

## Valerie Willett

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**From:** Jim Baker <jim.baker@pestakeholder.org>  
**Sent:** Monday, April 29, 2019 1:35 PM  
**To:** Sarah Maile; Gabriel DeMesa  
**Subject:** Re: Conference Call  
**Attachments:** TPG.pdf

Sarah and Gabe,

Per our call last week, I wanted to share the letter (attached) that the Writers Guild sent to TPG back in March.

I also wanted to share a few other recent news stories (below).

Thanks,

Jim

### Recent media coverage re TPG, Silver Lake, talent agencies

[NY Times, Apr 23, 2019: "To TV Writers, Pay Fight With Agents Has Another Villain: Wall Street"](#)

[Pitchbook, Apr 24, 2019: "Hollywood is gearing up for a legal battle with private equity"](#)

[American Prospect, Apr 16, 2019: "How Private Equity Ate Hollywood—and Why Writers Are Fighting Back"](#)

[Wall Street Journal, Apr 23, 2019: "Writers Union Seeks to Pressure PE Firms in Its Dispute With Talent Agencies"](#)

[Hollywood Reporter, Apr 24, 2019: "Talent Agencies' Fight With Writers May Impact IPO Plans"](#)

On Mon, Apr 22, 2019 at 1:00 PM Sarah Maile <[SMaile@calstrs.com](mailto:SMaile@calstrs.com)> wrote:

866-852-5030

Passcode is 1232500



March 21, 2019

James Coulter  
TPG Capital  
345 California Street, Suite 3300  
San Francisco, CA  
94104

Dear Mr. Coulter,

I am writing regarding TPG's investment in the talent agency Creative Artists Agency (CAA).

Writers Guild of America West and Writers Guild of America East (jointly, WGA) are labor unions that represent over 15,000 professional writers in the entertainment industry. Under federal labor law, the WGA has the exclusive right to delegate representation of writers to talent agencies for the purpose of negotiating an individual writer's compensation above the union-negotiated minimum terms.

The current agreement authorizing talent agencies to represent WGA members will expire on April 6, 2019. CAA is a franchised agency that represents more than 1,000 WGA members. If a new agreement is not reached, WGA members cannot be represented by CAA.

The WGA has chosen to replace the existing agency franchise agreement because the largest talent agencies, which includes CAA, have engaged in a series of conflicted business practices that have harmed their writer clients and that violate the law. The largest agencies now make money not by maximizing their clients' earnings and charging ten percent commission, but through direct payments from studios known as "packaging" fees, which are unrelated to their clients' compensation and come directly from TV series and film production budgets and profits. In just the last few years, the largest talent agencies have expanded into a conflicted practice of significantly larger proportion by forming production entities that hire and employ their own clients. The last time a major agency expanded into production the Department of Justice filed an antitrust case that led to the breakup of agency-producer MCA in 1962. Enclosed please find copies of the WGA's recent reports "No Conflict, No Interest" and "Agencies for Sale," which provide further details on these practices and why writers are demanding an end to agency conflicts of interest.

A new agreement to represent WGA members must prohibit these conflicted practices because agents are *fiduciaries* under the law in California and virtually all other states. A fiduciary is a person to whom power is entrusted on behalf of a client, giving the fiduciary a duty "to act loyally for the principal's benefit" and requiring that the fiduciary "subordinate [their] interests to those of

the principal and place the principal's interests first."<sup>1</sup> Agency law prohibits fiduciaries from having any conflict of interest adverse to their clients, unless the conflict is fully disclosed and the client knowingly consents to it.

The WGA believes there is significant legal risk for any agency engaging in these conflicted practices. We strongly believe it would be in the best interest of the agencies and the entertainment industry to negotiate a fair agreement that adheres to fiduciary principles. If you would like to discuss this matter further I can be reached at (323) 782-4689.

Regards,

A handwritten signature in black ink, reading "David J. Young". The signature is fluid and cursive, with the first name "David" and last name "Young" clearly legible.

David J. Young

Executive Director

CC: Adam Mendelsohn  
David Trujillo  
David Bonderman

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<sup>1</sup> Restatement (Third) Of Agency §8.01 (2006).