

'Fact checking' website Snopes on verge of collapse after founder is accused of fraud, lies, and putting prostitutes and his honeymoon on expenses (and it hasn't told its readers THOSE facts)

GOOGLE AND FACEBOOK PARTNER IS AS FULL OF HOOKERS AS GOOGLE AND FACEDBOOK

- 'Fact-checking' website Snopes is asking its users for help in a GoFundMe saying an 'outside vendor' is 'holding it hostage'
- But the site which claims to be 'transparent' and to tell people the facts they need to know hasn't told those donating everything that is going on
- In fact it is at the center of a bitter legal battle with its CEO being accused of fraud, lies, conspiracy and putting prostitutes and his honeymoon on expenses
- David Mikkelson set up company which owns Snopes.com in 2003 with then wife Barbara but she sold her 50 per cent stake during bitter divorce
- Owners of company which provided it with tech and advertising services bought her stake but have now fallen out with Mikkelson and call him a fraudster
- Case could see judge order site closed - despite it being chosen by Facebook to arbitrate on fake news

By [Alana Goodman For Dailymail.com](#)

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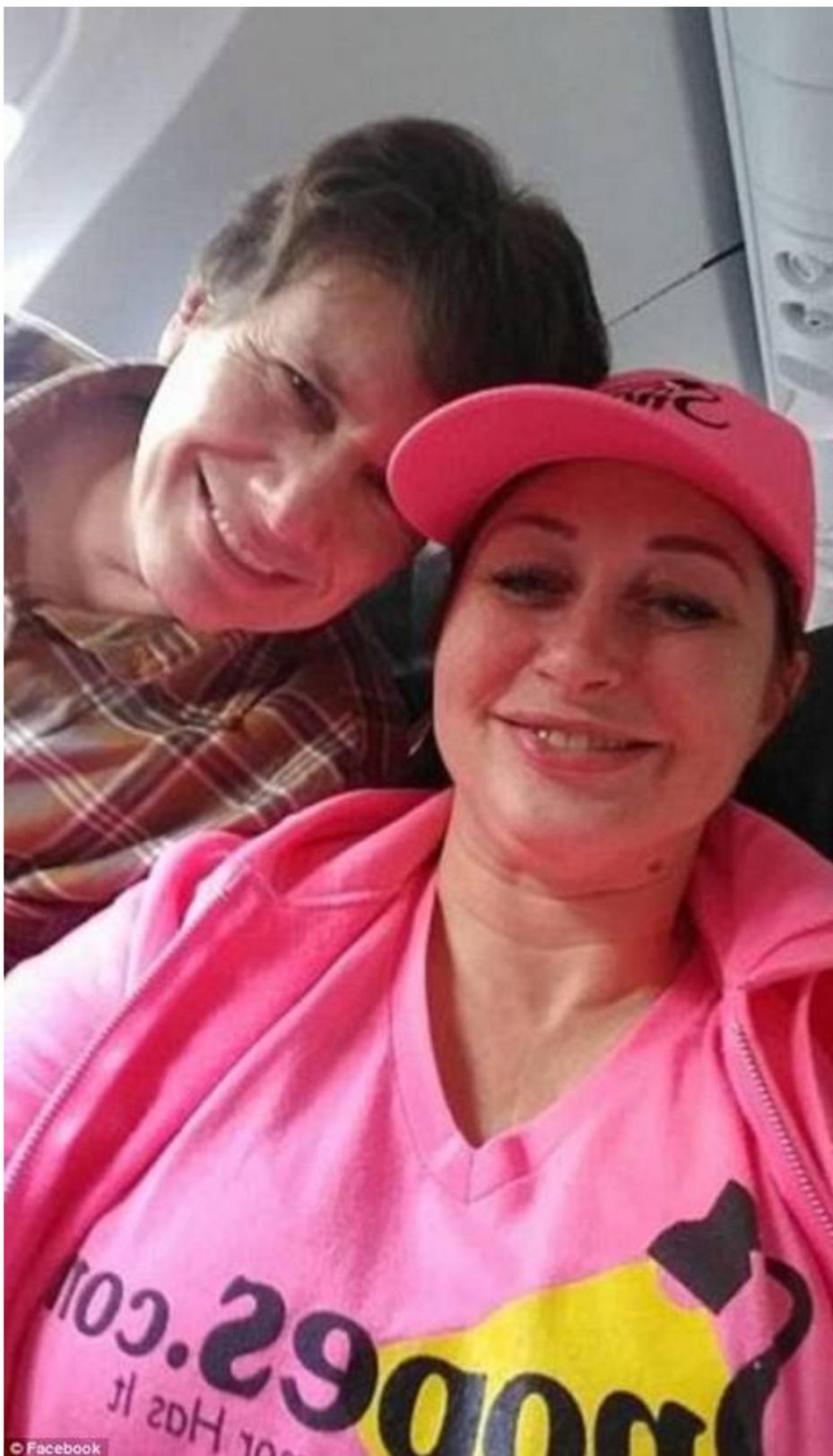
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Fact-checking website Snopes is on the verge of financial collapse after its owner was accused of embezzling company funds to pay for his contentious divorce battle and lavish overseas trips with his new wife, a former Las Vegas escort and porn actress.

