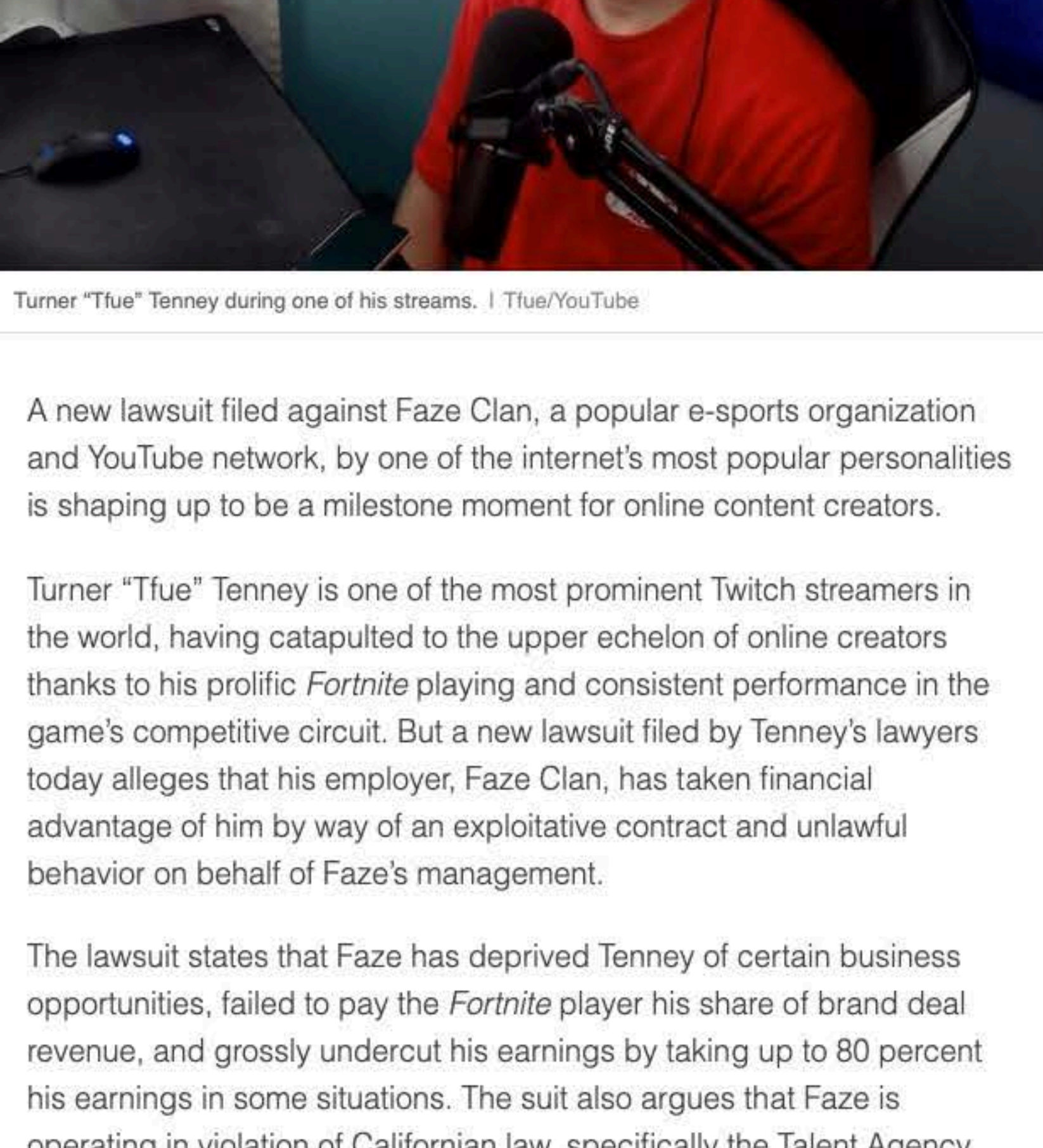


Faze Clan and Tfue's legal dispute could reshape e-sports and YouTube contracts forever

The lawsuit could be a turning point for e-sports organizations

By Julia Alexander | May 20, 2019, 4:49pm EDT

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Turner "Tfue" Tenney during one of his streams. | Tfue/YouTube

A new lawsuit filed against Faze Clan, a popular e-sports organization and YouTube network, by one of the internet's most popular personalities is shaping up to be a milestone moment for online content creators.

