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CONFIRMED COPY  
OF ORIGINAL FILED  
Los Angeles Superior Court

OCT 14 2011

John A. Clark, Executive Officer/Clerk

By M. Vandeweyer, Deputy

6 Attorneys for Plaintiff Jeffrey Franklin

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 FOR THE COUNTY OF LOS ANGELES – WEST DISTRICT

LISA HART COLE  
SC114499

11 JEFFREY FRANKLIN, an individual,  
12 Plaintiff,

Case No.

COMPLAINT

13 vs.

1. BREACH OF FIDUCIARY DUTY
2. FRAUD AND DECEIT
3. NEGLIGENT MISREPRESENTATION
4. CONVERSION
5. CORPORATE WASTE
6. UNJUST ENRICHMENT

14 SCOTT MITCHELL ROSENBERG, an  
15 individual; and  
16 DOES 1 to 25, inclusive,  
17 Defendants.

JURY TRIAL DEMANDED

18 PLATINUM STUDIOS, INC., a California  
19 corporation;  
20 Nominal Defendant

CASE MANAGEMENT CONFERENCE

FEB 01 2012

8:30R  
Date

EISNER, KAHAN & GORRY  
9601 WILSHIRE BOULEVARD, SUITE 700  
BEVERLY HILLS, CALIFORNIA 90210  
TEL (310) 855-3200 – FAX (310) 855-3201

1 **JURISDICTION AND VENUE**

2 1. This action is properly brought in the Superior Court for the County of Los Angeles  
3 pursuant to Cal. Civ. Proc. Code §395(a), because at least some of the defendants reside in  
4 Los Angeles County.

5 2. Venue is proper in the Central District pursuant to Los Angeles Superior Court Rule  
6 2.0(b).

7 **THE PARTIES**

8 3. Plaintiff Jeffrey Franklin (“Plaintiff” or “Mr. Franklin”) is, and at all times relevant  
9 hereto was, an individual residing in Los Angeles County, California.

10 4. Plaintiff is informed and believes and, on that basis, alleges that defendant Scott  
11 Mitchell Rosenberg (“Rosenberg”) is, and at all times relevant hereto was, an individual residing in  
12 Los Angeles County, California.

13 5. Plaintiff is informed and believes and, on that basis, alleges that defendant  
14 PLATINUM STUDIOS, INC. (“Platinum”) is a California Corporation with its principal place of  
15 business located in Los Angeles County, California.

16 6. The true names and capacities of the persons and entities named herein as Does 1 to  
17 25, inclusive, whether individual, corporate, associate or otherwise, are presently unknown to  
18 Plaintiff, who therefore sues said persons and entities by such fictitious names. Plaintiff will seek  
19 leave to amend this Complaint to show the true names and capacities of these Doe defendants when  
20 their identities have been ascertained, or according to proof at trial.

21 7. Plaintiff is informed and believes and, on that basis alleges, that at all times relevant,  
22 each of the defendants named herein, including those sued as Does 1 to 25, inclusive, was the agent  
23 and/or employee of each of the remaining defendants, and in doing the things mentioned herein was  
24 acting within the course and scope of such agency and/or employment, and with the permission,  
25 consent of and ratification by such defendants.

26 **FACTS COMMON TO ALL CAUSES OF ACTION**

27 8. Platinum is a publically traded entertainment company that controls one of the largest  
28 international libraries of comic book characters from all over the world, which it adapts, produces

1 and licenses for all forms of media including print, film, online, mobile/wireless, gaming, and  
2 merchandising.

3 9. Over the course of 2010, Plaintiff acquired 3,000,000 shares of common stock in  
4 Platinum. Plaintiff currently holds 1,000 shares of common stock in Platinum. At all times relevant  
5 hereto, Plaintiff owned between 1,000 and 3,000,000 shares of Platinum common stock.

6 10. Plaintiff is informed and believes and, on that basis, alleges that from January 2010  
7 through January 2011, Platinum's stock was publically traded between \$0.05 and \$0.14 per share.  
8 Plaintiff is further informed and believes and, on that basis, alleges that from after January 2009,  
9 through January 2011, the stock never closed at less \$0.04 per share.

10 11. Plaintiff is informed and believes, and on that basis alleges that, at all times relevant,  
11 Defendant Rosenberg was Platinum's largest individual shareholder, its Chief Executive Officer  
12 ("CEO") and the chairman of the board of directors.

