an understanding that all of his girls have c[ome] to know. It's kind of like one of those unwritten understanding things, like a secret, I guess." Baggott also testified that Michmichian and Hay were friends and that she saw Hay at Michmichian's house on several occasions.

Baggott's testimony is not enough to meet her burden that Hay referred her, directly or indirectly, to Michmichian and Cunningham. Baggott's testimony relies on informal understandings between Hay's clients on his expectations that they engage in work with Michmichian; however, she did not provide any in-depth testimony on how she reached that understanding. She did not present other witnesses to corroborate her testimony or evidence of the relationship between Hay and Michmichian beyond that he was at her house. She also did not name other Direct Models talent, aside from Lux, who worked with Michmichian. Finally, she did not attempt to show any financial connection between Hay and Michmichian. As such, Baggott failed to meet her burden on this issue.<sup>3</sup>

#### C. Did Direct Models Charge Unlawful Fees to Baggott?

Baggott contends that the booking fees, driver fees, photograph fees, Nightmoves flight fee, and the kill fee charged by Direct Models were unlawful under the Talent Agencies Act. This section will address the requirement under the Talent Agencies Act regarding the Schedule of Fees.

<sup>&</sup>lt;sup>3</sup> The Labor Commissioner has found in two other Talent Agency Controversies that Direct Models violated its duty to talent by referring them into unsafe situations. See Szarko, TAC-50636; Jane Does v. Hay, TAC-52663 (June 2020). While previous decisions provide guidance on interpretation of the Talent Agencies Act, we must look to the facts presented in each Talent Agency Controversy to reach a determination. Moreover, Baggott's attorney did not seek to introduce evidence or sworn testimony from those previous hearings and explicitly waived the right to argue preclusion or estoppel after repeatedly failing to meet deadlines for briefing.

Put differently, this decision does not contradict the Labor Commissioner's earlier factual findings in specific cases and does not conclude that Hay definitively did not send Baggott (or other talent) into unsafe situations. It simply holds that Baggott failed to meet her burden.

against long-delayed litigation." Styne v. Stevens, 26 Cal. 4th 42, 52 (2001) (internal citations omitted).

The Governor's Executive Orders during the pandemic have altered this general rule. Executive Order N-63-20, issued on May 7, 2020, extended the deadline to file a petition to determine controversy that would have elapsed within 60 days of the issuance of the Order by 60 days. *See* Executive Order N-63-20 ¶ 9(c) (issued May 7, 2020). On June 30, 2020, Executive Order N-71-20 extended the deadline to file until the end of the State of Emergency or until the Order was modified or rescinded. *See* Executive Order N-71-20 ¶ 39 (issued June 30, 2020). Finally, on June 11, 2021, the Governor issued Executive Order N-08-21, which states in relevant part:

Any deadline setting the time for a worker to file complaints and initiate proceedings with the Labor Commissioner pursuant to Labor Code sections 98, 98.7, 1700.44, and 2673.1, that, absent the aforementioned order, would have occurred or would occur between May 7, 2020 and September 29, 2021 shall be extended to September 30, 2021. Any such deadline that, absent the aforementioned order, would occur after September 29, 2021 shall be effective based on the timeframe in existence before the aforementioned order...

*See* Executive Order N-08-21 ¶ 24(f) (issued June 11, 2021).

As a result of these executive orders, any deadline for filing a petition to determine controversy under Labor Code section 1700.44 that would have occurred between May 7, 2020 and September 29, 2021 was extended to September 30, 2021. Put differently, any filing of a petition to determine controversy between May 7, 2020 and September 29, 2021 will be interpreted to have been filed on May 7, 2020 for statute of limitations purposes.

Here, Baggott filed her Petition to Determine Controversy on April 1, 2021. Because this date is between May 7, 2020 and September 29, 2021, the petition shall be treated for statute of limitations purposes as if it were filed on May 7, 2020. Applying the one year statute of limitations from the Labor Code, Baggott's claims for disgorgement based on unlawful fees are timely if the violations took place on or after May 7, 2019. Accordingly, the driver fee with an alleged violation

date of February 25, 2019, and the photographs fee with an alleged violation date of April 23, 2019 are untimely as are any booking fees before May 7, 2019.

The timely claims for the unlawful Nightmoves flight fee, the Stoney Curtis kill fee, and the booking fees on or after May 7, 2019 are analyzed below.

#### iii. Nightmoves Flight Fee

Baggott maintains that Nightmoves flight fee was an unlawful fee for Direct Models to collect. We agree.