Turner "Tfue" Tenney is one of the most prominent Twitch streamers in the world, having catapulted to the upper echelon of online creators thanks to his prolific *Fortnite* playing and consistent performance in the game's competitive circuit. But a new lawsuit filed by Tenney's lawyers today alleges that his employer, Faze Clan, has taken financial advantage of him by way of an exploitative contract and unlawful behavior on behalf of Faze's management.

The lawsuit states that Faze has deprived Tenney of certain business opportunities, failed to pay the *Fortnite* player his share of brand deal revenue, and grossly undercut his earnings by taking up to 80 percent his earnings in some situations. The suit also argues that Faze is operating in violation of Californian law, specifically the Talent Agency Act, by essentially operating as a talent agency without a proper license or abiding by the necessary regulation. The complaint also alleges that members of Faze encouraged Tenney to gamble and drink underage.

TFUE CLAIMS FAZE CLAN HAS TAKEN UP TO 80 PERCENT OF HIS EARNINGS ON SOME DEALS

"Because the esports industry is so new, there is little to no regulation or oversight," attorney Bryan Freedman writes in the complaint. "There are no real organizations such as unions guilds to help protect the content creators/streamers that drive the industry." [E-sports organizations are complex entities](#), often acting as entertainment businesses, talent agencies, apparel companies, and collectives of social media influencers simultaneously. Creators like Tenney sign contracts with these organizations as a way to boost their careers, but it's often in exchange for a cut of earnings for any and all of these platforms and business avenues.

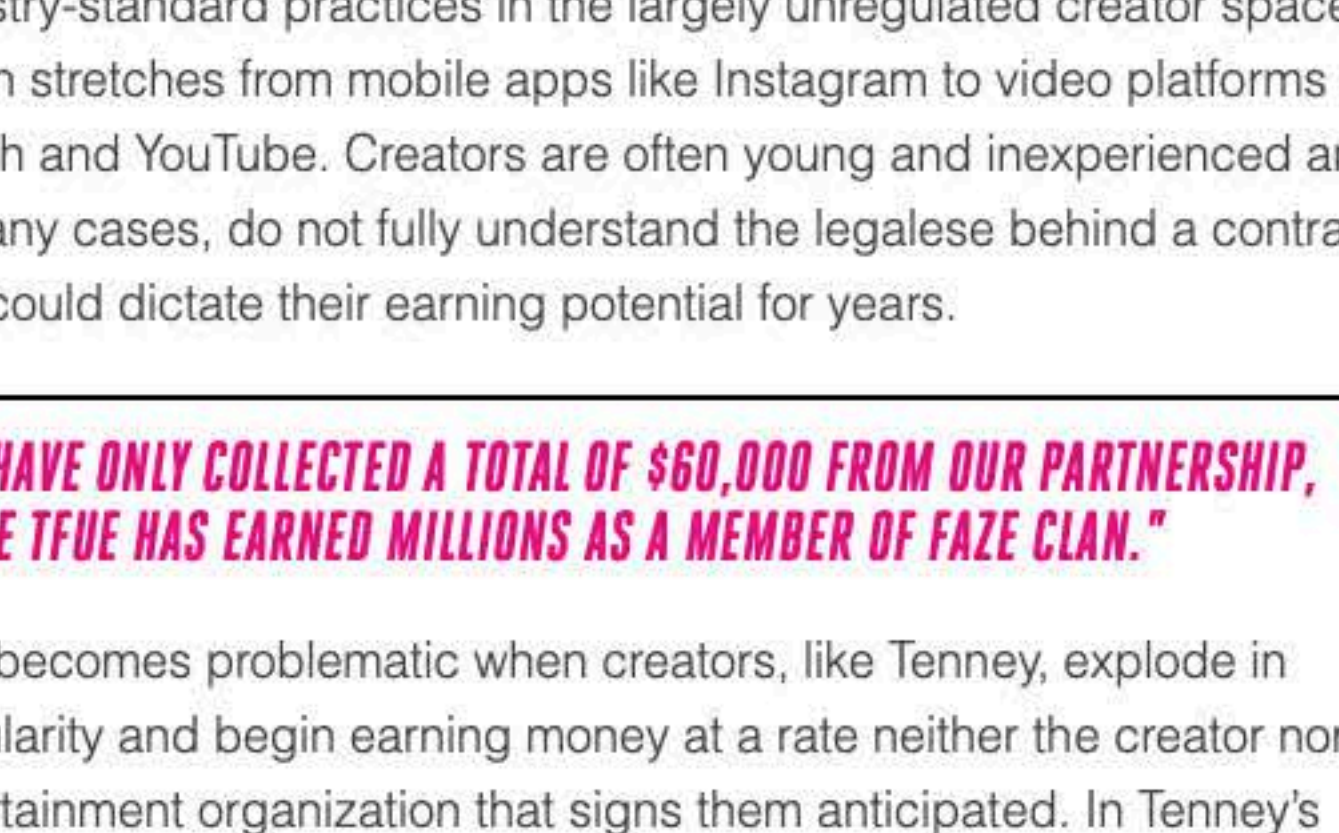
Tenney first signed the contract, referred to within the court document as a "Gamer Agreement," in April 2018 when he was 20 years old. The contract specifically states that Faze gets 80 percent of all revenue that Tenney makes through sponsored videos on Twitch and YouTube, where he has more than 10 million subscribers, according to Tenney's lawyer.