13 12. Plaintiff is informed and believes, and on that basis alleges that, prior to December,  
14 2010, Rosenberg purported to make a series of personal loans to Platinum, which loans were  
15 memorialized by promissory notes.

16 13. As is confirmed by Platinum's January 2011 8-K and other documents filed with the  
17 Securities Exchange Commission or otherwise, on or about December 20, 2010, Rosenberg, through  
18 his position of authority and control over Platinum, forced Platinum to enter into an agreement  
19 whereby the Company transferred a twenty-five percent (25%) interest in the intellectual property  
20 owned by Platinum to Rosenberg personally (the "Property"), in exchange for an extension of the  
21 due dates for certain of the loans referenced in Paragraph 12, above.

22 14. Plaintiff is informed and believes, and on that basis alleges that, in addition to the  
23 transfer of a twenty-five percent (25%) interest in Platinum's intellectual property, Rosenberg also  
24 secured for himself a twenty-five percent (25%) interest in all gross profits derived from the  
25 Platinum's intellectual property in exchange for an extension of the due dates for certain of the loans  
26 referenced in Paragraph 12, above.

27 15. Plaintiff is informed and believes, and on that basis alleges that, as part of the  
28 forgoing transaction, Rosenberg was also issued two options to purchase Platinum stock. Plaintiff is

1 informed and believes, and on that basis alleges that, one option allowed Rosenberg to exercise up to  
2 40,000,000 warrants to purchase shares of the Company's common stock, and that the second called  
3 for the acquisition of up to \$3,750,000 in common stock by the exercise of warrants at \$0.11 per  
4 share.

5 16. Plaintiff is informed and believes, and on that basis alleges that, in all, the forgoing  
6 transaction gave Rosenberg value that far exceeds the value of the loans he purportedly made to  
7 Platinum, and the value of the promissory notes Rosenberg holds for those purported loans.

8 17. Plaintiff is informed and believes, and on that basis alleges that, based upon the  
9 above-described transaction, Rosenberg has transferred to himself from Platinum a sum in excess of  
10 Five Hundred Thousand Dollars (\$500,000) without any offset to the amounts allegedly due and  
11 owing under the promissory notes referenced herein.

12 18. Plaintiff is informed and believes, and on that basis alleges that, the Platinum comic  
13 book character library is valued at approximately One Hundred Fifty Million Dollars  
14 (\$150,000,000).

15 19. Accordingly, Plaintiff estimates that the Property that Rosenberg transferred to  
16 himself from Platinum in connection with the above-described transaction has a value of  
17 approximately Thirty-Seven Million Five Hundred Thousand Dollars (\$37,500,000). Plaintiff is  
18 informed and believes and, on that basis, alleges that this sum is well in excess of that which  
19 Rosenberg purportedly loaned to Platinum.

20 20. In addition to the forgoing, Plaintiff is informed and believes and, on that basis  
21 alleges that Rosenberg, as CEO of Platinum, (i) makes monthly payments of approximately \$30,000  
22 to himself; (ii) receives outside producer fees; (iii) defers a large salary and now gets participation in  
23 payments on other Platinum rights; and (iv) has an alleged large outstanding debt on Platinum's  
24 books.

25 21. Plaintiff is informed and believes, and on that basis alleges that, Rosenberg has  
26 improperly forced Platinum to transfer valuable assets to him and/or entities controlled and operated  
27 by him without adequate compensation to Platinum or its shareholders. This diversion of assets  
28

1 and/or corporate opportunities has and will continue to cause significant damage to Platinum and  
2 greatly benefit Rosenberg to the detriment of Platinum and its shareholders.

3 22. Plaintiff is also informed and believes, and on that basis alleges that, the transfer of  
4 Property to Rosenberg was not intended to be a final and complete transfer of the Property as  
5 reflected in the January 2011 8-K. Specifically, in or about January 2011, after the release of the 8-  
6 K, one or more members Platinum's board of directors advised Rosenberg that the terms represented  
7 on all the 8-K filings were not agreed upon by the board. Rather, the terms that the board of  
8 directors did agree upon were changed for terms increasingly more beneficial to Rosenberg,  
9 personally.

10 23. In addition, Plaintiff is further informed and believes, and on that basis alleges that,  
11 one or more members of Platinum's board of directors advised Rosenberg that the board should  
12 reverse, terminate or otherwise nullify the 8-K reported events and awards to Rosenberg, since they  
13 do not accurately represent the decisions made by the board of directors. However, since the  
14 representations regarding the transfer was made in the January 2011 8-K, there has not been any  
15 amendment or correction to the January 2011 8-K.

