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12
13 SUPERIOR COURT OF CALIFORNIA

14 COUNTY OF LOS ANGELES

15 KAREN MCDUGAL,

16 Plaintiff,

17 v.

18 AMERICAN MEDIA, INC., a Delaware
corporation; and DOES 1 to 25,

19 Defendant.
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ORIGINAL FILED
Superior Court Of California
County Of Los Angeles

MAR 20 2018

Sherri R. Varner, Executive Officer/Clerk

By: Marlon Gomez, Deputy

BC 698956

Case No.

COMPLAINT FOR DECLARATORY
RELIEF UNDER CALIFORNIA CODE
OF CIVIL PROCEDURE § 1060

INTRODUCTION

1
2 1. This case is about a powerful media company taking advantage of the plaintiff, Karen
3 McDougal, with the collusion of her lawyer, to achieve its own political and financial ends.

4 2. In 2006 and 2007, Ms. McDougal had a 10-month romantic relationship with
5 Donald Trump.

6 3. When Mr. Trump became the Republican presidential nominee a decade later, he and
7 his allies did not want news of the relationship to undermine his campaign. So tabloid giant American
8 Media, Inc. (“AMI”) worked secretly with Mr. Trump’s personal “fixer” and Ms. McDougal’s *own*
9 *lawyer* to buy Ms. McDougal’s silence. Ms. McDougal received \$150,000 (nearly half of which went
10 to the lawyer, who she did not realize was colluding with the other side) and a false promise to
11 jumpstart her career as a health and fitness model.

12 4. Today, both the relationship and the cover-up are open secrets, thanks to important
13 reporting by the *Wall Street Journal*, the *New York Times*, and the *New Yorker*. And Ms. McDougal’s
14 agreement has been amended to permit her to respond to “legitimate press inquiries” about her
15 relationship with Mr. Trump. Yet every time prominent reporters contact Ms. McDougal, AMI tells
16 her exactly what she must say—nothing. They threaten her with financial ruin if she does not remain
17 “loyal.” AMI, meanwhile, feeds those same reporters false information about Ms. McDougal, her
18 relationship with Mr. Trump, and its own machinations to bind her to silence.

19 5. Now that she has become aware of the broad effort to silence and intimidate her and
20 others, Ms. McDougal must speak out. She will no longer allow AMI to profit from and control her
21 with a fraudulent and illegal contract. She therefore asks this Court to declare that contract void.

NATURE OF THE CASE

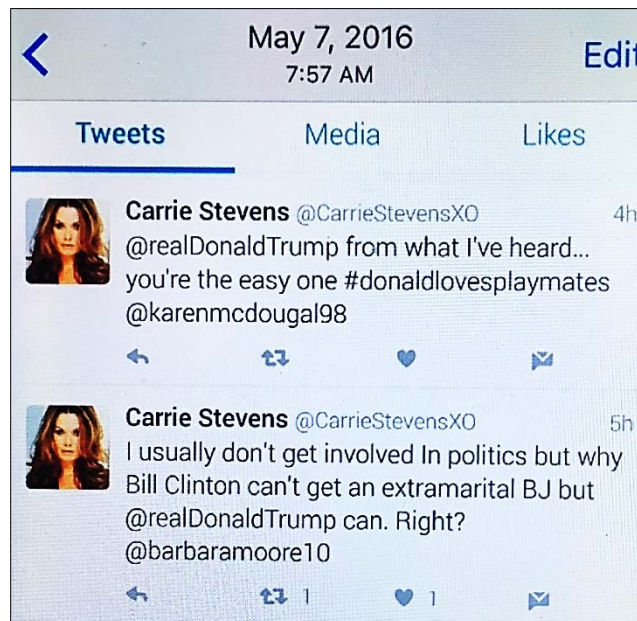
22
23 6. Karen McDougal is a model and actress who first became known for appearances in
24 *Playboy* in the late 1990s. After capturing attention as Playmate of the Year in 1998, Ms. McDougal
25 embarked on a successful career as a fitness model, appearing in and on the cover of numerous
26 magazines, including the cover of *Men’s Fitness*.

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1 7. For several years, Ms. McDougal led a “Hollywood” life, attending events and parties
2 as both honored guest and hostess. During that time, Ms. McDougal had a 10-month relationship with
3 Mr. Trump.

4 8. Ms. McDougal moved on from this period of her life and lived in relative privacy for
5 the next decade.

6 9. But on May 7, 2016, four days after Mr. Trump became the presumptive Republican
7 presidential nominee, former *Playboy* playmate Carrie Stevens revealed the past relationship between
8 Ms. McDougal and Mr. Trump on Twitter. In a series of tweets regarding Mr. Trump’s extramarital
9 relationships, Ms. Stevens said:



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21 10. Ms. McDougal did not seek hush money from Mr. Trump. But she also didn’t sit back
22 and wait to become tabloid fodder. If the story was going to become national news, she wanted to be
23 the one to tell it to ensure that the account was accurate and not lurid grist for the tabloid mill. She
24 hired entertainment lawyer Keith Davidson, who assured her that the rights to publish her story were
25 worth millions. Unknown to Ms. McDougal, Mr. Davidson was working closely with representatives
26 for Mr. Trump while pretending to advocate on her behalf.

27 11. Mr. Davidson introduced Ms. McDougal to AMI, a leading magazine and tabloid
28 publisher. He told her that AMI had deposited \$500,000 in an escrow account toward a seven-figure

1 contract that would be presented to her in person in Los Angeles. He later admitted that the \$500,000
2 escrow account was a complete fabrication.

3 12. Ms. McDougal flew to Los Angeles, where Dylan Howard, a senior executive of AMI,
4 interviewed her for hours about the details of her relationship. Later that day, Mr. Davidson informed
5 Ms. McDougal that AMI had no interest in purchasing her story. Mr. Davidson failed to mention that
6 after the Los Angeles interview, he and AMI updated Mr. Trump's representatives about
7 Ms. McDougal.

8 13. Ms. McDougal then began discussions with investigative journalists at ABC. After
9 several meetings, ABC made clear that it wanted to do an exposé on her relationship with Mr. Trump.
10 This would allow Ms. McDougal to tell her story with dignity. After ABC signed a confidentiality
11 agreement, Ms. McDougal began to send the network documents. She intended to provide her story
12 to the public on her own terms.

13 14. Shortly thereafter, AMI suddenly reappeared. According to Mr. Davidson, AMI
14 wanted to buy the story of her relationship with Mr. Trump after all. But it would not publish the story
15 because the owner of AMI, David Pecker, is close personal friends with Mr. Trump. In a series of
16 phone calls, Ms. McDougal was told by Mr. Davidson that AMI would offer \$150,000—45% of
17 which he would keep. But Mr. Davidson said that AMI would also give Ms. McDougal a highly
18 lucrative contract by guaranteeing her two magazine covers (including one on *Men's Fitness*—the
19 cover on which she had made history 17 years earlier) and 24 months of both monthly feature print
20 articles and weekly online columns. In a hard-sell Skype call, Mr. Howard of AMI repeatedly told
21 Ms. McDougal how important this part of the deal would be for an "old" model like her.

22 15. AMI and Mr. Davidson failed to tell Ms. McDougal that the contract's fine print did
23 not actually obligate AMI to run her columns—the central feature of AMI's promise to create ongoing
24 positive exposure for Ms. McDougal. AMI and Mr. Davidson also failed to mention that they were
25 secretly negotiating deals with other women to kill negative stories for Mr. Trump.

26 16. Ms. McDougal was pressured by AMI and her own lawyer into signing the contract
27 within hours of receiving it, even though she had made clear in emails and on Skype that she could
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1 not make sense of important aspects of the contract. She relied entirely on AMI and Mr. Davidson’s
2 promises about what the contract said and meant.

