

Snopes.com prevails in tentative court ruling over finances, ownership

August 4 2017, by Jennifer Van Grove, The San Diego Union-Tribune

In the battle over ownership of fact-checking website Snopes.com, creator David Mikkelson was handed an early victory Thursday that should keep him in power as CEO of the company and return months of lost advertising revenue to the cash-strapped site.

Snopes' parent company, Bardav, Inc., and Mikkelson were sued earlier this year by the company's advertising partner and alleged co-owner, Proper Media, for breach of contract, civil conspiracy and corporate waste, among other things.

Proper Media is seeking to be recognized as the beneficial owner of 50 percent of Bardav. The [media](#) firm is also attempting to have Mikkelson removed as a director of Bardav.

The suit, ongoing since May and involving counterclaims made by Bardav, is still months away from being decided, but three separate motions are scheduled to be heard on Friday.

In a tentative ruling issued ahead of Friday's hearing, Judge Judith Hayes of the San Diego Superior Court decided in favor of Bardav in two crucial causes of action.

Proper Media cannot remove Mikkelson as a director of the company, the judge said.

"Proper Media does not have standing to seek removal of Mikkelson. ...

Plaintiffs have not presented sufficient evidence to prove fraudulent acts," Hayes wrote in her decision.

The judge also granted Bardav's request for Proper Media to release the [advertising revenue](#) the firm has withheld from the company.

Bardav contends that Proper Media has cut the company off from advertising monies since April. It estimates that at least \$500,000 in funds are owed to date, and that monthly upkeep expenses total more than \$165,000.

In July, Snopes.com successfully solicited the public for donations to keep the site afloat amid its contentious legal battle with Proper Media. To date, Snopes has raised more than \$685,000 from backers on GoFundMe.

Thursday's tentative decision, which is not binding, looks like a partial victory for Bardav, despite the fact that Hayes determined that Proper Media can move forward with its breach of contract claim.

"This ruling is very favorable to Bardav and shows that the court understands the arguments we've made," said Paul Tyrell, the attorney for Bardav.

Lawyers for Proper Media did not immediately return a request for comment.

The Snopes.com ownership dispute started with the 2015 divorce of Mikkelson and his then-wife Barbara. The couple shared 50-50 ownership over Bardav, first established in 2003, until Barbara sold her stake in July of 2016 to the five directors of Proper Media. At the time, those directors were Christopher Richmond, Drew Schoentrup, Ryan Miller, Vincent Green and Tyler Dunn.

Barbara's stake was divvied up among the directors, with Richmond and Schoentrup each holding 20 percent interest in Bardav; and Miller, Green and Dunn each holding 3.33 percent.

With their suit, Richmond and Schoentrup are asserting that Proper Media maintains a 50 percent stake in the [company](#), and that Schoentrup holds a board seat. Mikkelson contends that the five individuals, and not Proper Media, each hold a minority interest in Bardav and that Schoentrup was never elected to the board.

Both sides will get to argue on behalf of their pre-trial motions at Friday's hearing.

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