The company's financial woes have gotten so bad that Snopes' owner David Mikkelson started a crowd-funding website pleading for donations this week, which raised over \$500,000 from generous readers in its first day.

But DailyMail.com can disclose significant facts which are entirely missing from the fact-checking website's version of events - including the fraud allegations against Mikkeslon.

Snopes.com was started by David Mikkelson and his ex-wife Barbara in the mid-1990s as a website that debunked myths and urban legends.



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Fraud claims: In legal papers, Snopes founder David Mikkelson is accused of fraud against the company by its co-owners, who say he put his honeymoon with second wife Elyssa Young on expenses and that he had previously paid her for escort services



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Fundraising effort: The 'fact checking' website is using GoFundMe to solicit donations but its statement on it misses out many of the facts behind its financial difficulties - principally that Mikkeslon is being accused of fraud



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'Lavish salary': Court papers show that Mikkeslon is at the center of the legal dispute over claims that he tried to commit fraud to obtain his salary, put escorts expenses, used company funds to pay legal fees for his divorce and honeymooned with his new wife Elyssa Young on expenses

In recent years, it has started to delve into the area of politics and 'fact-checking' so-called 'fake news' stories.

After the presidential election, Snopes was chosen by Facebook to sit on a panel of arbiters who would determine whether news stories posted to the social media site were 'fake news.'

But at the same time, DailyMail.com revealed in December, the two co-founders were involved in a bitter divorce battle in which he was accused of embezzling nearly \$100,000 in company funds to spend on personal expenses and prostitutes.

Barbara asked a court at the time to restrict Mikkelson's bank access, claiming his wild spending was going to deplete the company's accounts.

Now an advertising and internet services company called Proper Media is making similar accusations against Mikkelson in a lawsuit filed in May in California which is scheduled for a court hearing next month.

Proper Media's owners last year purchased 50 percent of Bardav Inc., the company founded by both Mikkelsons that owns Snopes, taking Barbara's 50 per cent share.

Proper Media claims that over the past year Mikkelson 'engaged in a lengthy scheme of concealment and subterfuge to gain control of the company and to drain its profits.'

Mikkelson counters that Proper Media – which Snopes also contracts for advertising work – has been holding the website 'hostage' by 'withholding advertising revenue.'

In a plea for donations this week, the Snopes founder said the website 'is in danger of closing its doors' due to Proper Media allegedly refusing to turn over ad income or relinquish its control of advertising on the website.

'Our legal team is fighting hard for us, but, having been cut off from all revenue, we are facing the prospect of having no financial means to continue operating the site and paying our staff (not to mention covering our legal fees) in the meanwhile,' said Mikkelson.



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Courtesan: Eryn O'Bryn is the stage name for Elyssa Young, who continues to have a website offering her services as a 'courtesan' in which she has shared pictures from her past. Court papers allege that her honeymoon with David Mikkleson, who is also her boss, went on expenses



1 Plaintiffs Proper Media, LLC ("Proper Media"), Christopher Richmond
2 ("Richmond"), and Drew Schoentrup ("Schoentrup") (collectively, "Plaintiffs"), by and
3 through their undersigned counsel, allege as follows:

4 INTRODUCTION

5 1. This case involves unlawful jockeying for ownership and control of the fact-
6 checking website Snopes.com ("Snopes"). Snopes advertises itself as "The definitive
7 Internet reference source for urban legends, folklore, myths, rumors, and misinformation"
8 and recently entered into a high-profile agreement with Facebook to integrate fact-
9 checking services into its social media platform. But while Snopes is built entirely around
10 the concepts of transparency and truth, its founder, Defendant David Mikkelson
11 ("Mikkelson") has engaged in a lengthy scheme of concealment and subterfuge to gain
12 control of the company and to drain its profits.

13 2. Snopes is owned by Bardav Inc. ("Bardav"). Bardav was founded in 2003
14 by Mikkelson and his then-wife, Barbara Mikkelson ("Barbara"). Mikkelson and Barbara
15 each owned one share, or 50% of the equity in Bardav.