3 17. Her first inkling that she had been duped came days before Election Day 2016—after
4 months of radio silence from AMI about her weekly columns—when the *Wall Street Journal* wrote a
5 story about her and the AMI contract.

6 18. Days later, Ms. McDougal fired Mr. Davidson and secured *pro bono* help from
7 renowned First Amendment lawyer Ted Boutrous and his law firm.

8 19. By the end of November 2016, AMI agreed to an amendment which clarified that Ms.
9 McDougal could respond to “legitimate press inquiries” about her past relationship with Mr. Trump.
10 But that turned out to be part of another tactic to suppress Ms. McDougal’s story. AMI offered to pay
11 for a top PR team to assist Ms. McDougal for six months in responding to press inquiries. In the year-
12 plus that has followed, however, AMI has told Ms. McDougal to say nothing about the relationship
13 to reporters that contact her, and instead to forward misleading emails that AMI ghostwrites. AMI has
14 simultaneously provided those same reporters false and misleading information both on-the-record
15 and on-background. And each time that Ms. McDougal has taken steps to set the record straight, AMI
16 has responded with threats and intimidation.

17 20. Weeks ago, the *New York Times* reported that AMI and Mr. Davidson had coordinated
18 with representatives for Mr. Trump in Summer of 2016 about Ms. McDougal’s deal. *See* Jim
19 Rutenberg et al., *Tools of Trump’s Fixer: Payouts, Intimidation and Tabloids*, N.Y. Times (Feb. 18,
20 2018), <https://www.nytimes.com/2018/02/18/us/politics/michael-cohen-trump.html>. Neither AMI
21 nor Mr. Davidson told Ms. McDougal about these communications. Nor did AMI make required
22 disclosures under the campaign finance laws, according to recent complaints filed with the Federal
23 Election Commission (FEC) and the Department of Justice (DOJ).

24 21. As a result, Ms. McDougal finds herself at the center of a national controversy about
25 a major threat to the democratic process. She is the subject of the FEC and DOJ complaints against
26 AMI and the Trump campaign. And her *pro bono* litigation team has just received a document
27 preservation demand from BuzzFeed lawyers defending a defamation suit by Michael Cohen
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1 (“Trump’s fixer”) over a column about his alleged collusion with Russia. Nonetheless, AMI continues
2 to intimidate Ms. McDougal with legal and financial threats if she speaks with the press.

3 22. Ms. McDougal brings this lawsuit seeking a judicial declaration that her agreement
4 with AMI is void due to both fraud and illegality. The agreement is contrary to basic principles of
5 law, fairness, and the public interest. This Court should not sanction AMI’s effort to use it to
6 intimidate Ms. McDougal and deceive the American public.

7 JURISDICTION AND VENUE

8 23. This Court has jurisdiction over AMI because it conducts significant business
9 operations in the State of California, and negotiated the agreement with Ms. McDougal in the State
10 of California. AMI has thus intentionally availed itself of the laws of this State and has sufficient
11 minimum contacts with this State arising out of the actions that injured Ms. McDougal to warrant this
12 Court’s exercise of jurisdiction.

13 24. Venue is proper in the County of Los Angeles under Section 395(a) of the California
14 Code of Civil Procedure because no defendant resides in this State.

15 PARTIES

16 25. Plaintiff Karen McDougal is a prominent health and fitness model, and an advocate
17 for women’s health and wellness. She is a resident of Arizona.

18 26. Defendant American Media, Inc. is a Delaware corporation headquartered in Florida.
19 It has offices in Los Angeles County, California, where it conducts a major portion of its business
20 related to celebrities, Hollywood, and the entertainment industry. AMI owns, either directly or
21 through subsidiaries, several prominent health and fitness magazines, including *Men’s Journal* and
22 *Muscle & Fitness Hers*. It also owns, either directly or through subsidiaries, several celebrity and
23 entertainment tabloids, including the *National Enquirer*, *Star Magazine*, and *Us Weekly*.

24 27. Does 1 to 25 are persons and business entities, presently unknown, who acted as agents
25 of AMI, or conspired and acted in concert with it, with respect to the conduct that gives rise to the
26 claim in this action. Ms. McDougal therefore sues them under these fictitious names, and will amend
27 this complaint to add their true names and capacities when they become known.

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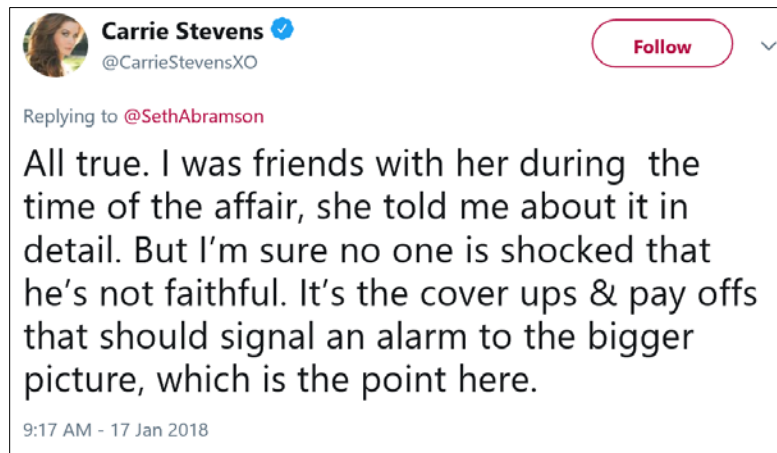
1 **FACTUAL ALLEGATIONS**

2 28. Ms. McDougal is a successful fitness model. In 1999, she became the first woman to
3 appear on the cover of *Men’s Fitness* magazine. She has appeared in and on the cover of other
4 prominent fitness magazines including *Muscle & Fitness* (January 2000), *Physical* (June 2004), and
5 *Iron Man* (October 2005, January 2006, June 2007, and November 2009).

6 29. Ms. McDougal first rose to prominence as *Playboy* magazine’s 1998 Playmate of the
7 Year. Eventually, Ms. McDougal came to live a largely private personal life. Beginning in 2016,
8 however, Ms. McDougal became the subject of national headlines because of an extended romance
9 that she had with Donald Trump a decade earlier.

10 30. On May 7, 2016, four days after Mr. Trump became the presumptive Republican
11 presidential nominee, former *Playboy* playmate Carrie Stevens began writing about Ms. McDougal
12 and her past relationship with Mr. Trump on Twitter.

13 31. To this day, Ms. Stevens continues to publicly comment on her contemporaneous
14 knowledge of the relationship. For example, Ms. Stevens recently tweeted:



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23 Carrie Stevens (@CarrieStevensXO), Twitter (Jan. 17, 2018, 9:17 AM), <https://twitter.com/CarrieStevensXO/status/953677701356822532> (responding to Katie Reilly, *The National Enquirer Covered Up Story of Donald Trump’s Extramarital Affair: Report*, Time (Nov. 5, 2016), <http://time.com/4559610/donald-trump-national-enquirer-karen-mcdougal>, which stated that “Karen McDougal . . . allegedly had a consensual romantic relationship with Trump in 2006, while he was married to his wife, Melania, the [*Wall Street*] *Journal* reported, citing interviews with

1 McDougal’s friends, who say she told them about the affair.”).

2 32. Ms. McDougal was at the home of her friend John Crawford when she learned of Ms.
3 Stevens’s tweets. Even though Ms. McDougal had contemporaneous evidence and witnesses of her
4 relationship with Mr. Trump, Mr. Crawford (as he recently told the *New Yorker* magazine) urged her
5 to write down the details of the relationship “for her protection.” He kept the handwritten notes.