16 24. Plaintiff is informed and believes and, on that basis, alleges that, based upon  
17 Rosenberg's misfeasance, as described herein, one or more members of Platinum's board of  
18 directors advised him to consider forgiving the outstanding debt purportedly owed by Platinum to  
19 Rosenberg since the transfer was a clear abuse of his fiduciary duty. Upon information and belief,  
20 this request went unanswered.

21 25. Plaintiff is informed and believes and, on that basis, alleges that Rosenberg engaged  
22 in the actions described herein, in part, to create major debt vehicles at terms determined by  
23 Rosenberg and for the personal benefit of Rosenberg.

24 26. In short, Rosenberg diverted Platinum's assets and business opportunities to his own  
25 use, to the detriment of Platinum and its shareholders.

26 27. Plaintiff is informed and believes and, on that basis, alleges that Platinum's stock  
27 traded at approximately \$0.06 per share during the months shortly before the release of the January  
28

1 2011 8-K. However, in the months following the filing and release of the January 2011 8-K,  
2 Platinum’s stock declined to its current value of less than \$0.01 per share.

3 28. Until January 2011, Platinum maintained a website where the company’s “code of  
4 ethics” could be viewed by the public and shareholders ([www.platinumstudios.com/site/ethics/php](http://www.platinumstudios.com/site/ethics/php)).  
5 However, at some point after the January 2011 8-K was filed and released, and after one or more  
6 members of the board of directors advised all members to review the “code of ethics” at the forgoing  
7 website, that link was disabled and/or removed from Platinum’s website.

### 8 **ROSENBERG’S FIDUCIARY DUTIES**

9 29. As Platinum’s CEO and chairman of the board of directors, Rosenberg owes and  
10 owed a fiduciary duty of candor, good faith, care, and loyalty to Platinum and its shareholders.  
11 Rosenberg is and was prohibited from engaging in unlawful corporate conduct, such as violations of  
12 the laws, rules, and regulations applicable to Platinum. Further Rosenberg has and had a duty to  
13 further corporate opportunities and avoid waste of assets and a duty to avoid potential conflicts of  
14 interest.

15 30. Because of his position of control and authority as a director and/or officer of  
16 Platinum, Rosenberg was able to and did, directly and/or indirectly, exercise control over and engage  
17 in the wrongful acts alleged in this Complaint.

18 31. As a result of his positions as CEO and chairman of the board of directors, Rosenberg  
19 had access to nonpublic information regarding the condition and operations of Platinum, including  
20 information about the Property and other pertinent financial information. Rosenberg utilized that  
21 information to his benefit, and to the detriment of Platinum, when engaging in the actions discussed  
22 herein.

### 23 **DERIVATIVE AND DEMAND ALLEGATIONS**

24 32. In accordance with California Corporation Code § 800, on or about September 15,  
25 2011, Plaintiff made a demand that Platinum’s Board of Directors investigate the forgoing  
26 misfeasance and bring suit against Rosenberg to recover the improperly conveyed Property and for  
27 other damages suffered by Platinum’s shareholders. A true and accurate copy of two letters that  
28

1 were sent to Platinum’s Board of Directors are attached hereto as Exhibits “A” and “B,”  
2 respectively.

3 33. Plaintiff’s demand was futile, as Rosenberg maintains such authority and control over  
4 Platinum that the board members could not and would not realistically consider bringing an action  
5 against Rosenberg based upon his misfeasance. Accordingly the Board of Directors could not and  
6 would not impartially consider the merits of Plaintiff’s demand without being influenced by  
7 improper considerations. Furthermore, a number of the board members have a conflict of interest  
8 such that they too may be implicated in and liable for the tortious acts discussed herein.

9 34. To date, Platinum has not properly investigated nor indicated that it will bring suit to  
10 remedy the misfeasance described herein.

11 35. Plaintiff has no other right to redress other than through the pending action.

12 36. Plaintiff brings this action derivatively on behalf of Platinum to redress injuries  
13 suffered, and to be suffered, by Platinum as a result of Rosenberg’s breaches and violations of law  
14 and fiduciary duties herein alleged. Platinum is named as a nominal defendant solely in a derivative  
15 capacity.

16 37. Plaintiff will fairly and adequately represent the interests of the shareholders, who are  
17 similarly situated, in enforcing the rights of Platinum. Furthermore, Plaintiff is committed to the  
18 action and will ensure that Platinum’s best interest is represented throughout the course of this  
19 litigation.