16 3. After a contentious divorce, Barbara sold her equity in Bardav to Plaintiff
17 Proper Media in July of 2016.

18 4. Proper Media is a San Diego-based Internet media company. Proper Media
19 manages several top-ranked web properties and, at the time of its purchase of Barbara's
20 interest, it was already managing a significant amount of the operation of Snopes. Proper
21 Media's management of Snopes is governed by a written General Services Agreement.

22 5. Because Bardav elected pass-through tax treatment under Subchapter S of
23 the Internal Revenue Code, Bardav's shareholders may not be companies (such as
24 Proper Media, which is a limited liability company). 26 U.S.C. § 1361(b)(1)(B). The deal
25 was therefore structured as a sale by Barbara to Proper Media's individual shareholders.
26 Proper Media's members would only hold the shares for the benefit of Proper Media.
27 Accordingly, Bardav approved the issuance of fractional shares in the names of Proper
28 Media's five members, including Vincent Green ("Green"), who was a small minority



1 member of Proper Media; however, no fractional shares were ever issued by Bardav.

2 6. As a member and officer of Proper Media, Green owes fiduciary duties both
3 to the company and to its other members under its Operating Agreement. These fiduciary
4 duties include duties of loyalty, care, and good faith, and any actions taken adversely to
5 Proper Media are expressly prohibited.

6 7. Mikkelson was unhappy that Barbara maintained ownership of half of what
7 he always considered to be *his* company after the divorce. Thus, after Proper Media's
8 purchase of Barbara's share, Mikkelson sought to finally gain control of Bardav by
9 aligning and conspiring with Green. Although Green purportedly holds only a small
10 fraction of Bardav's equity (which he only holds for the benefit of Proper Media), when
11 combined with Mikkelson's 50% interest, it would purportedly give Mikkelson majority
12 control of the company.

13 8. Beginning in February 2017, Mikkelson conspired with Green to block
14 Proper Media's access to the personnel, accounts, tools, and data necessary to manage
15 Snopes. On information and belief, Mikkelson, in conjunction with Green, intentionally did
16 block Proper Media's access to personnel, accounts, tools, and data to take over Snopes
17 and to prevent Proper Media from performing under the General Services Agreement.
18 Furthermore, Green instructed three Proper Media employees not to return to the Proper
19 Media office and removed over \$10,000 of equipment used by these three employees
20 from the Proper Media office.

21 9. Shortly thereafter, Green resigned from Proper Media. Green resigned
22 using a Snopes email account, indicating that he was now a direct employee of
23 Mikkelson at Bardav.

24 10. Accordingly, Mikkelson has induced Green to breach the Proper Media
25 Operating Agreement as well as Green's fiduciary duties.

26 11. Mikkelson has also caused Bardav to breach the General Services
27 Agreement.

28 12. Mikkelson has repeatedly engaged in fraud upon Proper Media, most

Damaging allegations: These are the claims against Mikkelson which are at the heart of the dispute which he claims could lead to Snopes.com being closed. They are not mentioned on his SaveSnopes.com website or in a GoFundMe set up for Snopes.

But Proper Media insists that Mikkelson's personal spending and mismanagement is to blame for Snopes's money woes.

In legal papers filed in San Diego Superior Court, they say: 'But while Snopes is built entirely around the concepts of transparency and truth, its founder, Defendant David Mikkelson ('Mikkelson') has engaged in a lengthy scheme of concealment and subterfuge to gain control of the company and to drain its profits.'

The company says Mikkelson unilaterally broke the advertising contract earlier this year and has bristled at shareholder efforts to rein in his spending.

They note that even as Mikkelson claimed to be under financial duress in court filings in June, he signed the documents while on a trip to Orleans, France.

'If Mikkelson is permitted to continue unabated as a director of Bardav, he will irreversibly drain the company of important financial resources through personal and unnecessary expenditures,' said Proper Media in the lawsuit.

The company also claims Mikkelson carried out 'pervasive fraud' at Snopes and used the accounts to pay for lavish trips and personal items while refusing requests from shareholders to examine his expenditures.

According to the lawsuit, Mikkelson spent 'tens of thousands of dollars' from the company on legal fees for his acrimonious divorce from Barbara last year, a drawn-out battle that included disputes over Mikkelson's salary and alleged spending on prostitutes.

Court documents from their divorce and its aftermath revealed that he wanted to be paid \$720,000 a year.

He is also accused of spending 'tens of thousands of dollars' on personal trips, including a honeymoon with his new wife to Tokyo Disneyland.