It's a number that has other creators in the gaming space shocked, including Tyler "Ninja" Blevins, who said such terms would be "a joke." Blevins spoke about the lawsuit on his Twitch stream, telling his audience that "80 percent is insane." Ali "Myth" Kabbani [expressed his sympathy for Tenney](#), tweeting, "I genuinely feel so bad for [Tenney]." Freedman refers to the divide as "grossly oppressive, onerous, and one-sided," in the complaint.

Faze is calling those numbers and claims inaccurate. A statement from the company sent to *The Verge* states that since Tenney signed the contract in April 2018, the organization has collected no money from Tenney based on Twitch, YouTube, or social media revenue. Faze's statement also claims that it has not collected a single cent in tournament winnings since Tenney began competing on behalf of the e-sports organization. Tenney is the second-highest earning *Fortnite* player in the game's history, having won a series of major competitions that have netted him more than \$500,000.



"We have only collected a total of \$60,000 from our partnership, while Tfue has earned millions as a member of FaZe Clan," the statement reads. "While contracts are different with each player, all of them — including Tfue's — have a maximum of 20 percent to FaZe Clan in both tournament winnings as well as content revenue, with 80% to the player. In Turner's case, neither of those have been collected by FaZe Clan."



Tenney's case is built upon a number of factors that have become industry-standard practices in the largely unregulated creator space, which stretches from mobile apps like Instagram to video platforms like Twitch and YouTube. Creators are often young and inexperienced and, in many cases, do not fully understand the legalese behind a contract that could dictate their earning potential for years.

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This becomes problematic when creators, like Tenney, explode in popularity and begin earning money at a rate neither the creator nor the entertainment organization that signs them anticipated. In Tenney's case, he became one of the most-watched Twitch creators on the platform in mere months of signing with Faze, and his Instagram, Twitter, and YouTube followings have all experienced meteoric rises.