6 33. Although Ms. McDougal did not want the private details of her relationship with
7 Mr. Trump to be revealed, she came to believe the story would soon break widely anyway.
8 Mr. Crawford convinced Ms. McDougal it would be better to get out in front of the story, rather than
9 allow herself to be dragged through the tabloids and other celebrity-gossip media and subjected to
10 inevitable distortions and falsehoods about her relationship with Mr. Trump.

11 **Ms. McDougal Hires Keith Davidson As Her Attorney And**
12 **Begins Discussions With Two Publishers: American Media, Inc. And ABC**

13 34. Mr. Crawford introduced Ms. McDougal to attorney Keith Davidson, whom he met
14 through a mutual friend. Ms. McDougal had no idea that Mr. Davidson had a close working
15 relationship with Donald Trump’s personal attorney and “fixer,” Michael Cohen, with whom
16 Mr. Davidson negotiated hush deals to cover up Mr. Trump’s sex scandals.¹

17 35. On June 13 and 14, 2016, Mr. Davidson met with Ms. McDougal in Arizona. He told
18 her that the rights to publish the story of her relationship were worth millions. Mr. Davidson’s fee
19 agreement granted him 45% of whatever Ms. McDougal received. Over dinner, including multiple
20 bottles of wine, Mr. Davidson falsely told her this was standard in the industry. She signed.

21 36. Less than a week later, on June 20, 2016, Mr. Davidson introduced Ms. McDougal to

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23 ¹ In the words of a *New York Magazine* exposé from last month:

24 Davidson and his spokesman invited me to call some of his legal
25 adversaries, who would back him up. His spokesman’s first
26 suggestion, it turns out, was none other than Michael D. Cohen, the
27 personal attorney for President Trump who handled the Stormy
Daniels payment. “Keith Davidson . . . is a tireless advocate for his
clients,” Cohen wrote in an email. “In each and every interaction I’ve
ever had with him, he has always been professional, ethical and a true
gentleman.”

28 Molly Redden, *How the Hollywood Lawyer for Trump’s Mistresses Turns Celebrity Sex Scandals Into Cash*, *New York Magazine* (Feb. 16, 2018), <http://nymag.com/daily/intelligencer/2018/02/lawyer-for-trumps-mistresses-turns-sex-scandals-into-cash.html>.

1 AMI executives in Los Angeles. In addition to owning several national celebrity and entertainment
2 tabloids, including the *National Enquirer*, AMI owned a number of leading health and fitness
3 magazines including *Men's Fitness*, *Flex*, and *Muscle & Fitness Hers*.

4 37. This was highly significant for Ms. McDougal; she believed a relationship with AMI
5 could open doors for her career in health and fitness. Mr. Davidson told Ms. McDougal that AMI was
6 likewise interested in helping her advance her career.

7 38. Mr. Davidson also told Ms. McDougal that AMI had already deposited \$500,000 in
8 an escrow account, and that a seven-figure publishing contract awaited her in Los Angeles.

9 39. When Ms. McDougal arrived in Los Angeles, she met with Dylan Howard (AMI's
10 Chief Content Officer) for several hours. Mr. Howard pressed Ms. McDougal for every detail of the
11 relationship, and Ms. McDougal complied.

12 40. But no deal was forthcoming, and Mr. Davidson revealed that, in fact, there was no
13 money in escrow. Later that day, Mr. Davidson told Ms. McDougal AMI had no interest in purchasing
14 the story.

15 41. What Mr. Davidson did not tell Ms. McDougal, however, was that (1) AMI is run by
16 David Pecker, a close personal friend of Mr. Trump; (2) AMI has a practice of "catching and killing"
17 unfavorable stories about Mr. Trump; (3) Mr. Davidson himself was involved in catching and killing
18 stories for Mr. Trump; and (4) AMI had shared the details of Ms. McDougal's story with the Trump
19 campaign. In short, the meeting was a set-up for AMI to hear Ms. McDougal's story, pass it on to Mr.
20 Trump's representatives, and prevent it from ever seeing the light of day.

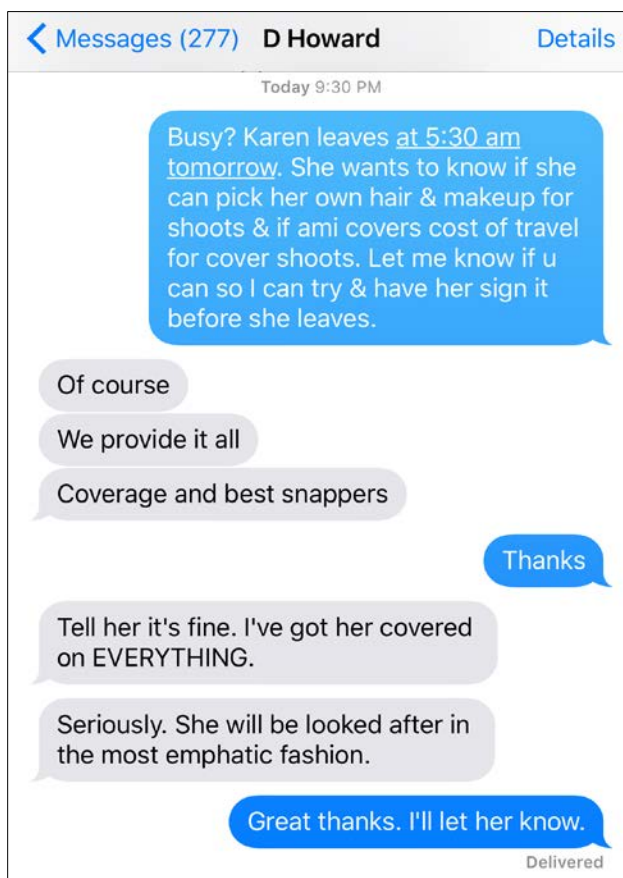
21 42. Not suspecting that AMI had set in motion back-channel discussions to silence her,
22 Ms. McDougal moved on to another outlet, and on July 7, 2016, she began negotiations with ABC to
23 publish her story. Although ABC lacked AMI's direct connection to health and fitness outlets, and she
24 would not receive any direct payment from the network, Ms. McDougal believed an ABC television
25 interview would address the negative publicity she expected to result when her relationship became
26 public.

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1 magazines over the course of two years.² The agreement is attached as **Exhibit A**.

2 50. Ms. McDougal raised several concerns with the proposed final agreement. For
3 example, she asked what would happen if details of the relationship leaked—what she could say and
4 whether those leaks “would penalize me.” Mr. Davidson told Ms. McDougal she would be fine as
5 long as she lied about the relationship, writing “IF YOU DENY YOU ARE SAFE.”

6 51. She also expressed confusion and concern about the health and fitness exposure she
7 would obtain from the contract. But rather than walk Ms. McDougal through the details of what the
8 contract in fact said, Mr. Davidson texted Mr. Howard of AMI, and then forwarded his response to
9 Ms. McDougal (Mr. Howard’s messages in grey):



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24 52. Mr. Davidson and Mr. Howard then addressed Ms. McDougal’s broader questions—
25 Mr. Howard’s “EVERYTHING”—about the magazine covers and columns on a Skype call. On that

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27 ² Specifically, the agreement refers to two years of weekly posts in an online magazine (104 in
28 total), important to establish a regular presence for readers who follow the publication; and two years
of monthly feature articles in print publications (24 in total), important because these are what the
general public might encounter when reading the physical magazines. Exhibit A ¶ 1. The contract
refers to these collectively as “the Columns.” *Id.*

1 call, Mr. Davidson and Mr. Howard together represented to Ms. McDougal that the contract would
2 obligate AMI to both (1) place Ms. McDougal on the cover of two magazines, and (2) feature more
3 than one hundred of her articles and columns in AMI’s various print and online magazines.