As relevant here, Direct Models deducted \$150 for what it owed Baggott based on a flight to Nightmoves. Direct Models maintains that it lawfully deducted this from the contract because it was a travel cost to which Baggott agreed. Hay emphasized in testimony that Direct Models—unlike his other company, the Lee Network—had no relationship with Nightmoves and that the charge on the Direct Models statement was just a convenient way to charge Baggott.

Taking Hay's testimony as true that the Lee Network was not a joint enterprise of Direct Models<sup>4</sup>, charging the Nightmoves fee as part of the Direct Models statement is an unlawful fee. An agency cannot deduct amounts from talent for unrelated business, even if the principles of those unrelated businesses are the same. Indeed, a talent agency cannot withhold funds by acting as a general bank for talent to charges from other entities. Because the fee was unrelated to the contract between Direct Models and Baggott, it is unlawful and must be disgorged.

#### iv. Stoney Curtis Kill Fee

The parties dispute whether the kill fee of \$330 charged to Baggott for missing and then altogether cancelling her shoot with Stoney Curtis was unlawful because it was not included in the Schedule of Fees.

According to Fleming and Hay, a kill fee is assessed in the adult entertainment industry on any party that cancels a shoot with little notice, whether the party is the studio or the actor. The typical kill fee is \$200, unless there are flights or hotel costs involved.

<sup>&</sup>lt;sup>4</sup> Neither party alleged that the Lee Network and Direct Models were a joint enterprise. As such, we assume it as true for the purposes of this decision.

Baggott contends that kill fees are a fee charged by Respondents that were not included in the Schedule of Fees approved by the Labor Commissioner. The evidence demonstrates that the kill fee charged here is a "fee" under Labor Code section 1700.2(a) and thus required to be in the Schedule of Fees under Labor Code section 1700.24. The fee was charged to Baggott by the talent agency as part of conducting business as a talent agency—specifically, ensuring the talent it books participates in a shoot.

Direct Models' arguments that Baggott agreed to pay the fee and that the fee was simply a "pass through" are unavailing. At the outset, simply because a talent agrees to pay an unlawful fee does not make the fee lawful. The Talent Agencies Act provides guardrails to interactions between talent and agents; as relevant here, the Act at a minimum requires *up front* transparency on the fees a talent agency will charge an actor, even if such fees are lawful. An agency's *post hoc* pressure of a talent to pay a fee not included in the Schedule of Fees does not cure the initial failure to disclose the fee.

Moreover, the fact that Fleming asked Baggott to pay the fee undermines that Direct Models was simply a pass through. Presumably, had Baggott refused to pay the fee, Direct Models would have paid Curtis and then sought a remedy against Baggott for causing the cancellation. This indicates that the fee runs to the talent agency and not just the talent.

Finally, the Statement from Direct Models to Baggott charges the fee to Baggott. Whether a "pass through" or not, the fact that Direct Models charged Baggott—and thereby withheld other monies due to Baggott—means that Direct Models charged the fee. As discussed above, a talent agency cannot withhold funds because it is acting as a general bank for talent to charges from other entities. Because Direct Models charged Baggott directly without disclosing the fee, it violated Labor Code section 1700.24.

<sup>&</sup>lt;sup>5</sup> Because Baggott did not challenge the lawfulness of these fees in general, but rather contended that the fees were not disclosed properly, we address only whether the fees were properly disclosed.

## 

# 

## 

### 

#### v. Booking Fees

Baggott maintains that the booking fees were unlawful fees above the 15% commission to which Direct Models was entitled. We agree with Baggott and find the booking fees unlawfully charged in this case.

As noted above, Direct Models charged booking fees of \$100 to the production companies or studios each time that they booked a female talent, including Baggott. The Schedule of Fees did not include these booking fees, and Direct Models did not deduct them from the 15% commissions paid by Baggott for each shoot. Nevertheless, Direct Models claims that it did not violate its contract because the booking fees were completely separate fees for the work Direct Models performed for the agencies and thus unrelated to individual talent. Direct Models also contended that such fees are standard in the industry.