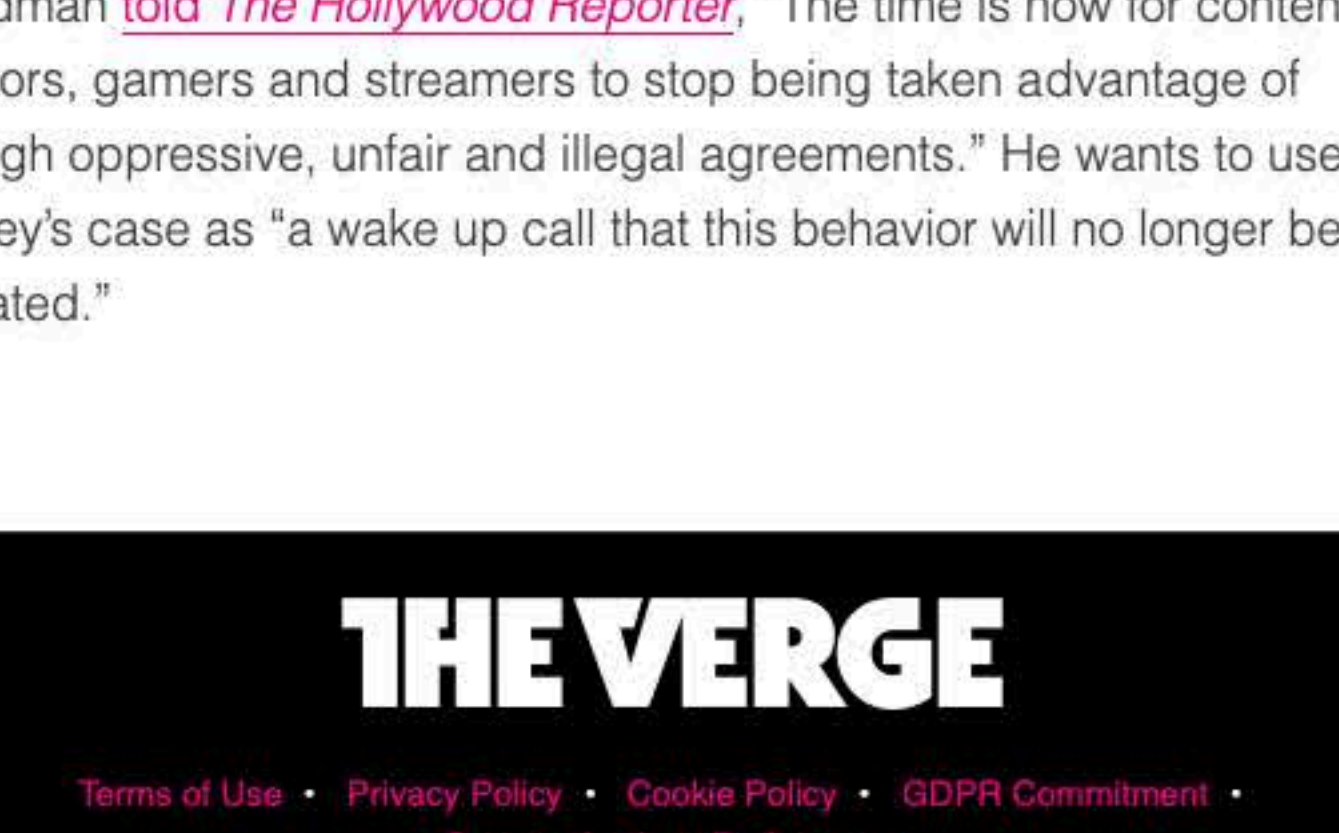
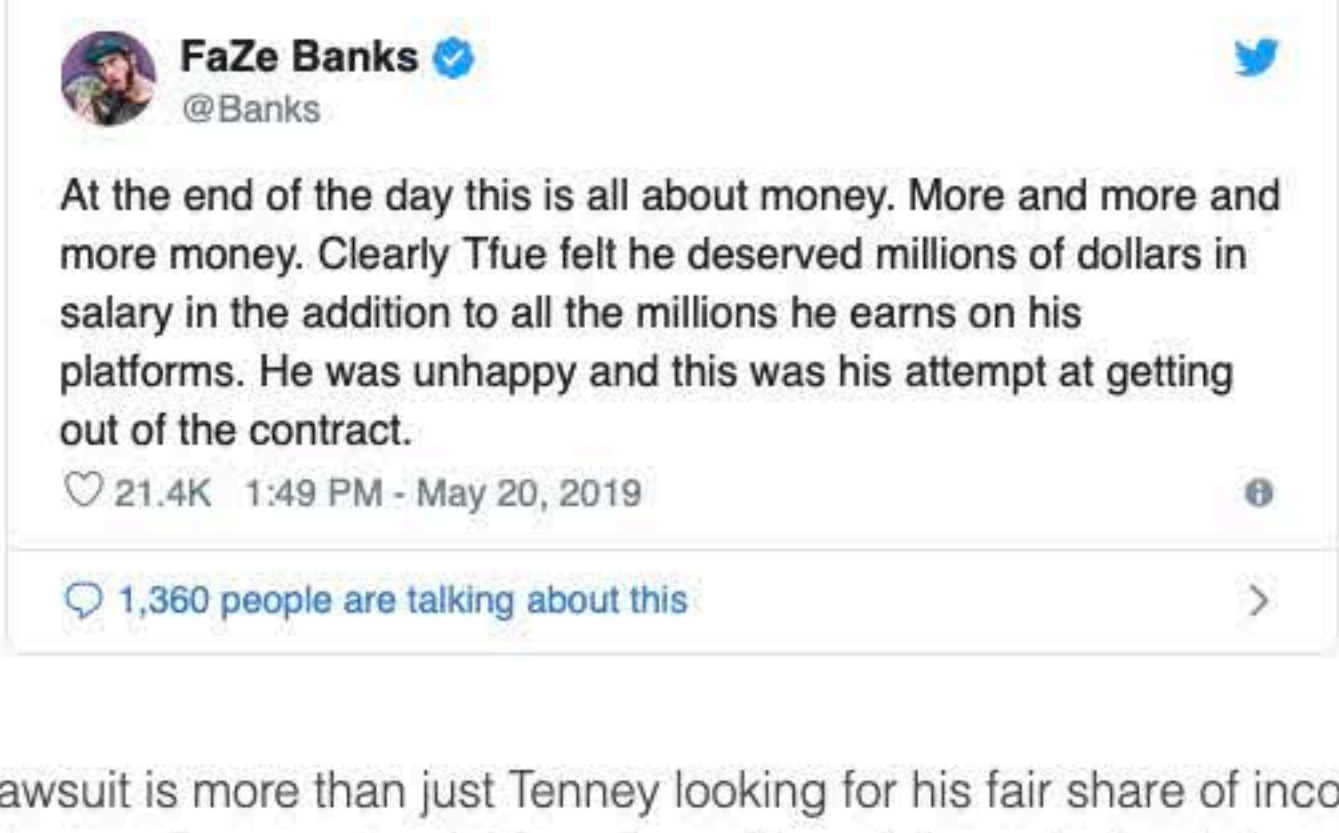
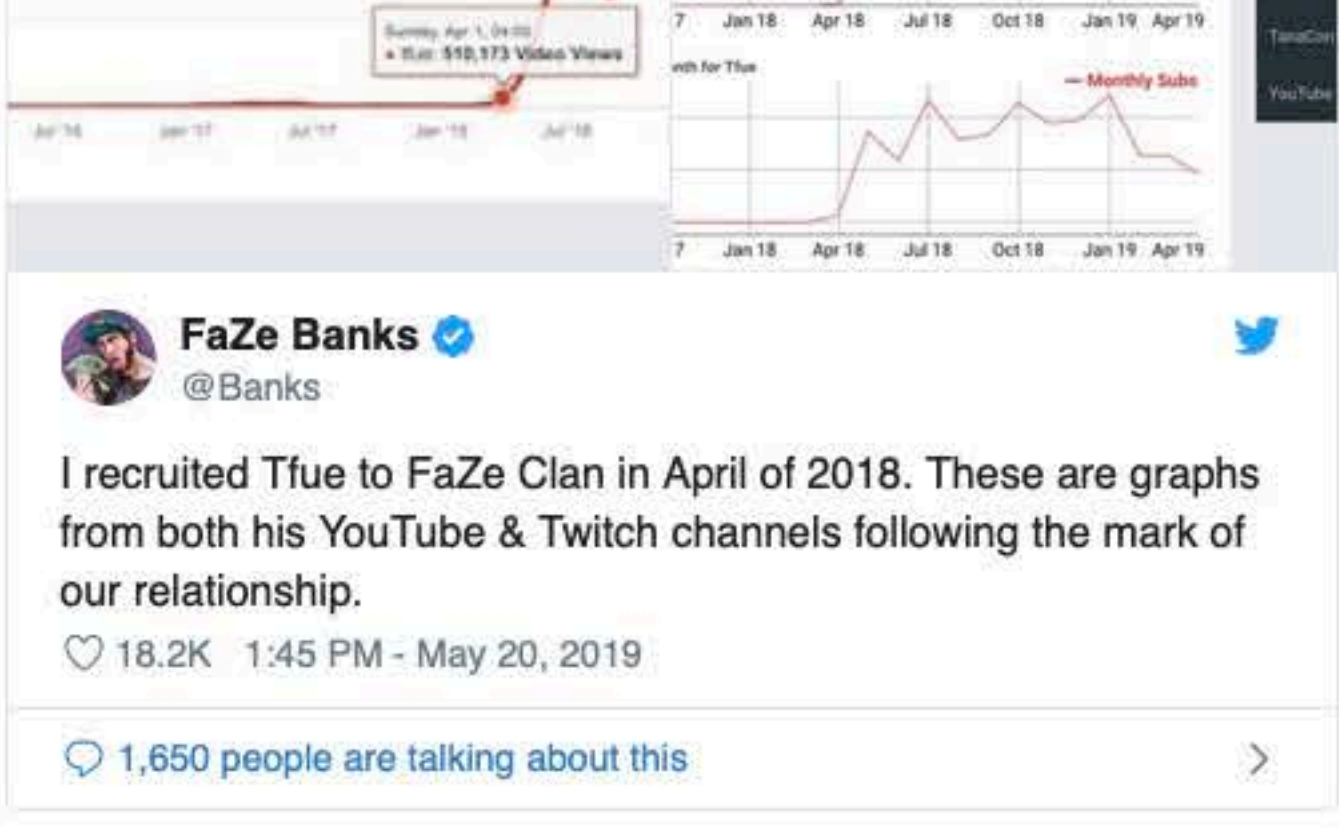
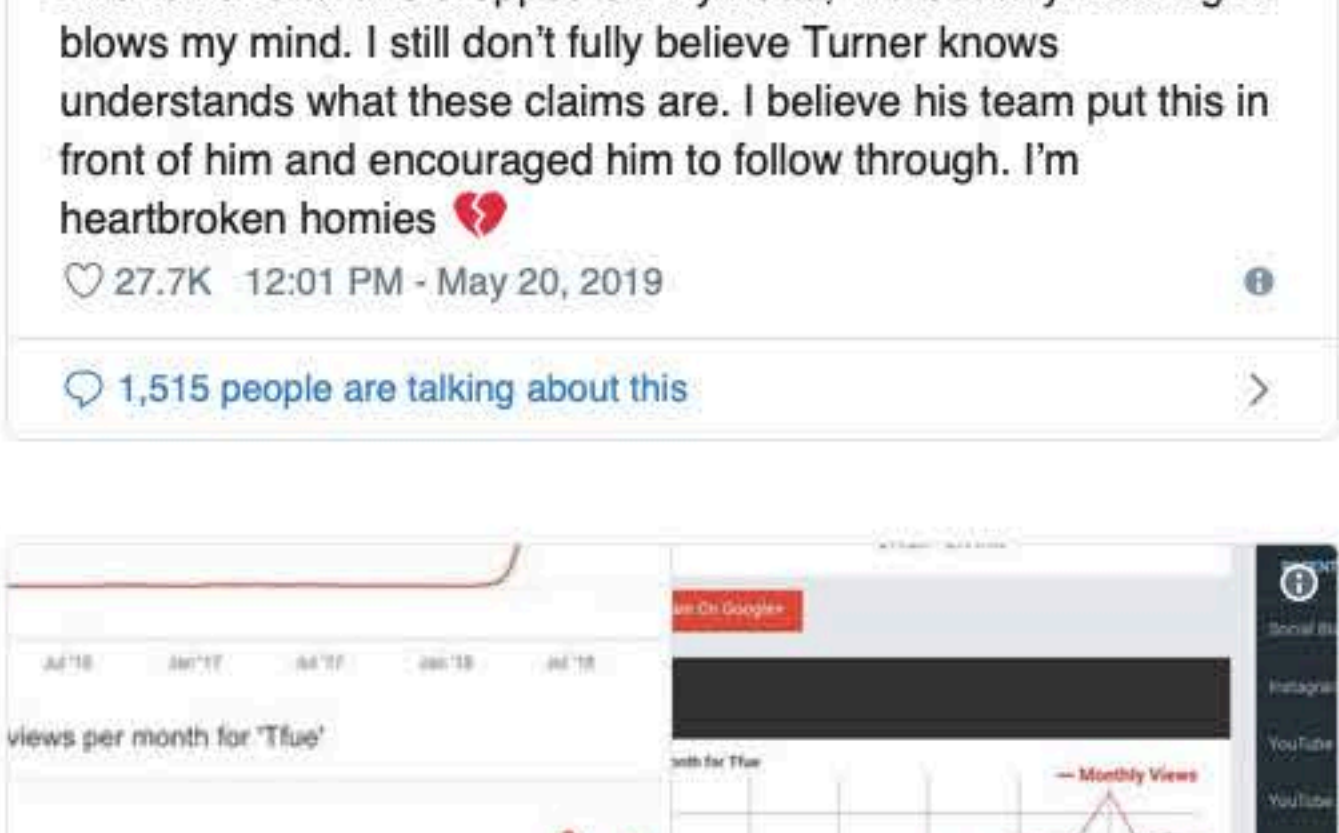
For creators in these positions, there is often no formal representation helping guide their careers. Companies exploiting young, naive creatives isn't new. But just like regulations were put in place for young actors, Tenney's lawyer says he and his client want to see the same thing happen within the content creator space. It's an area that's only continuing to grow. *Forbes* [reported in 2018](#) that "e-sports revenues will grow 38 percent this year, to \$906 million, and reach \$1.65 billion by 2021." It's also an industry heavily intertwined with YouTube and Twitch content creators, reliant on the hard work and ambitions of young creators who often do not have sound business or legal guidance.