20 38. Plaintiff has no other personal interest in bringing and maintaining this action on  
21 behalf of Platinum against Rosenberg.

22 FIRST CAUSE OF ACTION

23 Breach of Fiduciary Duty to Platinum

24 (Derivative Suit Against Rosenberg and Does 1-25)

25 39. As a derivative claim brought on behalf of Platinum, Plaintiff hereby incorporates the  
26 allegations in Paragraphs 1 to 38, inclusive, as though set forth in full.

27 40. Rosenberg owed to Platinum and its shareholders the duty to exercise candor, good  
28 faith, and loyalty in the operation of its business.

1 41. Rosenberg’s misconduct as described herein was not due to any honest error or  
2 misjudgment, but rather to his intentional breach or reckless disregard of the fiduciary duties he  
3 owed to Platinum, as alleged herein. Rosenberg intentionally breached or recklessly disregarded his  
4 fiduciary duties to further his own interests in obtaining the Property and/or other financial benefits.

5 42. Rosenberg was also notified of false information that was conveyed to the public and  
6 shareholders through public filings (including, but not limited to, failure to report litigation and  
7 accurate accounting information) and was advised to further investigate and remedy the issue.  
8 Rosenberg, however, did nothing to remedy the problem.

9 43. In breach of his fiduciary duties owed to Platinum, Rosenberg willfully participated  
10 in and caused Platinum to waste and dispose of its valuable assets in the Property, to otherwise  
11 expend unnecessarily its corporate funds, to convey false information to the shareholders, and failed  
12 to protect Platinum. As a result, Platinum has been substantially damaged.

13 44. As a direct and proximate result of Rosenberg’s breaches of his fiduciary obligations,  
14 Platinum has sustained and continues to sustain significant damages.

15 SECOND CAUSE OF ACTION

16 Fraud

17 (Derivative Suit Against Rosenberg and Does 1-25)

18 45. As a derivative claim brought on behalf of Platinum, Plaintiff hereby incorporates the  
19 allegations in Paragraphs 1 to 44, inclusive, as though set forth in full.

20 46. As more fully described herein above, Plaintiff is informed and believes and, on that  
21 basis, alleges that Platinum never intended to permanently divest itself of the Property. Rosenberg  
22 has been informed of the error and has done nothing to remedy the error and/or to inform the  
23 shareholders and the general public about the error.

24 47. Rosenberg has fraudulently caused the Property to be transferred and assigned to him,  
25 in contravention of the terms and conditions which were agreed by and between Platinum and  
26 Rosenberg.



1           48.     Furthermore, Rosenberg has fraudulently concealed the true facts concerning the  
2 transfer of the Property and has thus reaffirmed the false factual statements made by Platinum to  
3 Platinum’s shareholders, the Securities and Exchange Commission, and to the general public.

4           49.     The shareholders and Plaintiff were at all times relevant hereto ignorant of the truth of  
5 facts surrounding the transfer of the Property and the falsity of the representations that were made by  
6 and between Rosenberg and Platinum. The representations were made by Rosenberg, through  
7 Platinum, with the knowledge that Plaintiff and the other shareholders believed them to be true.

8           50.     Plaintiff and the other shareholders relied, to their detriment, on the representations  
9 made by Rosenberg in their decisions to invest or divest their ownership stakes in Platinum, which  
10 has resulted in damages to Plaintiffs, Platinum and its shareholders.

11           51.     As a direct, foreseeable and proximate result of the fraud, Plaintiff and the  
12 shareholders have been damaged. At this time, Plaintiff has not been able to fully ascertain the  
13 amount of his and the damages caused to Platinum and the shareholders, and when Plaintiff is able to  
14 more fully calculate the damages, he will seek to leave the court to amend this Complaint and/or will  
15 prove the full extent of the damages at trial.

16           52.     In doing the acts herein alleged, Rosenberg is guilty of fraud and has acted with a  
17 willful and conscious disregard for the rights of Plaintiff, the shareholders, and Platinum, intending  
18 to subject each of them to cruel and unjust hardship by fraudulently and maliciously depriving  
19 Platinum of its assets. As a result of the aforementioned fraudulent conduct, and to deter Rosenberg  
20 from engaging in similar such conduct in the future, punitive damages should be awarded against  
21 Rosenberg in an amount to be determined.

22           53.     Through his fraudulent acts, Rosenberg has taken control of Property belonging to  
23 Platinum. Accordingly, Plaintiff and the shareholders are entitled to, and seek the imposition of, a  
24 constructive trust over that Property.

