

Tacoma-based Snopes, debunker of fake news, is locked in a nasty legal dispute

6 June 2019, by Paul Roberts

After more than two decades battling internet hoaxes, retouched photos, and other fake news, David Mikkelson, co-founder of Snopes, faces a much larger and more existential adversary.

Since 2017, Mikkelson has been locked in a nasty legal dispute with former business associates over control of Snopes, the pioneering fact-checking website that Mikkelson launched with a former wife in 1994 and which he now runs with his current wife from their house in Tacoma, Wash.

The dispute, which is playing out in the California courts, has generated claims and counterclaims of financial mismanagement, conspiracy and embezzlement. Mikkelson stands accused of, among other things, using company funds for "lavish" vacations, while he in turn levels accusations of fraud.

It has also been so costly that, by Mikkelson's account, Snopes and its [parent company](#), Bardav, might have gone under without help from GoFundMe campaigns, and Snopes hasn't been able to operate at full capacity, even as demand for internet fact-checking grows by the week.

"We could have had a larger staff of more fact checkers and more editors," said Mikkelson from his home near the University of Puget Sound, where he relocated in 2016 from California. "We could have put more resources into developing the technological tools that we use."

But officials with Proper Media, the San Diego-based web and advertising-services firm that worked for nearly two years to build up Snopes' site traffic and ad revenues, say it was Mikkelson himself who drained the company's coffers.

Indeed, the dispute between Proper Media and Bardav arose "because there was a sense that David is siphoning money from the business to fund a fairly extravagant lifestyle," said Stephen

Fox, a Dallas-based attorney representing Proper Media.

The case, which may not go to trial until next spring, will likely turn on the precise nature of the relationship between Proper Media and Bardav.

Mikkelson claims Proper Media was no more than a vendor that Bardav hired in 2015 to modernize the Snopes website and boost advertising, in return for a percentage of monthly ad revenues. By 2017, Mikkelson says, "the bulk of the desired website development had been completed" and he decided to terminate the agreement.

That was easier said than done, however, because by that time, Proper Media had become a part owner of Bardav. Soon after starting work on the Snopes website, Proper Media persuaded Mikkelson's ex-wife, Barbara, who'd finalized her divorce from Mikkelson in 2015, to sell her half interest in Bardav for \$3.6 million to Proper Media's five members.

Indeed, Proper Media's intent all along had been to acquire Snopes and add it to a "portfolio of [media sites](#)," said Proper Media co-founder Drew Schoentrup. But Mikkelson had not been willing to sell his own half share in Bardav.

Schoentrup and Fox say the relationship was initially successful, and led to a tripling in Snopes' advertising revenue. But it soured when Mikkelson began to "chafe" under criticism from Proper Media over his high salary and his spending, Schoentrup and Fox say.

Mikkelson then tried to wrest control of the company by "conspiring" to persuade two of Proper Media's minority stakeholders to "cross the street" to join Bardav, Schoentrup and Fox say. With their shares, Fox said, Mikkelson "then believes he is in a position to run the company as he sees fit, without any oversight from anyone else."

Mikkelson scoffs at the conspiracy claims. Proper Media "pissed off their own partners and drove them away," Mikkelson said. "That had had nothing to do with me."

How this case concludes will depend in no small part on whether a court buys the idea that Proper Media was a partner or a vendor.

Both sides insist they expect to prevail. Fox says Proper Media expects the court to agree that Mikkelson conspired to split Proper Media's ownership stake, and thus had no authority to terminate the deal.

Mikkelson, for his part, notes that the California courts have already sided with him several times, not least in ordering Proper Media to return ad revenue to Bardav.

A trial date had initially been set for October but is now expected to begin no earlier than spring of 2020.

In the meantime, despite the legal fight, Snopes now has a staff of 15, Mikkelson says, and is tackling more complex and important varieties of [fake news](#).

Recent projects include exposes of faux news sites, such as the Tennessee Star, that "purport to be local newspapers (but) are actually being run by political operatives who aren't disclosing their financial connections to various entities," Mikkelson says. Had it not been for the litigation, he adds, "we could have been doing much more of that" rather than "debunking the latest dumb photo."

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APA citation: Tacoma-based Snopes, debunker of fake news, is locked in a nasty legal dispute (2019, June 6) retrieved 24 January 2021 from <https://phys.org/news/2019-06-tacoma-based-snopes-debunker-fake-news.html>

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