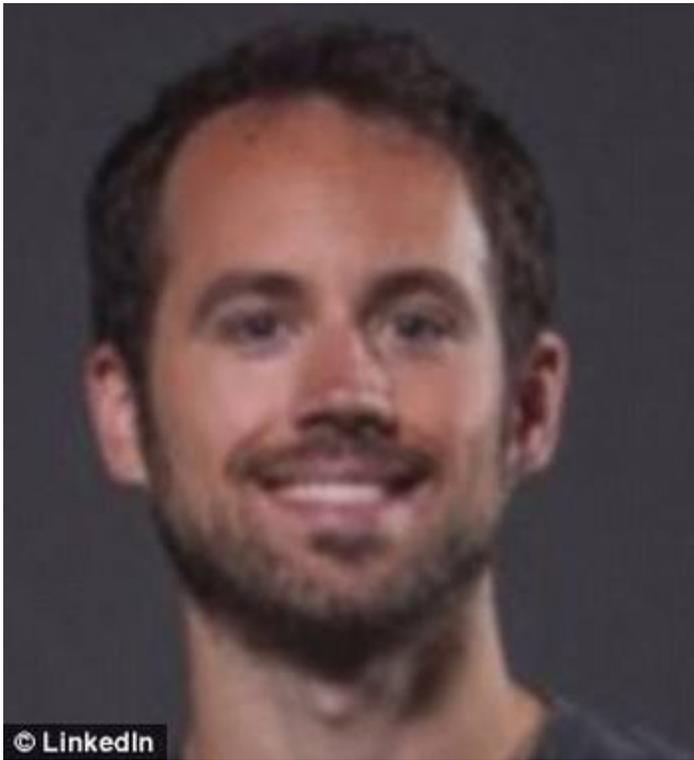
The lawsuit claims Mikkelson spent money on Young, who he married last year.

Young was an escort in Las Vegas up until at least 2015 and charged \$500 per hour, according to her website.

She has also starred in adult films under the name 'Erin O'Bryn,' and ran unsuccessfully for congress in Hawaii as a Libertarian in 2004.



Financial stake: Barbara Mikkleson sold her 50 per cent stake in the company which owns Snopes.com's, BarDay, to the five equity owners of Proper Media, including Drew Schoentrup



Fall-out: Proper Media, including Christopher Richmond (left) are suing Snopes.com. Their former co-worker Vincent Green (right) now works for Snopes and they say he is part of the fraud

13. In one of these footnotes, the Court is informed that at the beginning of our separation I transferred marital funds into my sole name, which I did (but a fraction of the amount claimed by Respondent), **but omits that I did so in response to discovering Respondent's embezzlement of \$98,000.00 from our company over the course of four years**, which were monies he expended upon himself and the prostitutes he hired, returning only \$9,000.00 to community funds when compelled to do so by our July 2014 stipulation. I acted to protect our marital assets from further mishandling by Respondent.

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Bitter divorce: Claims of prostitute use have been made already, by Barbara Mikkelson. David Mikkelson has not mentioned them at all on his Snopes.com website or addressed whether they are factually true.

Her site, which is still online, describes her as 'an elite courtesan who provides discreet companionship for those who appreciate the finer things in life.'

'I have an adult woman's build and and the soul of an indomitable force of nature burning within it,' she wrote.

Young now works as an administrative assistant at Snopes.

Mikkelson claimed in legal filings that Bardav Inc. spends \$165,000 per month running Snopes.com – a cost that is larger than the advertising revenue Proper Media says the website brings in.

'Bardav's claims of financial distress are gravely concerning,' said Proper Media. 'Mikkelson, by his own admission, is operating Bardav at a monthly deficit and cannot be trusted with the Bardav purse strings.'

'[N]otably, while he argues that Bardav is on the brink of collapse, [Mikkelson] signed his declaration in Orleans, France,' continued Proper Media.

The lawsuit also claims Mikkelson conspired with a former Proper Media employee named Vincent Green in an attempt to seize majority control of Bardav Inc. this spring.

Green, a Marine veteran who was vice president of operations at Proper Media, allegedly became close with Mikkelson while working on the Snopes.com website as part of his responsibilities at the advertising company.

'Throughout his employment, Green worked extensively on the Snopes website, and, as a result, came to personally know and befriend Mikkelson,' said the lawsuit.

'I have an adult woman's build and and the soul of an indomitable force of nature burning within it
How David Mikkleson's new wife describes herself on her website

In late February, Proper Media claims that Green removed the company's access to the Snopes content-management system, fired three Proper Media employees, and seized thousands of dollars of computer equipment from Proper Media's offices.

