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\$14M Adam Carolla Podcast Biz A Handshake Deal, Jury Told

By **Daniel Siegal**

Law360, Los Angeles (September 04, 2014, 7:34 PM ET) -- Adam Carolla's ex-business partner in the world's most downloaded podcast told the California jury hearing his \$4 million suit that they agreed to divide profits 70-30 during a conversation at a Studio City diner, saying on Thursday the deal was informal because "we weren't lawyers, weren't businessmen."

Carolla's longtime friend Donny Misraje alleges he co-founded the podcast with the comedian only to have Carolla violate their oral partnership agreement and force him out of the business, which has raked in \$14 million in profits. Misraje took the stand Thursday to claim that although he and Carolla never drew up a paper contract, they had orally agreed to split their company, and that Carolla never disputed that split until after the podcast became a success.

Mark Geragos of Geragos & Geragos APC, representing Carolla, however, pressed Misraje about a deal memo his wife had sent him in February 2010, after the podcast was established. The deal memo contained proposed terms for a net revenue split of 70-30 for the flagship podcast, and different splits for a set of proposed podcasts Misraje was planning to launch with the business. Geragos asked why, if Misraje and Carolla's deal was so solid, he was still looking at proposed terms well after their initial meeting.

"You didn't have a clear understanding as of February 2010 of your deal with Adam, if you had a clear understanding, why didn't [the deal memo] get signed?" Geragos asked.

Misraje — a high school friend of Carolla — his wife, Kathee Schneider-Misraje, and Sandy Ganz **filed suit** in January 2013, alleging that they provided the "innovative force" behind "The Adam Carolla Show" on the basis of Carolla's assurances that they were "all in this for the long haul" and would "all get rich." Carolla began podcasting after his syndicated radio show was canceled in 2009.

The suit said Misraje convinced the "computer illiterate" Carolla to immediately start a podcast to retain his fan base after his terrestrial show was canceled. Although the first episode of "The Adam Carolla Show" was rudimentary, according to the suit, "Misraje's vision was to build a 'multimedia podcast network.'"

Misraje and his wife had such faith in the project that they agreed to deferred partnership distributions, the suit said. Ganz, who initially provided technical support free of charge, was brought into the partnership in October 2010.

But in January 2012, Carolla announced on his show that he had fired Misraje. Since ousting Misraje and Ganz, his former partners alleged, he "has attempted to paint a picture for the public that Mr. Misraje was insubordinate, unable to 'get along' with anyone, unproductive and

simply not 'up to the job.'"

According to the suit, Carolla breached the partnership agreement by failing to give the plaintiffs their share of the profits, or to compensate them for the value of their share in the company at the time they were fired.

Under the alleged agreement, the partnership was later modified at a dinner meeting, so that Carolla owned 60 percent of the partnership, executive producer Misraje owned 30 percent and Ganz held the remaining 10 percent. The partnership "netted significant profits and by 2011 increased its profit margin by approximately 75 percent," the suit said.

The Misrajes and Ganz are represented by Gregory L. Doll, Ronald M. St. Marie and L. Katie Fulsher of Doll Amir & Eley LLP.

Carolla is represented by Mark Geragos, Ben Meiselas and Vi Hohuynh of Geragos & Geragos APC and Sean E. Macias of Macias Counsel Inc.

The case is Misraje v. Carolla, case number BC499379, in the Superior Court of the State of California, County of Los Angeles.

--Editing by Emily Kokoll.

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