4 53. They told her these in particular would be a “big opportunity” because she was “old
5 now,” and that they would “kickstart and revitalize your career.” They told her “these articles and
6 columns will be great and ongoing exposure for you, because people read them,” and that they would
7 “develop your brand.”

8 54. In the end, Ms. McDougal told Mr. Davidson that she simply needed more time
9 because she did not yet understand the agreement. In her words: “I have to read through it more but
10 I can’t focus on it tonight. I leave to the east coast in the early AM and won’t not be back for a
11 week....assuming this can wait until I return ?? Thanks!! I’m sure I’ll have more questions...may be
12 easier t discuss in phone tho. Have a good night.” Mr. Davidson responded in all caps: “WE CAN
13 DISCUSS ANYTIME – HOWEVER WE REALLY DO NEED TO GET THIS SIGNED AND
14 WRAPPED UP SO WE CAN TELL ABC THAT UOUVE CHOSEN NOT TO TELL YOUR
15 STORY.”

16 55. Faced with this pressure from her own attorney to sign a document she did not
17 understand, Ms. McDougal signed the agreement the next morning.

18 56. Just weeks ago, Ms. McDougal learned in a *New York Times* article, *see* Rutenberg,
19 *supra*, that something else had happened back in August 2016: her own lawyer, Mr. Davidson,
20 emailed Mr. Cohen soon after she signed the agreement, asking Mr. Cohen to call him. He then told
21 Mr. Cohen on the phone that the deal was done—Ms. McDougal had been silenced.

22 **Contrary To Its Representations, AMI Displays**
23 **Its Total Lack Of Interest In Ms. McDougal’s Career**

24 57. Based on what Mr. Davidson and Mr. Howard had told her the contract said,
25 Ms. McDougal believed the agreement required AMI to publish more than a hundred columns in her
26 name over the course of two years. She was thus confused when, for three months, AMI did not
27 contact her regarding any columns at all.

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1 *Enquirer's Fervor for Trump*, New Yorker (July 3, 2017), [https://www.newyorker.com/magazine/](https://www.newyorker.com/magazine/2017/07/03/the-national-enquirers-fervor-for-trump)
2 [2017/07/03/the-national-enquirers-fervor-for-trump](https://www.newyorker.com/magazine/2017/07/03/the-national-enquirers-fervor-for-trump).

3 69. Notwithstanding the November 2016 amendment, Ms. McDougal was unsure whether
4 she could speak with Mr. Toobin about the relationship. So she passed his inquiry on to AMI and the
5 PR team it had hired.

6 70. Rather than help her develop a substantive response, AMI and the PR team ghostwrote
7 a “decline-to-comment” email for her to send *verbatim*.

8 71. Mr. Toobin expressed surprise, writing in return:

9 Thanks for getting back to me, and I very much understand your
10 position. What’s unusual about my request is that David [Pecker
11 (AMI’s CEO)] has spoken about you to me (warmly), and I’d like to
12 get your thoughts as well. He has not spoken to any other journalist
13 about you. David is cooperating fully in my profile, so this is not some
14 kind of gotcha piece about him. I hope we can have a brief chat.

13 72. AMI and their PR firm again ghostwrote Karen’s response, which the *New Yorker*
14 printed, word for word, in the article: “I don’t really like to talk about things other than my interests
15 and passions—and that’s health, wellness, etc, etc!!” *See Toobin, supra*.

16 73. When the *New Yorker* followed up again for Karen’s comment, AMI went further still,
17 not just ghostwriting responses and *suggesting* she send them verbatim, but expressly directing her
18 (in all caps) to “SEND THIS”—“I have no desire in discussing anything that is not directly tied to
19 my passions of beauty and health, so thank you for asking, but I see no need to comment on rumors
20 and speculation.”

21 74. But even as AMI told Karen to keep the agreement secret, Mr. Pecker did not hesitate
22 to give a false account of its circumstances to the *New Yorker*. As Mr. Toobin’s article explains:

23 When I asked Pecker about McDougal, who was *Playboy’s* Playmate
24 of the Year in 1998, he told me that he first met her when she modelled
25 for the cover of Men’s Fitness, another A.M.I. magazine. “When her
26 people contacted me that she had a story on Trump, everybody was
27 contacting her,” he said. “At the same time, she was launching her own
28 beauty-and-fragrance line, and I said that I’d be very interested in
having her in one of my magazines, now that she’s so famous.” But
Pecker had a condition for hiring her: “Once she’s part of the company,
then on the outside she can’t be bashing Trump and American Media.”

I pointed out that bashing Trump was not the same as bashing American
Media.

1 "To me it is," Pecker replied. "The guy's a personal friend of mine."

2 Toobin, *supra*.

3 **AMI Continues To Employ A "Carrot And Stick"**
4 **Methodology To Keep Ms. McDougal Silent**

5 75. When Karen toed the line with the *New Yorker*, AMI rewarded her with a personal
6 invite from Mr. Pecker to have lunch in New York and discuss their business relationship.

7 76. Inexplicably, AMI coordinated the meeting through *Mr. Davidson*, continuing to act
8 as if he represented Ms. McDougal despite knowing Ms. McDougal had fired him nearly a year
9 earlier.

10 77. Mr. Davidson continued to mislead Ms. McDougal about AMI's intentions. When Ms.
11 McDougal asked whether the meeting was a "set up" to further take advantage of her, Mr. Davidson
12 responded that Ms. McDougal should trust AMI, and that they would uphold the deal Ms. McDougal
13 thought she had made with them:

14 LOL - I know it sounds weird saying this - but...Dylan & his boss @
15 the national enquirer are actually men of their word. No set up. They
are powerful guys in media & close to buying Time, Inc.

16 78. At the lunch, which occurred in August 2017, Mr. Pecker thanked Ms. McDougal for
17 her "loyalty" in handling the *New Yorker* article.

18 79. He also made renewed and extravagant promises that AMI would jumpstart her career.
19 He told Ms. McDougal she would be featured on more magazine covers, that she would host
20 television events, that she would have her own skin-care line, that they would start a non-profit and
21 make a documentary about her core health and wellness passions, and that they would feature her
22 articles across numerous AMI publications.³

23 80. Days after the meeting, Mr. Howard texted Ms. McDougal and Mr. Davidson that
24 "David was emailing all this morning so he's clearly into this! I'm going to hit you both with an email
25 tomorrow outlining all we discussed!" The email memorialized many of the grand promises
26

27 ³ AMI itself confirmed that this meeting happened and these promises were made in a February
28 2017 statement to the *New Yorker*: "AMI had no discussions with Karen about a skin-care line,
coverage of award shows, and a documentary in the year after she signed the [original] contract.
Rather, those discussions occurred at a lunch in New York on August 10, 2017" Exhibit C at 2.

1 Mr. Pecker had made to Ms. McDougal. But none of those promises came to fruition over the coming
2 months.

3 81. Nonetheless, AMI’s “carrot and stick” tactics worked. In February 2018, a different
4 writer for the *New Yorker* contacted Ms. McDougal, this time for an exposé devoted entirely to AMI’s
5 efforts to silence Ms. McDougal on behalf of Mr. Trump. The writer was Ronan Farrow, who had
6 months earlier exposed the egregious sexual misconduct and ensuing cover-ups by Harvey Weinstein.