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1 THIRD CAUSE OF ACTION

2 Negligent Misrepresentation

3 (Derivative Suit Against Rosenberg and Does 1-25)

4 54. As a derivative claim brought on behalf of Platinum, Plaintiff hereby incorporates the  
5 allegations in Paragraphs 1 to 53, inclusive, as though set forth in full.

6 55. Rosenberg was warned by one or more members of the board of directors that the  
7 information that had been conveyed to the public regarding the transfer of the Property was  
8 incorrect. Although Rosenberg was informed and reminded about the misrepresentation, Rosenberg  
9 took no steps to correct and/or resolve the misrepresentation.

10 56. Rosenberg owed a duty to Platinum, Plaintiff and the shareholders to ensure that the  
11 information conveyed in Platinum's public filings was accurate and true.

12 57. As a direct result of the misrepresentations made by Rosenberg through Platinum,  
13 Plaintiff and the shareholders were injured. Rosenberg's actions and/or inactions amounted to gross  
14 negligence.

15 58. Plaintiff and shareholders reasonably relied on the misrepresentations made by  
16 Rosenberg through Platinum to their detriment.

17 59. Platinum is therefore entitled to damages.

18 FOURTH CAUSE OF ACTION

19 Conversion

20 (Derivative Suit Against Rosenberg and Does 1-25)

21 60. As a derivative claim brought on behalf of Platinum, Plaintiff hereby incorporates the  
22 allegations in Paragraphs 1 to 59, inclusive, as though set forth in full.

23 61. Platinum was in possession and control over the Property when Rosenberg  
24 negligently, fraudulently and/or otherwise converted the property for his own use and benefit.

25 62. As a direct, foreseeable and proximate result of the conversion, Plaintiff, the  
26 shareholders, and Platinum have been damaged. At this time, Plaintiff has not been able to fully  
27 ascertain the amount of the damages, and when Plaintiff is able to more fully calculate the damages,  
28

1 he will seek to leave the court to amend this Complaint and/or will prove the full extent of the  
2 damages at trial.

3 63. In doing the acts herein alleged, Rosenberg is guilty of fraud and has acted with a  
4 willful and conscious disregard for the rights of Plaintiff, the shareholders and Platinum, intending to  
5 subject each of them to cruel and unjust hardship by fraudulently and maliciously converting  
6 Platinum's assets. As a result of the aforementioned conduct, and to deter Rosenberg from  
7 engaging in similar such conduct in the future, punitive damages should be awarded against  
8 Rosenberg in an amount to be determined.

9 64. In doing the acts herein alleged, Rosenberg is guilty of fraud and has acted with a  
10 willful and conscious disregard for the rights of Plaintiff and the shareholders, intending to subject  
11 Plaintiff and the shareholders to cruel and unjust hardship by fraudulently and maliciously depriving  
12 Platinum of its assets.

13 FIFTH CAUSE OF ACTION

14 Corporate Waste

15 (Derivative Suit Against Rosenberg and Does 1-25)

16 65. As a derivative claim brought on behalf of Platinum, Plaintiff hereby incorporates the  
17 allegations in Paragraphs 1 to 64, inclusive, as though set forth in full.

18 66. As a result of the foregoing misconduct, Rosenberg has caused Platinum to waste  
19 valuable corporate assets.

20 67. As a direct and proximate result of Rosenberg's breaches of his fiduciary obligations,  
21 Platinum has sustained and continues to sustain significant damages.

22 68. As a result of the misconduct alleged herein, Rosenberg is liable to Platinum.

23 SIXTH CAUSE OF ACTION

24 Unjust Enrichment

25 (Derivative Suit Against Rosenberg and Does 1-25)

26 69. As a derivative claim brought on behalf of Platinum, Plaintiff hereby incorporates the  
27 allegations in Paragraphs 1 to 68, inclusive, as though set forth in full.

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1           70. By his wrongful acts and omissions, Rosenberg was unjustly enriched at the expense  
2 of and to the detriment of Platinum.

3           71. Rosenberg was unjustly enriched as a result of the improper transfer of the Property  
4 and the compensation and director remuneration he received while breaching his fiduciary duties  
5 owed to Platinum.

6           72. Plaintiff, as a shareholder and representative of Platinum, seeks (i) restitution from  
7 Rosenberg; and (ii) an order of this Court disgorging all profits, benefits and other compensation  
8 obtained by Rosenberg from his wrongful conduct and fiduciary breaches.