Direct Model's argument that the fees are not tied to specific shoots for specific talent is not credible. Direct Models did not receive a general payment for helping producers identify talent regardless of whether a Direct Models' talent was booked; instead, booking fees were tied to specific bookings for specific talent. Indeed, if Direct Models did not book its talent, it would not receive a booking fee regardless of whether it attempted to present producers with choices for their shoots. The fees then resulted in increased payment to Direct Models for specific shoots, above the 15% commission paid by Baggott. That such fees are allegedly industry standard is immaterial given Direct Model's failure to disclose such fees in its Schedule of Fees.<sup>6</sup>

These backdoor charges cannot evade a talent agency's requirement to disclose fees paid for services rendered in the court of its business under Labor Code sections 1700.24 and 1700.2(a)(1) or the limitation on the maximum fees an agent can earn under 8 C.C.R. § 12001(b). Because Direct Models failed to include those amounts in their Schedule of Fees and collected an amount in excess of the Schedule of Fees, Direct Models is in violation of those statutes and regulation.

<sup>&</sup>lt;sup>6</sup> Because Baggott did not challenge the lawfulness of these fees in general, but rather contended that the fees were not disclosed properly, we address only whether the fees were properly disclosed.

Based on the statement provided by Direct Models, there appear to be 37 bookings on or after May 7, 2019. Given Hay's testimony that Direct Models received \$100 per booking, Baggott is entitled to \$3700 in fees.

#### D. <u>Is Hay Personally Liable for the Unlawful Fees?</u>

A talent agency means:

[A] person or corporation who engages in the occupation of procuring, offering, promising, or attempting to procure employment or engagements for an artist or artists, except that the activities of procuring, offering, or promising to procure recording contracts for an artist or artists shall not of itself subject a person or corporation to regulation and licensing under this chapter. Talent agencies may, in addition, counsel or direct artists in the development of their professional careers.

Labor Code § 1700.4(a).

A talent agency must be licensed. Labor Code section 1700.5, in part, states:

No person shall engage in or carry on the occupation of a talent agency without first procuring a license therefor from the Labor Commissioner.

The holder of the license is Direct Models, the corporation, not Hay as an individual.

However, "the Talent Agencies Act (§ 1700 et seq.) regulates the activities of a 'talent agency,' i.e., 'a person or corporation who engages in the occupation of procuring, offering, promising, or attempting to procure *employment or engagements* for an *artist or artists* ...." *Styne*, 26 Cal.4th at 50 (citing Labor Code § 1700.4(a)). "The Act is remedial; its purpose is to protect artists seeking professional employment from the abuses of talent agencies." *Id.* The Act's definition of a "talent agency is narrowly focused on efforts to secure professional 'employment or engagements' for an 'artist or artists." *Id.* at 50-51. "The Act establishes its scope through a functional, not a titular, definition. It regulates *conduct*, not labels; it is the act of procuring (or soliciting), not the title of one's business, that qualifies one as a talent agency and subjects one to the Act's licensure and related requirements." *Marathon Entm't, Inc. v. Blasi*, 42 Cal.4th 974, 986 (2008) (citing Labor Code section 1700.4(a)). The Labor Commissioner can determine whether a

person or corporation is subject to the Act's requirements based on the conduct and actions of that person or corporation.

In determining the personal liability of directors in relation to the acts of a corporation, the California Supreme Court has held, "[d]irectors are jointly liable with the corporation and may be joined as defendants if they personally directed or participated in the tortious conduct." *Frances T. v. Vill. Green Owners Assn.*, 42 Cal.3d 490, 504 (1986). Furthermore, "[d]irectors are liable to third persons injured by their own tortious conduct regardless of whether they acted on behalf of the corporation and regardless of whether the corporation is also liable." *Id.* A corporate officer or director may also be held personally liable if they directly authorized or actively participated in the wrongful conduct. *Taylor-Rush v. Multitech Corp.*, 217 Cal.App.3d 103, 113 (1990).

Based on the facts presented *in this case*, the Labor Commissioner finds that Hay is not individually liable. Baggott failed to meet her Burden that Hay had engaged in such individual tortious conduct that he should be held liable along with Direct Models for the unlawful fees. The Nightmoves flight admittedly suggests improper comingling of funds between two supposedly separate entities controlled by Hay; nevertheless, a single instance of potential commingling for a \$150 charge without more does not rise to the level of individual tortious conduct suggested by California courts to give rise to individual liability.

#### E. <u>Is Baggott Entitled to Attorney's Fees and Costs?</u>

In her First Amended Petition, Baggott seeks attorneys' fees and costs although she did not provide any briefing on the issue or estimate of the accrued fees and costs. Attorneys' fees are available as indicated under Labor Code section 1700.25(e)(1), which states in pertinent part:

- (e) If the Labor Commissioner finds, in proceedings under Section 1700.44, that the licensee's failure to disburse funds to an artist within the time required by subdivision (a) was a willful violation, the Labor Commissioner may, in addition to other relief under Section 1700.44, order the following:
- (1) Award reasonable attorney's fees to the prevailing artist.