'On information and belief, Green did so in conspiracy with and at the direction of Mikkelson,' claimed the lawsuit.

In March, Green allegedly listed himself on Snopes.com's staff webpage as a business development employee. That month, he is also accused of removing 'Snopes-related data from Proper Media's communication and project-management tools, including Slack and Asana.'

That same day, Mikkelson allegedly terminated a business agreement with Proper Media to run the Snopes.com advertising, effective 60 days later. On April 1, Mikkelson removed Proper Media's access to the company bank account, the lawsuit claims.

But it wasn't until April 3 that Green officially submitted his resignation, according to the lawsuit. Proper Media claims that he violated his fiduciary duties to the company.

Proper Media is asking for punitive and exemplary damages, and is also asking a judge to remove Mikkelson as a Bardav Inc. director.

It even suggests the site could be closed completely.

The case, with its claims of misconduct, fraud and use of prostitutes, is not mentioned at all on the SaveSnopes.com website or its linked GoFundMe.

The GoFundMe remains open despite having exceeded its \$500,000 goal within 25 hours of being set up.

Proper Media, Mikkelson and Facebook did not respond to request for comment.

However on Tuesday Mikkelson told another journalism website, Poynter.org, that the 'money we raised will be used to meet our basic operating expenses, the overwhelming bulk of which is the salaries of our staff'.

Poynter is one of the other sites Facebook said it would be turning to for arbitration on what stories on its feed are 'fake news'.

SOME CLAIMS BY SNOPE WHICH SUPPORTERS MIGHT WANT TO FACT CHECK (AND EVEN WHEN IT FIRST BEGAN IS UNCLEAR)

Snopes.com is asking for money from supporters in a statement on a new website - SaveSnopes.com - which makes a series of claims about its history and activities - some of which appear to contradict other versions of events its founders have offered in the past. Here we break down some of the claims.

SaveSnopes.com says:

'Snopes.com, which began as a small one-person effort in 1994 and has since become one of the Internet's oldest and most popular fact-checking sites, is in danger of closing its doors.'

Fact-check:

Barbara Mikkelson [told CNN](#) in 2004 that 'it was started out as our hobby' while in 2005 the two were interviewed [on NPR](#) and it was reported that it was founded by them both in 1995. In 2009, the [New York Times](#)'s Brian Stelter, now CNN's senior media correspondent, reported that it was founded in 1996. Snopes.com offers no documentary evidence of exactly when it was established and who out of Barbara and David were the one-person effort. In his response to being sued by Proper Media, Mikkeslon claims: 'I founded Snopes.com in 1994.' No court ruling on any aspect of his or Proper Media's claims has been made.

SaveSnopes.com says:

'We had previously contracted with an outside vendor to provide certain services for Snopes.com. That contractual relationship ended earlier this year, but the vendor will not acknowledge the change in contractual status and continues to essentially hold the Snopes.com web site hostage.'

Fact check:

The 'outside vendor' Proper Media entirely disputes the truth of this version of events, and provides an alternative narrative. It says that the equity owners of Proper Media are entitled to a seat on the Snopes board, that Mikkelson was defrauding the company, and that they have not withheld advertising revenues. Additionally, Proper Media brought the case against Snopes. SaveSnopes.com does not say that as the court has made no ruling, it is not clear what the truth is.

SaveSnopes.com says:

'Since our inception, we have always been a self-sustaining site that provides a free service to the online world: we've had no sponsors, no outside investors or funding, and no source of revenue other than that provided by online advertising.'

Fact check:

The five owners of Proper Media agreed on May 29 2016 to buy Barbara Mikkleson's share of the company in the course of her contentious divorce. To do so they obtained a loan from from Diamond Creek Capital LLC. The five owners of Proper Media are therefore investors, with outside funding. Snopes, Facebook and Proper Media have declined to say if Facebook provided funding as part of its efforts against 'fake news'.

SaveSnopes.com says:

'Our legal team is fighting hard for us, but, having been cut off from all revenue, we are facing the prospect of having no financial means to continue operating the site and paying our staff (not to mention covering our legal fees) in the meanwhile.'

Fact check:

The court in San Diego ordered the release of \$100,000 from Proper Media in advertising revenue to Snopes - at the request of Snopes itself. That would seem to invalidate its claim that it remains 'cut off

from all revenue'. The SaveSnopes.com statement does not say if 'paying our staff' includes giving Mikkelson his allegedly fraudulent salary and expenses claims, which are at the heart of the dispute. Mikkelson and Proper Media have both declined to comment.