

Whitman pledges not in Craigslist contract

11 December 2009, By RANDALL CHASE , AP Business Writer

(AP) -- Assurances that former eBay CEO Meg Whitman gave Craigslist's officials before eBay bought into the online classifieds company were never put in writing, the founder of Craigslist acknowledged Friday.

Under cross-examination in a lawsuit filed by [eBay](#), Craig Newmark said assurances that eBay would be happy holding a minority stake in [Craigslist](#) for several years, and that Craigslist would be eBay's exclusive play in the online classifieds market were not in the agreement the two companies signed in August 2004.

"If it ain't in the document, you don't get to rely on it, right?" eBay attorney Michael Rhodes asked Newmark.

"That's what these documents say," replied Newmark, testifying in a lawsuit in which eBay claims he and Craigslist [CEO](#) James Buckmaster improperly acted to dilute eBay's 28 percent stake after a falling out in 2007.

Craigslist has filed its own lawsuit in California alleging that eBay misused confidential information from Craigslist to develop a competing online classifieds site, Kijiji. It contends in the Delaware lawsuit that corporate governance measures it took in response to the U.S. launch of Kijiji in 2007, including adoption of a poison pill, were appropriate.

But Rhodes argued that the contract signed by eBay and Craigslist gave eBay the right to confidential Craigslist information and allowed eBay to compete with Craigslist in online classifieds anywhere at any time. The only restriction was that eBay would lose certain special shareholder rights if it offered online jobs postings in the U.S.

Rhodes noted that eBay had been contemplating the online classified market since at least 2003, and that within months of taking its stake in Craigslist and with the knowledge of Craigslist

officials, acquired several online classified sites in Europe.

Despite their supposed belief that Craigslist would be eBay's exclusive vehicle for online classifieds, Craigslist officials never complained, and Newmark never tried to contact Whitman - who is now seeking the Republican nomination for governor in California - or eBay founder Pierre Omidyar, eBay's initial representative on Craigslist's board of directors, Rhodes said.

"I'm trying to understand why you didn't react when Meg Whitman promised you something, and within six months the actual course of events are radically different," he told Newmark.

Newmark said it would have been the responsibility of Buckmaster or the attorney for Craigslist to communicate concerns to eBay, and that it would have been inappropriate for him to interfere.

"My personal concern was not loss of exclusivity," he added. "My concern was that we were now beginning to see evidence that Meg was not trustworthy."

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