Here, at a minimum, the charging of the Nightmoves fee to Baggott was a willful violation of the Talent Agencies Act. It is clear that an agent cannot withhold funds from talent as part of a talent agency contract based on charges completely unrelated to the work the agency is performing for the talent under the contract.

Baggott is ORDERED to file a supplemental brief with a copy to Direct Models within two weeks of this decision stating why the hearing officer should use discretion to award attorney's fees and costs as well as an accounting of such fees and costs. Direct Models may file a responsive brief two weeks after the submission of Baggott's brief.

#### V. CONCLUSION

Respondent Direct Models unlawfully charged Baggott for the Nightmoves flight, the Stony Curtis kill fee, and the booking fees. For the reasons stated above, Direct Models is **ORDERED** to pay the following amounts:

Fee	Amount	Interest 10%	Total
Nightmoves Flight	\$150 (10/29/2021)	\$33.12	\$183.12
Kill Fee	\$330 (11/12/19)	\$71.61	\$401.61
Booking Fees	\$3,700	\$1143.42	\$4,843.42
Total	\$5,428.15		

It is **FURTHER ORDERED** that Baggott is to file a supplemental brief with a copy to Direct Models within two weeks of the service of this decision stating why the hearing officer should use discretion to award attorney's fees and costs as well as an accounting of such fees and costs. Direct Models may file a responsive brief two weeks after the submission of Baggott's brief.

//

// 26

27

28

1	Dated: January 18, 2022	STATE OF CALIFORNIA
2		DEPARTMENT OF INDUSTRIAL RELATIONS DIVISION OF LABOR STANDARDS ENFORCEMENT
3		By: Casey L. Raymond
4		CASEY RAYMOND, Attorney for the Labor Commissioner
5	ADODTED ACTUE DETERMINA	ATION OF THE LADOR COMMISSIONER
6	ADOPTED AS THE DETERMINATION OF THE LABOR COMMISSIONER	
7		
8	Dated: January <u>18</u> , 2022	By:
9		LILIA GARCIA-BROWER California State Labor Commissioner
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

1	PROOF OF SERVICE					
2	(Code of Civil Procedure § 1013A(3))					
3		STATE OF	CALIFORNIA	)		
4		COUNTY O	F LOS ANGELES	) S.S. )		
5	I, Jhonna Lyn Estioko, declare and state as follows:					
6 7	I am employed in the State of California, County of Los Angeles. I am over the age of eighteen years old and not a party to the within action; my business address is: 320 W. 4 <sup>th</sup> Street, Suite 600; Los Angeles, California 90013.					
8	On January 19, 2022, I served the foregoing document described as: <b>DETERMINATION OF CONTROVERSY</b> , on all interested parties in this action as follows:					
9	Kare	n F. Tynan (SE	N 217775)	Joseph Salama (SBN 212225)		
10	OGLETREE, DEAKINS, NASH, SMOAK & STEWART, P.C.			140 N. Robinhood Drive		
11	Sacra	Capitol Mall, Samento, CA 95		San Rafael, CA 94903 T: (415) 948-9030		
12	T: (916) 840-3150 F: (916) 840-3159			F: (415) 479-1340 Email: joe@salama.com, joseph@salama.com		
13	Email: Karen.tynan@ogletreedeakins.com					
14	Attorney for Petitioner		ner	Attorney for Respondents		
15	and processing of correspondence for mailing with the United States Postal Service.					
16						
17		our office ad	dress in Los Angeles,	, California. Service made pursuant to this paragraph, ll be presumed invalid if the postal cancellation date of		
18	postage meter date on the er mailing contained in this affid		r date on the envelope	envelope is more than one day after the date of deposit for		
19	(BY E-MAIL SERVICE) I caused such document(s) to be delivered electronically v					
20		e-mail to the e-mail address of the addressee(s) set forth above.				
21	(STATE) I declare under penalty of perjury, under the laws of the State of California that the above is true and correct.		alty of perjury, under the laws of the State of			
22						
23	Executed this 19 <sup>th</sup> day of January 2022, at Los Angeles, California.					
24			_			
			Jhonze	Sticko		
25			Declar	- <b>7</b> ·· - J ·- · - ·		
26						
27						
28						