7 82. Mr. Farrow had gotten wind of another systematic and deeply troubling scheme—one
8 involving AMI silencing women on behalf of Donald Trump. Ms. McDougal was his Exhibit 1, but
9 she was not alone:

10 Six former A.M.I. employees told me that Pecker routinely makes
11 catch-and-kill arrangements like the one reached with McDougal. “We
12 had stories and we bought them knowing full well they were never
13 going to run,” Jerry George, a former A.M.I. senior editor who worked
14 at the company for more than twenty-five years, told me. George said
15 that Pecker protected Trump. “Pecker really considered him a friend,”
16 George told me. “We never printed a word about Trump without his
17 approval.”

18 83. Without Ms. McDougal’s knowledge, Mr. Farrow had obtained her handwritten notes
19 about the relationship from Mr. Crawford. But when he reached out to her directly for comment, she
20 declined to discuss details of the relationship due to her agreement with AMI, fearing the company’s
21 retribution if she broke her silence. She told him: “[The agreement] took my rights away . . . I don’t
22 know what I’m allowed to talk about. I’m afraid to even mention his name.”

23 84. Once again, however, AMI did not hesitate to share its side of the story, falsely telling
24 Mr. Farrow:

25 Karen McDougal came to AMI in June 2016 and wanted to sell her
26 story about an affair she supposedly had with President Donald Trump.
27 She claimed she had been offered more than \$1 million for the story,
28 and was also in negotiations with ABC and Brian Ross. She asked AMI
to counter for the rights. AMI met with her, and determined she had no
documentary proof supporting her account of the affair. Specifically,
despite claiming she had been involved with President Trump for ten
months, she had no emails, text messages, receipts, or corroborating
witnesses.

AMI’s statement is attached as **Exhibit C**.

1 85. AMI also falsely told Mr. Farrow that “[n]either AMI nor an AMI engaged publicist
2 ever ‘instructed’ Karen to send any response to The New Yorker but provided guidance per her request
3 during a phone conversation *she initiated* regarding the inquiry.” Exhibit C at 2 (emphasis in original).

4 86. Even though Ms. McDougal had *still* declined to discuss her relationship with
5 Mr. Trump—despite AMI telling its side, and the fact that the article was devoted to *her* relationship
6 and its cover-up whether she assisted Mr. Farrow or not—AMI was furious. In the following weeks,
7 it threatened her with lawsuits and financial ruin if she elected to break her silence. Among other
8 things, AMI’s general counsel emailed Ms. McDougal’s lawyer to blame *Ms. McDougal* for the
9 “barrage of questions your client is facing” from the press, and telling her that “any further disclosures
10 would breach Karen’s contract with AMI and cause considerable monetary damages.”

11 87. For the time being, she complied with AMI’s demands. But then came several events
12 that drove home just how thoroughly she had been duped; thrust her into the center of a national
13 controversy; and caused her to realize the true inequity that *everyone*—including AMI—had the
14 opportunity to give their account of her relationship and its cover-up except for Ms. McDougal
15 *herself*.

16 **The New York Times Exposes Direct Coordination Between Mr. Davidson,**
17 **AMI, And Mr. Cohen. And Ms. McDougal Becomes The Subject Of FEC And DOJ**
18 **Complaints And A Litigation Hold In A Defamation Suit Regarding Russian Collusion**

19 88. Just weeks ago, on February 18, 2018, the *New York Times* revealed that shortly after
20 Ms. McDougal first discussed her story with AMI, AMI “shared her allegations with Mr. Cohen,
21 though it said it did so only as it worked to corroborate her claims, which it ultimately could not do.
22 But that was not the only heads-up Mr. Cohen received.” *See Rutenberg, supra*.

23 89. The *New York Times* also revealed that Mr. Davidson himself—Ms. McDougal’s own
24 lawyer at the time—had coordinated directly with Mr. Cohen:

25 Soon after Ms. McDougal signed the confidential agreement on Aug.
26 5, 2016, Mr. Davidson emailed Mr. Cohen, “Michael, please give me a
27 call at your convenience.” Mr. Davidson followed up by explaining to
28 Mr. Cohen over the phone that the McDougal transaction had been
29 completed, according to a person familiar with the conversation.

30 90. This was the first time that Ms. McDougal learned of *either* interaction.

1 91. Just two days after the *Times* story broke, Common Cause, a D.C.-based nonpartisan
2 watchdog group, filed a complaint with the Federal Election Commission and the Department of
3 Justice challenging AMI’s “catch-and-kill” of Ms. McDougal’s story, on the grounds it violates the
4 Federal Election Campaign Act (FECA). Complaint, *Common Cause v. Trump* (Feb. 20, 2018), [http://](http://www.commoncause.org/press/press-releases/common-cause-v-trump.pdf)
5 www.commoncause.org/press/press-releases/common-cause-v-trump.pdf. The complaint alleges that
6 AMI’s \$150,000 payment to Ms. McDougal is an undisclosed, illegal corporate contribution to the
7 Trump campaign, made “for the purpose of influencing the 2016 presidential general election.”
8 *Id.* ¶ 37.

9 92. The complaint further alleges:
10
11 [T]here is reason to believe that American Media, Inc., which, in the
12 summer of 2016, “came to Mr. Cohen with a story involving Ms.
13 McDougal,” made its payment of \$150,000 to Ms. Karen McDougal
14 “in cooperation, consultation, or concert, with, or at the request or
15 suggestion of” Mr. Cohen, an[] agent of Donald J. Trump, therefore
16 rendering [the] payment a coordinated expenditure to Donald J.
17 Trump[] . . . in violation of the FECA prohibition on corporate
18 contributions established by 52 U.S.C. § 30118(a).”

19 *Id.* ¶¶ 39-40.

20 93. And just days ago, Ms. McDougal’s litigation team received a document preservation
21 request from BuzzFeed, Inc. lawyers as part of a defamation lawsuit filed by Mr. Cohen about
22 BuzzFeed’s famous January 2017 article detailing alleged collusion between Russia and the Trump
23 campaign. Ken Bensinger et al., *These Reports Allege Trump Has Deep Ties To Russia*, BuzzFeed
24 (Jan. 10, 2017), [https://www.buzzfeed.com/kenbensinger/these-reports-allege-trump-has-deep-ties-](https://www.buzzfeed.com/kenbensinger/these-reports-allege-trump-has-deep-ties-to-russia?utm_term=.mx6Q7DL9b#.dpdEW8jvq)
25 [to-russia?utm_term=.mx6Q7DL9b#.dpdEW8jvq](https://www.buzzfeed.com/kenbensinger/these-reports-allege-trump-has-deep-ties-to-russia?utm_term=.mx6Q7DL9b#.dpdEW8jvq).

26 94. The document preservation request states that Ms. McDougal “is likely in possession
27 of documents that are potentially relevant to the Action,” based on Mr. Cohen’s role in coordinating
28 Ms. McDougal’s agreement with AMI. (Ms. McDougal, of course, was unaware of Mr. Cohen’s
involvement at the time.)

 95. These revelations have placed Ms. McDougal at the center of a national controversy
with broad implications for our democratic system. Yet through all of it, AMI has continued to
intimidate Ms. McDougal and threaten her with financial ruin if she tells her story to the American

1 public—even as AMI itself has readily shared its own false account of both the relationship and its
2 cover up.

3 96. Ms. McDougal therefore seeks a declaration that her contract with AMI is void,
4 because she was tricked into signing it while being misled as to its contents (including by her own
5 lawyer, on whose advice she was entitled to rely); because its very object was to illegally influence
6 the 2016 presidential election; and because, at least as interpreted and applied by AMI, it violates
7 fundamental precepts against using threats of legal action to coerce silence on issues of national,
8 public importance.