9           73. Plaintiff, on behalf of Platinum, has no adequate remedy at law since the Property is  
10 unique in nature.

11   PRAYER FOR RELIEF

12           WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

13   FIRST CAUSE OF ACTION

14   (Breach of Fiduciary Duty against Rosenberg and Does 1-25)

- 15           1. For monetary damages;  
16           2. For prejudgment interest;  
17           3. For rescission;

18   SECOND CAUSE OF ACTION

19   (Fraud against Rosenberg and Does 1-25)

- 20           4. For monetary damages;  
21           5. For an award of punitive damages;  
22           6. For rescission;  
23           7. For prejudgment interest;  
24           8. For a constructive trust;

25   THIRD CAUSE OF ACTION

26   (Negligent Misrepresentation against Rosenberg and Does 1-25)

- 27           9. For monetary damages;  
28           10. For prejudgment interest;

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BEVERLY HILLS, CALIFORNIA 90210  
TEL (310) 855-3200 - FAX (310) 855-3201

FOURTH CAUSE OF ACTION

(Conversion against Rosenberg and Does 1-25)

- 11. For monetary damages;
- 12. For an award of punitive damages;
- 13. For rescission;
- 14. For prejudgment interest;

FIFTH CAUSE OF ACTION

(Corporate Waste against Rosenberg and Does 1-25)

- 15. For monetary damages;
- 16. For rescission;
- 17. For prejudgment interest;

SIXTH CAUSE OF ACTION

(Unjust Enrichment against Rosenberg and Does 1-25)

- 18. For monetary damages;
- 19. For rescission;
- 20. For prejudgment interest;


ON ALL CAUSES OF ACTION

- 21. For an award of costs;
- 22. For an award of attorneys' fees payable by Defendant Platinum to Plaintiff;
- 23. For all other such relief that the Court deems just and proper.

Plaintiff demands a trial by jury as to all causes of action.

Dated: October 13, 2011

EISNER, KAHAN & GORRY

By:   
Timothy J. Gorry  
Attorneys for Plaintiff JEFFREY FRANKLIN

**EISNER, KAHAN & GORRY**  
A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW



[www.eisnerlaw.com](http://www.eisnerlaw.com)

September 15, 2011

**VIA CERTIFIED MAIL,**  
**RETURN RECEIPT REQUESTED**

Mr. Jerry Klein  
Mr. Adam Post  
Mr. Mark Canton  
Platinum Studios, Inc.



Christopher Dieterich, Esq.  
Dieterich & Associates



***Re: Demand for Board of Directors' Investigation***

Gentlemen:

As you may know, we represent Mr. Jeff Franklin, who is a shareholder of record of Platinum Studios, Inc. ("Platinum" or the "Company"). The purpose of this letter is to put the Board of Directors of Platinum and its counsel on notice that Mr. Franklin believes that the CEO and Chairman of the Board of Platinum, Scott Mitchell Rosenberg, has been diverting assets and business opportunities rightfully belonging to Platinum to his own use, to the detriment of Platinum and its shareholders.

On or about December 20, 2010, Mr. Rosenberg, through his position of authority and control over Platinum, forced Platinum to enter into an agreement with Mr. Rosenberg whereby the Company transferred valuable intellectual property assets, consisting of a Twenty-Five percent (25%) interest in the Intellectual Property owned by Platinum to Mr. Rosenberg personally, in exchange for an extension of the due dates for certain loans allegedly made by Mr. Rosenberg to Platinum.<sup>1</sup> As part of this transaction, Mr. Rosenberg was also entitled to receive a Twenty-Five percent (25%) interest in all gross profits derived from the Company's intellectual property, as well as two warrants to purchase the Company's stock, one allowing Mr. Rosenberg to exercise up to 40,000,000 warrants to purchase shares of the Company's common stock and a second set allowing for the acquisition of up to \$3,750,000 in common stock by the exercise of warrants at \$0.11 per share. In all, this transaction gave Mr. Rosenberg value far in excess of the

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<sup>1</sup> We are informed and believed that these assets were ultimately transferred to RIP Media, an offshore entity wholly owned by Mr. Rosenberg.

Mr. Jerry Klein  
Mr. Adam Post  
Mr. Mark Canton  
Christopher Dieterich, Esq.  
September 15, 2011  
Page 2 of 2

notes that he holds for the alleged loans that he has made to Platinum. Based on this transaction, we are also informed and believe that Mr. Rosenberg has presently transferred a sum in excess of Five Hundred Thousand Dollars (\$500,000) to himself without any offset to the amounts allegedly due and owing under the notes.