"Most of these content creators/streamers are also very young, and are often unsophisticated, unseasoned and trusting," Freedman writes. "As a result, these young content creator/streamers are susceptible to being taken advantage of and exploited — often by those that are supposed to be looking out for their best interests. Unfortunately, this has become industry standard."

This may be the first time an e-sports organization as popular as Faze is being sued by one of its more popular personalities, but this isn't a new story within the world of online creators. YouTubers have [complained for years that so-called "multi-channel networks \(MCNs\)"](#), which are companies that essentially act as middlemen for brands and content creators, [have exploited video makers](#) since being a YouTube personality became a viable career path more than a decade ago. One of the most prominent MCNs, Defy Media, is currently [embroiled in its own legal issues](#) after multiple creators sued the now-defunct company for not paying out adequate funds from video revenue.

Anthony Padilla, a YouTube veteran, is perhaps the most emblematic case of exploitation in the YouTube world. He sold his popular YouTube channel Smosh, with more than 20 million subscribers, "for zero dollars." Although he said it was "on him" for not being more thorough reading the contract or taking time to fully understand what he was signing over, he wanted his case to be a lesson for future YouTube creators. "We had no representation. We didn't understand," Padilla [said in a 2018 video](#). "I don't know if we were purposely taken advantage of, but we were taken advantage of, and that's my bad."

Members of Faze have started responding to Tenney's lawsuit. Richard "Banks" Bengtson, arguably the most popular Faze member, tweeted his own statement after news of the lawsuit started spreading online.



The lawsuit is more than just Tenney looking for his fair share of income he's deserved, according to Freedman. It's a statement of resistance. Freedman [told The Hollywood Reporter](#), "The time is now for content creators, gamers and streamers to stop being taken advantage of through oppressive, unfair and illegal agreements." He wants to use Tenney's case as "a wake up call that this behavior will no longer be tolerated."