9 **FIRST CAUSE OF ACTION**

10 **Declaratory Relief (Cal. Code Civ. P. § 1060)**

11 97. Ms. McDougal incorporates by reference all prior allegations of this complaint.

12 98. Ms. McDougal seeks a declaration that her agreement with AMI (the “Agreement”) is
13 invalid and void because (1) there was fraud in its execution, (2) the object of the contract is illegal,
14 and (3) the contract violates fundamental public policy.

15 99. **Fraud in the execution.** The Agreement was a different contract than the one
16 Ms. McDougal thought she had made with AMI.

17 a. Fraud in the execution occurs when one party deceives the other as to the
18 essential character and core terms of the agreement she is signing. It voids the contract
19 in its entirety.

20 b. Here, AMI worked secretly, in collaboration with Michael Cohen and
21 Ms. McDougal’s *own lawyer* to make Ms. McDougal *think* AMI would be obligated
22 to run more than a hundred columns in her name, for the purpose of jumpstarting her
23 health and fitness career.

24 c. In fact, the contract did not *obligate AMI* to run columns by Ms. McDougal; it
25 granted AMI *the right* to do so: “McDougal grants to AMI, for two years from the
26 Effective Date, the right to identify McDougal as the author of, and use McDougal’s
27 name, likeness, and image in connection with [monthly columns in several
28 magazines].” Exhibit A ¶ 1.

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- d. Ms. McDougal was unaware of this because AMI and Mr. Davidson falsely told her otherwise. Because AMI made these representations about the terms and legal effect of the contract in conjunction with Ms. McDougal’s own lawyer, Ms. McDougal reasonably relied on the representations in signing the Agreement.
- e. Mr. Davidson’s improper and secret interactions with persons adverse to Ms. McDougal, and his express misrepresentations about the terms of the contract, violated his duty of undivided loyalty to his client. Mr. Davidson acted as an agent for adverse parties in deceiving Ms. McDougal about the terms of the contract.
- f. Ms. McDougal would not have signed the Agreement had she known it did not obligate AMI to carry columns in her name.
- g. The Agreement is therefore void *ab initio* for fraud in the execution.

100. **Illegality.** The object of the Agreement was to make an illegal in-kind corporate donation from AMI to Donald J. Trump for President, Inc.

- a. A contract entered into for an illegal purpose is void.
- b. AMI entered into the Agreement with Ms. McDougal in coordination with Michael Cohen, an agent of the Trump campaign, and for the purpose of influencing the 2016 presidential election.
- c. Such a contribution violates the FECA prohibition on corporate contributions established by 52 U.S.C. § 30118(a).
- d. The Agreement was thus entered into for an illegal purpose and is void.

101. **Against public policy.** The contract is also void as against fundamental public policy. The State of California does not abide threats of legal action to coerce a person—especially a less powerful and less sophisticated person—to permanently refrain from speaking out on issues of public concern and profound importance to the country. That is particularly so when she herself is implicated in the public discourse about these issues, is a witness to and participant in the relevant events, and the counterparty to the agreement has repeatedly and falsely told its side of the story. Any contract that violates such foundational tenets of our system of government, including freedom of expression and conscience and freedom of the press, is void. That is precisely what the Agreement does.

1 102. The Agreement offends the unwavering public policy of the United States and the
2 State of California to protect free and robust debate on matters of public concern. *See, e.g., Citizens*
3 *United v. F.E.C.*, 558 U.S. 310, 339 (2010) (“The right of citizens to inquire, to hear, to speak, and to
4 use information to reach consensus is a precondition to enlightened self-government and a necessary
5 means to protect it.”); *First Nat’l Bank of Bos. v. Bellotti*, 435 U.S. 765, 777 (1978) (speech on
6 governmental affairs is “indispensable to decisionmaking in a democracy”); *Fashion Valley Mall,*
7 *LLC v. N.L.R.B.*, 42 Cal. 4th 850, 863 (2007) (“free speech clause and its right to freedom of speech
8 [in California state constitution] are not only as broad and as great as the First Amendment’s, they are
9 even ‘broader’ and ‘greater’”).

10 103. Indeed, our nation recognizes no higher public policy than the unfettered right to
11 criticize our elected officials and petition the government. U.S. Const. amend. I. As the U.S. Supreme
12 Court has held: “Speech is an essential mechanism of democracy, for it is the means to hold officials
13 accountable to the people.” *Citizens United*, 558 U.S. at 339.

14 104. The role of Mr. Cohen, who was an agent for the Trump campaign and later
15 represented Mr. Trump after he assumed the office of President of the United States, means that this
16 is no ordinary confidentiality agreement between private parties. AMI, led by its CEO Mr. Pecker
17 who is a close friend and confidant of Mr. Trump, seeks to use the Agreement to silence a person
18 from publicly disclosing information that is critical of the President, relevant to alleged violations of
19 federal law in a presidential election, and potentially relevant to ongoing investigations and litigation
20 in a number of matters related to Mr. Trump, his campaign, and his associates. This is core political
21 speech entitled to the highest protection under the law.

22 105. The interests at stake are far broader than Ms. McDougal’s individual right to speak.
23 The American public and the people of California have a vital interest in the free and unrestricted
24 dissemination of information about public affairs and most particularly about matters relating to the
25 integrity of the electoral process. The Agreement represents an impermissible effort to censor and
26 distort the marketplace of ideas that is central to American democracy and to democracy in the State
27 of California.

28

1 106. Because the Agreement violates public policy of the highest importance, this Court
2 should play no role in enforcing it and should hold the agreement void *ab initio*.

3 107. California has a substantial interest in the Agreement. The Agreement was executed
4 in Los Angeles, California. It purports to bind the parties in California.

5 108. The validity of the Agreement is a proper subject of declaratory relief. *See* Cal. Code
6 Civ. P. § 1060 (providing for determination “of any question of construction or validity arising under
7 the instrument or contract”).

8 109. There is an actual controversy involving justiciable questions relating to the rights or
9 obligations of Ms. McDougal under the Agreement. *See* Cal. Code Civ. P. § 1060 (providing for
10 declaratory relief “in cases of actual controversy relating to the legal rights and duties of the respective
11 parties”). Ms. McDougal wishes to speak with the press about her relationship with Mr. Trump. AMI
12 continues to invoke the Agreement to threaten her with financial ruin if she does so.

13 110. A judicial declaration is necessary and appropriate to determine the validity of the
14 Agreement and Plaintiff’s rights.

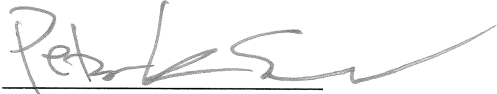
15 **PRAYER FOR RELIEF**

16 WHEREFORE, Ms. McDougal prays for judgment against AMI as follows:

- 17 1. For an order declaring the Agreement void *ab initio*;
18 2. For all attorneys’ fees and costs incurred in bringing this action, to the extent
19 recoverable by law; and
20 3. For all other relief the Court deems appropriate, proper, and just.

21 Dated: March 20, 2018

STRIS & MAHER LLP



Peter K. Stris
Elizabeth R. Brannen
Dana Berkowitz
Kenneth J. Halpern
John Stokes

725 S. Figueroa Street, Suite 1830
Los Angeles, CA 90017
T: (213) 995-6800 | F: (213) 261-0299

Attorneys for Plaintiff
KAREN MCDOUGAL

EXHIBIT A



NAME AND RIGHTS LICENSE AGREEMENT

This agreement (the "Agreement") is entered into as of August 5, 2016 (the "Effective Date") by and between American Media, Inc. ("AMI") and Karen McDougal ("McDougal"). For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. McDougal grants to AMI, for two years from the Effective Date, the right to identify McDougal as the author of, and use McDougal's name, likeness, and image in connection with, the following: (i) a monthly column on aging and fitness for *Star* magazine; (ii) a monthly column on aging and fitness for *Ok* magazine; (iii) four posts each month on aging and fitness for *Radar Online* (collectively, the "Columns"). AMI shall provide to McDougal a so-called *ghost-writer* or *ghost-writers* who will work with McDougal in the creation of her Columns. Notwithstanding anything else in this agreement, McDougal shall have the absolute right to approve any image of her which may appear on any AMI publication or property.

