

Craigslist exec told Whitman had 2 sides

December 14 2009, By RANDALL CHASE , AP Business Writer

(AP) -- The eBay executive who led the online auction site's efforts to gain a minority stake in Craigslist warned that former eBay CEO Meg Whitman had a Jekyll-and-Hyde personality, the CEO of Craigslist said Monday.

Craigslist CEO James Buckmaster testified that two days after a March 2005 Craigslist board meeting, eBay executive Garrett Price expressed frustration at the slow progress of the two companies in trying to agree on an international joint venture.

Price, a senior director of corporate development who was eBay's point man in talks with Craigslist, wrote Buckmaster that the two companies needed to move past the limbo that was straining their relationship and "driving executives (especially Meg) to distraction."

Price said he needed to remind Craigslist officials that there were "two Meg Whitmans," Buckmaster said

Craigslist officials, he was told, had met the "good" Whitman in July 2004, when she convinced Buckmaster, who had broken off discussions and decided not to do business with eBay, to go forward with negotiations that eventually resulted in eBay's 28 percent minority stake in the online classifieds company.

Buckmaster said Price warned him that there also was an "evil Meg, and that we would best be served if we got with the program, or we're going to meet the evil Meg." Price added that Whitman, who is now seeking

the Republican nomination for governor in California, could be a "monster" if she got frustrated, according to Buckmaster

Buckmaster was testifying in a lawsuit filed by eBay claiming that Craigslist officials improperly acted to dilute eBay's minority stake after a falling out in 2007.

In response to Buckmaster, a spokesman for eBay released a statement in which Price described Buckmaster's testimony of alleged statements he made about Whitman as "false and malicious."

Buckmaster said after Price kept insisting on a path that would lead eBay to a controlling interest or ownership of Craigslist, he decided to walk away from the proposed deal in the early summer of 2004.

But Buckmaster said he changed his mind after he and Craigslist founder Craig Newmark were invited to a meeting with Whitman in July 2004.

"I was attending as a courtesy," said Buckmaster. "My mindset going into this was that we were done with eBay, but I was going to hear out Meg Whitman and I was going to take a skeptical mindset... She was going to have to say something really persuasive in my mind."

Buckmaster said Whitman allayed his fears about eBay wanting control of Craigslist and said eBay was happy with a minority stake. He said Whitman also assured him she would find a graceful way to end the relationship if things didn't work out.

Under questioning by Craigslist attorney Michael Clyde, Buckmaster said Whitman's representations played a critical role in persuading Craigslist officials to move forward with the deal.

"They were essential," he said. "Without them, there would not have

been any negotiations."

In other testimony, Buckmaster said no one at eBay told Craigslist during negotiations that eBay was working on acquiring online classified sites overseas and on developing its own online classifieds platform, which was launched overseas in early 2005 as Kijiji.

eBay's decision to launch a domestic version of Kijiji in 2007 and compete directly with Craigslist in jobs postings, led Craigslist to adopt a poison pill and other corporate governance measures that eBay is challenging.

Buckmaster said that while using confidential information supplied by Craigslist to further its online classifieds ambition, eBay reneged on promises to help Craigslist expand internationally.

"We weren't particularly looking for any assistance in the United States," he said.

Testimony was scheduled to resume Tuesday, with eBay beginning its cross-examination of Buckmaster in the afternoon.

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