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## Sharon Waxman & TheWrap Sued For Fraud By Former Executive

By DOMINIC PATTEN | Tuesday January 15, 2013 @ 9:55am PST

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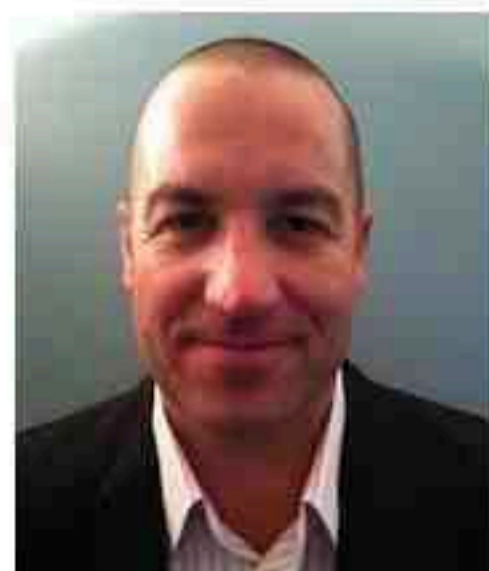
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COMMENTS (17)



TheWrap's former Chief Product Officer today took Sharon Waxman and her struggling aggregation website TheWrap to court for fraud and negligent misrepresentation. In a complaint filed Tuesday in LA Superior Court ([read it here](#)), Jason Scoggins claims that Waxman used "a series of fraudulent representations and coercive and extortionist tactics" to cheat him out of his ItsOnTheGrid.com company and later both his shares in TheWrap and his \$110,000 severance package. The 34-page filing also names Mark Davis, TheWrap's COO, and ItsOnTheGrid Inc as defendants along with Waxman and The Wrap News. "By this lawsuit, Scoggins seeks to hold Waxman, Davis, TWN and IOTG accountable for strong arming and extorting Scoggins into surrendering his TWN shares. Scoggins also seeks to rescind the unfavorable agreements entered into with TWN and IOTG," says the complaint.



In his six-count claim, Scoggins wants unspecified compensatory and punitive damages. He also wants his shares in TheWrap News fully restored and an order for a full accounting and valuation to determine their true worth. That last part, or even the pre-trial discovery process a case like this entails, could reveal all of TheWrap's financial details — including what Waxman's site is really worth. Since its founding in 2009, TheWrap has almost exclusively been financially supported by Starbucks CEO Howard Schultz's venture capital firm Maveron.

Scoggins, a former literary manager, sold his spec script tracking platform to TheWrap in January 2011 based on Waxman's assertion that her company was worth \$13 million. At the time, Waxman told Scoggins that TheWrap's Board wanted to value the company at \$11.9 million for the purposes of assessing the value of the stock he was to receive for the purchase. That wasn't the first time TheWrap seemed to suddenly change value. Previously in negotiations in 2010, Scoggins says Waxman told him that the company was actually worth \$9.65 million. In the final agreement, Scoggins was to receive a 3.2% ownership of TheWrapNews in vested shares valued at around \$465,000 according to today's suit. He also signed an employment contract that made him CPO and guaranteed him a \$110,000 severance package were he to leave TheWrap. Just over a year later, according to Scoggins' suit, the IOTG situation had deteriorated with Waxman. Scoggins says that he was forced under "duress" by her and Davis in a March 5, 2012 late night meeting to sign documents divesting him of his supposedly lucrative shares, entering into a joint venture agreement with Film Funds and a new employment agreement. "Waxman, on behalf of TOWN and IOTA, again threatened to dissolve the joint venture, shut down IOTA and fire Scoggins for a made up 'cause' if he refused to sign the Forced Documents," alleges the complaint. It also claims that Waxman and Davis would not allow Scoggins to have his lawyer go over the documents the next day. "Scoggins — with Waxman standing behind him, her arms folded, snorting and tapping her feet like an impatient schoolmarm — attempted to read and make changes to the Forced Documents, despite having no legal training," the suit says. Scoggins soon discovered, he claims, that Waxman misrepresented the terms of the FilmFunds co-venture, leaving him with no company and by early April 2012, no job at TheWrap.

"Jason Scoggins' only mistake was to trust Sharon Waxman. It resulted in him losing the company that he built from the ground up. This conduct will not be tolerated," the Plaintiff's lawyer Bryan Freedman told Deadline today. Scoggins is represented by Freedman, who is an outside counsel to Deadline's parent company PMC, and Brian Turnauer of LA firm Freedman & Taitelman. [Full disclosure: Dominic Patten worked for TheWrap as a freelancer writer and then contract employee from April 2009-March 2011.]

**Deadline's Dominic Patten - tip him [here](#).**