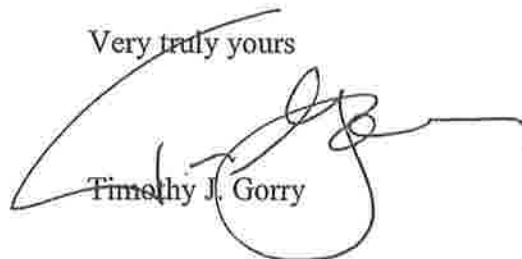
As even a cursory examination of the transaction at issue shows, Mr. Rosenberg has forced Platinum to transfer valuable assets to himself and his entities without adequate compensation to Platinum or its shareholders. This diversion of assets and/or corporate opportunities has and will continue to cause significant damage to Platinum, and greatly benefit Mr. Rosenberg to the detriment of Platinum and its shareholders.

Demand is hereby made by Mr. Franklin that the Board of Directors of Platinum immediately investigate the basis for and approval, if any, by disinterested members of the Board of Directors of this transaction. Demand is also made that the results of any such investigation be provided to the undersigned, as counsel for Mr. Franklin, within seven (7) days of the date of this letter. To the extent that your investigation reveals any impropriety by Mr. Rosenberg, demand is also made that the Company initiate an action against Mr. Rosenberg to recover all assets and monies improperly transferred to Mr. Rosenberg.

Be advised that should the Board of Directors fail to investigate this action and report the results of this investigation in a timely manner will result in the filing of a derivative shareholders suit against both Platinum and its Board of Directors in the Los Angeles Superior Court.

If you wish to discuss the foregoing, please give me a call at your earliest convenience.

Very truly yours



Timothy J. Gorry

cc: Mr. Jeff Franklin

## Tim Gorry

---

**From:** Tim Gorry  
**Sent:** Thursday, September 22, 2011 1:56 PM  
**To:** Chris Dieterich (venturelaw@gmail.com)  
**Cc:** Matthew Kavanaugh; Bob Kahan  
**Subject:** FW: Board Letter  
**Attachments:** Letter to PDOS Board.pdf; image001.png

Chris-

Pursuant to our discussion today, enclosed is a letter that was sent by Brian Altounian to, amongst others, Scott Rosenberg and the Platinum Board of Directors as it was constituted at that time, which discusses the various transgressions committed by Mr. Rosenberg in connection with the transfer of twenty-five percent (25%) of Platinum's IP, which transfer was valued at \$37,500,000, in exchange for short extensions on \$3,750,000 worth of notes.

As we discussed, this additional information is being provided to you for transmission to the Independent Board Members who will be undertaking the investigation into Mr. Rosenberg's impermissible self dealing.

If after you have had a chance to review the foregoing you wish to discuss this matter, please give me a call.

Tim.



Tim Gorry

EISNER, KAHAN & GORRY  
A Professional Corporation

[REDACTED]  
7001 Wilshire Blvd | Suite 700 | Beverly Hills CA 90210  
[REDACTED]



January 17, 2011

Scott, Jill and Marc,

We are at a serious crossroads at this moment and the decisions before us are critical ones that need immediate and thoughtful consideration. I have been contacted by many investors who have read the recently (incorrectly) filed 8-K with the note extensions to Scott. The investors have expressed anger and frustration and I have been informed that there may be a lawsuit filed against the Company and Scott personally. We don't have D&O Insurance right now, so this creates a liability and exposure for us and obtaining D&O at this stage won't protect us from this issue since we didn't have it in place at the time of the filing.

I explained that the 8-K filing was incorrect and that the "Excluded" list of properties should have been explained more clearly and that the Board did NOT agree on outright merchandise rights participation, but only temporarily to offset deferred salaries or other payments to Scott. The argument these investors are making has been raised in the past. The Board has heard these concerns and has been vigilant by both addressing the issues with Scott and by trying to implement tempering elements to Scott's actions. To some of these investors it appears that Scott is controlling every revenue stream the Company has and is attempting to assume ownership of properties that should, by all rights and consideration be owned by the Company outright. Scott is the largest shareholder, the CEO, Chairman of the Board, takes a monthly payment of \$30,000 gets outside producer fees, defers a large salary and now gets participation in all of these rights (as it is incorrectly stated in the current 8-K) AND he still has an outstanding debt on the books that has to be paid off or he continues to get interest and additional warrants. Furthermore, the terms represented on all the 8-K filings is not what the Board agreed to, was changed for terms increasingly benefitting Scott, and remains uncorrected by Scott.