2. Magazine Covers.

2.1 McDougal further agrees to pose for and appear on the cover of *Men's Fitness* and *Muscle & Fitness Hers*, and to be interviewed for articles to appear in those magazines, at a time, date, and place to be determined by AMI in consultation with McDougal. AMI agrees to prominently feature McDougal on the covers discussed in this Paragraph within two years of the Effective Date.

2.2 McDougal further agrees that, in connection with the publication of her Columns, AMI may use her name and/or image on the covers of *Star Magazine* and/or *OK Magazines*, at AMI's discretion.

3. In addition, McDougal grants, assigns, and transfers to AMI, and AMI hereby acquires, McDougal's Limited Life Story Rights (as defined herein). The "Limited Life Story Rights" granted by McDougal are limited to any romantic, personal and/or physical relationship McDougal has ever had with any then-married man. The "Limited Life Story Rights" means all rights in and to the life story of McDougal regarding, (in the broadest possible way), any relationship she has ever had with a then-married man, and all themes, characters, events and incidents relating thereto, and all other material (whether written or oral) created, owned or controlled by McDougal in connection therewith. The grant of Limited Life Story Rights made hereby shall include all rights, title, interest and permission to use such rights in any and all media now known or hereafter known throughout the universe in perpetuity (the "Productions"). The grant of Limited Life Story Rights shall be complete, exclusive and without exception and McDougal reserves none of the Limited Life Story Rights hereby granted.

4. In connection with all the rights granted herein to AMI by McDougal, AMI shall pay McDougal the sum of \$150,000 (One Hundred and Fifty thousand dollars), payable within two business days following the execution of this Agreement.

5. Nothing herein shall obligate AMI to use the Life Rights in connection with any media. AMI's obligations to McDougal shall be the payment to McDougal of the sum set forth in paragraph 4 and the obligations set forth in paragraphs 1; 2.1; and 2.2.

6. All decisions whatsoever, whether of a creative or business nature, regarding any of the rights granted by McDougal to AMI herein, or any rights derived or ancillary thereto, shall be made by AMI in its sole discretion.

7. McDougal agrees that McDougal shall not grant the same or similar rights to any other party that McDougal has granted to AMI pursuant to this Agreement. In addition, McDougal shall not disclose, write about, nor cause to be disclosed or written about (including any posts on social media such as Facebook, Twitter, etc.), nor give interviews relating to, McDougal's Limited Life Story Rights granted herein at any time without the prior written consent of AMI, except as required by law. McDougal acknowledges and agrees that in the event McDougal violates the terms of this paragraph, AMI will suffer damages and other harm that will be significant but difficult to measure. Therefore, in addition to its other remedies in law or equity, AMI shall be entitled to liquidated damages in the amount of \$150,000 for any such breach.

8. Each party hereto represents and warrants that it has the full right and authority to enter into this Agreement and to perform the services and obligations set forth hereunder and that it/she has not made or assumed and will not hereafter make or assume any commitment, agreement, grant or obligation that will or might conflict with its obligations hereunder.

9. McDougal acknowledges that all of the results and proceeds of the services provided by McDougal in connection with this Agreement will be deemed a work-for-hire and that AMI shall own all right, title and interest therein of every kind or nature, whether now known or hereafter devised, including without limitation, the entire copyright (including all extensions and renewals) therein throughout the universe in perpetuity. McDougal shall have the right to re-post or link any AMI story about or concerning her on her personal and varying social media accounts and/or her web-site, KarenMcDougal.com.

10. McDougal's services are personal and unique in nature and McDougal may not assign this Agreement or any of McDougal's obligations. AMI may freely assign any and all rights and obligations under this Agreement in whole or in part to any other party.

11. It is expressly understood, agreed and covenanted that the parties do not by this Agreement intend to form an employment relationship or a partnership or joint venture between them and in no event shall this Agreement be construed to constitute such an employment relationship, partnership or joint venture.

12. Each party hereby agrees to defend, indemnify and otherwise hold harmless the other party, its employees, successors and assigns, from and against any and all liabilities, claims, demands, charges, expenses and costs (including, without limitation, reasonable outside attorney's fees) arising out of or resulting from any breach by the indemnifying party of any of the representations, warranties or agreements contained in this Agreement.

13. In recognition of the mutual benefits to each party of a voluntary system of alternative dispute resolution which involves binding confidential arbitration of all disputes of any kind which may arise between them, the exclusive manner of resolution of any and all disputes, claims or controversies arising between them of any kind or nature whatsoever, including without limitation claims arising from or pertaining in any manner to breach of this Agreement, shall be resolved by mandatory BINDING confidential Arbitration. Arbitration shall take place before JAMS under the JAMS Comprehensive Arbitration Rules and Procedures (including Interim Measures) ("JAMS Rules") in New York, New York, and will be heard and decided by a sole, neutral arbitrator ("Arbitrator") selected either by mutual agreement of the Parties or selected under JAMS Rules. Whether a dispute is arbitrable, the arbitrator's

jurisdiction, and issues regarding enforceability of this Agreement shall be determined by the Arbitrator and not by any court. The Arbitrator shall have the right to impose any and all legal and equitable remedies that would be available to any Party before any governmental dispute resolution forum or court of competent jurisdiction. If a request for immediate provisional relief is filed by a Party and if no Arbitrator has been appointed, JAMS shall appoint an Arbitrator who shall determine the request as soon as possible. The Arbitrator so appointed shall be determined by JAMS in its discretion not to have any material disclosure as to any Party or counsel, and the Parties shall waive the right to formal disclosure and the right to disqualify the Arbitrator so appointed as otherwise permitted by New York law. The Parties understand that these waivers are intended to effectuate their agreed process of immediate determination of a request for provisional relief. The Arbitrator shall render a written opinion which contains his/her factual and legal reasoning. The Party who prevails in any Arbitration may seek to have the Arbitrator's award entered as a judgment in any court of competent jurisdiction. If the prevailing Party files a petition to confirm the Arbitrator's Award and/or if any Party seeks to vacate an Award, any documents containing Confidential Information filed with any court in connection with such court proceedings shall be filed under seal to the greatest extent permissible by law, and any party filing such documents containing Confidential Information shall seek to obtain a Court Order sealing such documents contained in the Court file in order to maintain confidentiality of Confidential Information, to the greatest extent permissible by law, with all Parties having stipulated to the factual and legal grounds for such sealing. BY AGREEING TO ARBITRATION, THE PARTIES ARE GIVING UP ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JUDGE OR JURY WITH REGARD TO THE MATIERS WHICH ARE REQUIRED TO BE SUBMITTED TO MANDATORY BINDING ARBITRATION. THE PARTIES UNDERSTAND, ACKNOWLEDGE AND AGREE THAT THERE IS NO RIGHT TO AN APPEAL OR A REVIEW OF AN ARBITRATOR'S AWARD AS THERE WOULD BE OF A JUDGE OR JURY'S DECISION.

14. Without limiting any other provision in this Agreement, McDougal's remedy for any breach of this Agreement by AMI shall be limited to monetary damages, and in no event shall McDougal be entitled to rescind this Agreement or to seek injunctive or any other equitable relief.