The other item that may be of particular interest to Scott was a suggestion made to me, that if this 8-K were correct, Scott would then be taking 25% of the ownership interest from the library, and the Company would need to issue a 1099 to Scott for the 25% interest he is getting as an interest payment on his loan, which is 25% of the value of the library (valued by two third-party valuation firms at \$150 Million). Thus, the suggestion was that Scott should receive a 1099 for \$37,500,000 for 2010. I asked an accountant about this and they agreed that he would need to be 1099'd on this amount. They have pointed out that to value the 1099 amount at anything less would be tantamount to admitting fraud due to what we have been presenting to investors and through SEC filings as to what the library is valued at. So, in my opinion, it would simply not be an option. They are also pointing out that it will also need to be explained why this event occurred and what justifies such an assignment (and corresponding reduction in the Company's assets – which also needs to be clearly disclosed). Here too, I explained that the intent was to represent Scott's participation in the creation of the properties. They countered that the time to do that would have been at the Company's formation and certainly prior to taking investor dollars after presenting the full library's value.

I have also gotten numerous calls and complaints asking why the Company and its CEO are not at all engaged in promoting awareness of the Company while we have these major movie releases generating such large public interest. I sent Brad Creger to come see Scott directly (he

is one of our largest independent shareholders) because his level of concern was so high. Did anything come of this? Jill and I have had a conversation about this and even she has expressed concerns for several months about the lack of promotional support during this particular time for the Company. And now, with this recent 8-K filing, the question I've gotten from investors is "Is it because the Board and Scott want the stock price suppressed to keep the Company cash strapped and complete a vicious cycle of robbing from the Company and then creating its only major debt vehicles at terms determined by its own CEO?" This is alarming. The basic question is: Where are the interests of the shareholders being represented? One of the investors suggested I re-read the Company's code of ethics. And I think all Board members and officers should do the same:

<http://www.platinumstudios.com/site/ethics.php>

They asked how I thought it would play out in court. Would any employees (past or present) report or confirm acts that violate this Code of Ethics? Can each of the Board members say the same and answer these and more questions as to events that have transpired? How would Scott present that he has been able to represent the Company's best interests? How would a reasonable judge or jury interpret what has transpired?

In the words of one of these investors, there is a pretty strong case to be made (remember: perception is reality) that Scott is enriching himself at the expense of the Company and shareholders – a clear case of abusing his fiduciary duty and also unmasking any protection from personal liability that the corporation or even any form of insurance would have afforded him.

As we all know, it is the duty of the Board to act as the audit committee and because we represent the shareholders' interest, I think the time has come for a meeting – and changes – now!

I think there are solutions to this situation. I think the Board has little choice but to consider some very strong and direct actions. Although, if handled properly, we can seize on a real golden opportunity to bring positive attention to the Company by the investor community. I have been saying this for many years that at the end of the day, if we take actions that benefit the shareholders first and above all, it becomes a win-win for everyone. We need to act now. My suggestion is that we take the following steps:

1. Figure out how to reverse, terminate or otherwise nullify the 8-K reported events and awards to Scott, since this does not accurately represent the decisions made by the Board. We will need options from legal counsel as to how to best do this.
2. Develop a short-term plan to deal with Scott's debt on the books, including having Scott consider forgiving this outstanding debt entirely. This will do wonders for the financials and the stock price.
3. Implement an aggressive IR campaign immediately and for the next 6 months while we take advantage of the PR machine that the studios are initiating for C&A.
4. Adopt a corporate policy that no Board member or officer can be compensated as a creator of content while they serve in the officer/director capacity. The policy should also

set standard terms for creator percentages where the employee is not salaried and state that no salaried employee will receive creator percentages.

5. Since there are quite clearly at least a perception of conflicts of interest with Scott as CEO and Chairman, we need to address this and then announce a plan for how to deal with these conflicts.

I think all shareholders will appreciate a solution that involves gestures from Scott and will acknowledge the action taken by the Board – it will be a clear and decisive signal that the Board and CEO believe in the long-term prospects of the Company and are willing to give up immediate gain. These actions should have swift impact as shareholders will see support of the studios' PR machine through an aggressive IR campaign, instant improvement to the Balance Sheet and improved cash flow. I believe it will also send a clear signal that we have moved quickly and decisively to avoid any real or perceived impropriety and will solve problems for all parties: Scott, the Board, employees, and shareholders.

We all need to do the right thing for the Company!

-Brian