15. This Agreement sets forth the entire understanding of the parties regarding its subject matter and may not be amended except by a written instrument signed by both parties. This Agreement shall be construed in accordance with, and shall in all respects be governed by, the laws of the State of New York. This Agreement may be executed in counterparts and signatures exchanged electronically or by facsimile, each of which shall be deemed an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, AMI and McDougal have executed this Agreement as of the Effective Date indicated above.

AMERICAN MEDIA, INC.

By: _____

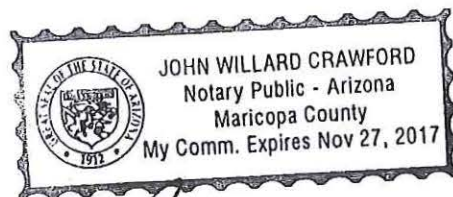
Its: _____

[Handwritten signature]
Chief Content Officer

KAREN MCDUGAL

[Handwritten signature]

John Crawford
 I, *John Crawford*, a Notary Public, do
 Certify that, on the 6 day of Aug, 2016
 I personally made the above/attached copy of _____
 From the original, and it is a true, exact, complete, and
 Unaltered copy.



[Handwritten signature]

EXHIBIT B



AMENDMENT TO NAME AND RIGHTS LICENSE AGREEMENT

Reference is made to the Name and Rights License Agreement (the "Agreement"), entered into as of August 5, 2016, by and between American Media, Inc. ("AMI") and Karen McDougall ("McDougal"). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree that Paragraph 7 of the Agreement shall be replaced and amended as follows:


7. McDougal agrees that McDougal shall not grant the same or similar rights to any other party that McDougal has granted to AMI pursuant to this Agreement with prior written approval of AMI. In addition, McDougal shall not disclose, write about, nor cause to be disclosed or written about (including any posts on social media such as Facebook, Twitter, etc.), nor give interviews relating to, McDougal's Limited Life Story Rights granted herein at any time without the prior written consent of AMI, except as required by law. McDougal acknowledges and agrees that in the event McDougal violates the terms of this paragraph, AMI will suffer damages and other harm that will be significant but difficult to measure. Therefore, in addition to its other remedies in law or equity, AMI shall be entitled to liquidated damages in the amount of \$150,000 for any such breach. Notwithstanding the above, McDougal may respond to legitimate press inquiries regarding the facts of her alleged relationship with Donald Trump. In connection therewith, AMI shall retain the services of Matthew Hiltzik at Hiltzik Strategies for a period of one month commencing on December 1, 2016, and Jon Hammond at Galvanized for a period of five months commencing on January 1, 2016, to provide PR and reputation management services and to coordinate any such response(s) in consultation with AMI.

Except as otherwise specifically set forth herein, all of the other terms and conditions of the Agreement are hereby ratified and confirmed.

[Signature page follows.]

Please sign below to indicate your acceptance of the foregoing.

AMERICAN MEDIA, INC.

By: 
Dated: 12/7/16.

KAREN MCDOUGAL

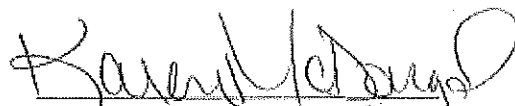

Dated: 11-29-16

EXHIBIT C

- Karen McDougal came to AMI in June 2016 and wanted to sell her story about an affair she supposedly had with President Donald Trump. She claimed she had been offered more than \$1 million for the story, and was also in negotiations with ABC and Brian Ross. She asked AMI to counter for the rights. AMI met with her, and determined she had no documentary proof supporting her account of the affair. Specifically, despite claiming she had been involved with President Trump for ten months, she had no emails, text messages, receipts, or corroborating witnesses.
- Nevertheless, after meeting with her, AMI determined that she would make an interesting subject for AMI's fitness magazines and audience, particularly because she had been the first woman to appear on the cover of *Men's Fitness*, nearly 20 years earlier. AMI offered her, and she accepted, a contract for \$150,000 to appear on the covers of *Men's Fitness* and *Muscle & Fitness Hers* and to write one column a month for *Star* and *OK*, and one column a week for RadarOnline. AMI also acquired her limited life story rights, as you indicate.
- The contract does not provide – and AMI never promised – that Karen would write six unique columns per month, or more than one hundred columns to date, as you state. Like many columns (and columnists), the intention was to syndicate the same columns across AMI's brands in order to increase her exposure (and save money on ghostwriters needed to create her content). To date, AMI has published:
 - 19 columns in print across *Star* and *OK!* — all of which were syndicated on other entertainment properties, and RadarOnline.com where relevant;
 - Four stories on www.muscleandfitness.com, in addition to a behind-the-scenes video shoot;
 - A story on www.mensfitness.com
- Karen has appeared on the cover of *Muscle & Fitness Hers*, as provided by the contract. This cover was the highest selling issue for 2017, and sold 39,000 copies. AMI stopped publishing *Men's Fitness* earlier this year, and so Karen could not appear on that cover. AMI first offered Karen the cover of a special issue on food and health that would have been sold in 500,000 checkout pockets across the United States. She rejected that offer. She then asked for an opportunity to appear in *Us Weekly*, which AMI recently acquired. AMI agreed; however, Karen rejected that offer. Then – at her insistence – AMI offered her the cover of *Men's Journal*, a magazine with a circulation of 1,250,000 (it's the second largest men's health magazine in North America which has 12 million readers and the second largest newsstand sale in the US). That photo shoot has been scheduled for March 13. (See attached email). Karen was to receive a six-page editorial spread inside the magazines. We hope that she takes up the offer, and despite her apparent grievance, remains a part of the AMI editorial operation moving forward.
- In recent discussions with Karen's lawyer, she has complained that Karen has not been compensated fairly for all the work she has done, and specifically objected to AMI's acquisition of Karen's limited life story rights which, she said, were worth far more than \$150,000. She also complained that Karen was prohibited from speaking out to address rumors of her relationship with Mr. Trump. This is simply not true. On November 29,

2016, in response to similar concerns voiced by Karen after the publication of an article in the Wall Street Journal, AMI entered into a contract amendment with Karen that provides she may respond to legitimate press inquiries concerning her relationship with President Trump. (See attached amendment)

- AMI provided Karen with a publicist for six months at that time at her insistence, in order to deal with the crush of press inquiries and in order to promote her columns and covers.
- AMI had no discussions with Karen about a skin-care line, coverage of award shows, and a documentary in the year after she signed the contract. Rather, those discussions occurred at a lunch in New York on August 10, 2017, more than a year after she signed the contract, and were part of a discussion about extending / renewing the contract, as would be normal for any columnist under contract. This is the same incorrect argument made recently by Karen's lawyer, who claimed AMI "fraudulently induced" Karen to enter into the contract. She said Karen would take AMI to arbitration (as provided under the contract), unless AMI paid Karen more money for its alleged breach of the contract. When confronted with the fact the discussions could not have "induced" Karen to enter the contract, Karen's lawyer stopped insisting that these promises were evidence of AMI's supposed fraudulent inducement.
- The suggestion that AMI holds any influence over the President of the United States, while flattering, is laughable. The amendment added to Karen's contract makes clear she is free to say anything she wanted about President Trump.

CLARIFICATIONS ON BACKGROUND

- "AMI has not published the story." This is correct. AMI owns the limited life rights. But Karen is free to discuss her relationship with Mr. Trump, as the amendment to her contract provides.
- Neither AMI nor an AMI engaged publicist ever "instructed" Karen to send any response to The New Yorker but provided guidance per her request during a phone conversation *she initiated* regarding the inquiry.