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Subject: FW: Bollea - More press coverage

From: Lexi Georgiadis [mailto:lexi@goldin.com]
Sent: Wednesday, June 15, 2016 11:22 AM
To: nickgawkercom; heather@gawker.com; Seth Berlin; Gawker
Subject: Transcript: CNBC — Squawk Box

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Anchors: Andrew Ross Sorkin, Becky Quick, Joe Kernin

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[TRANSCRIPT]

Andrew Ross Sorkin: Welcome back to "Squawk Box" this morning. Gawker Media is on the auction block, the embattled media company getting a \$22 million life line from PE fund Cerberus after filing for bankruptcy and putting all seven of its brands and other assets up for sale. Gawker facing significant financial pressure from the \$140 million legal fight with Hulk Hogan. That battle was bank rolled, of course, by Silicon Valley billionaire Peter Thiel -- I say of course but it was not up until a couple weeks ago it was not of course. Joining right now is Nick Denton, we're thrilled to have you, he is the founder of Gawker Media.

Nick: Good morning.

Andrew: Let's understand the state of play. First of all, when you look at what's happened given the bankruptcy filing, do you say that Peter Thiel won?

Nick: I think he's only won this particular battle. But there is a legal process that's under way. There is an appeal against the Hogan judgment.

Andrew: Do you look at the Gawker Media empire that you created, and do you say this is the end?

Nick: No. This is the end of Gawker Media as an independent company. We prided our independence very much. But we have a provisional sale in place to Ziff Davis. It will give the brands and the people and the jobs a good home. And we continue to do the journalism that we do, and we continue to take advertising. It's business as usual.

Andrew: It has not changed the business in the past two or three weeks?

Nick: No. I don't know if you saw but we've gotten ourselves into yet another little contretemps.

Andrew: We teased it before, this is about Donald Trump's hair.

Nick: That's right.

Andrew: What is that about?

Nick: It's the same lawyer. Peter Thiel's lawyer. It's a letter, not a lawsuit at this point. But it's a complaint on behalf of the hair restoration expert who is actually in Donald Trump's building.

Joe: What about it? i wont to know because I -- i had been accused for so long of having a wig, i would like to sue.

Nick: If yours is a wig it's a very good one.

Joe: Thank you. It's not dyed either. I'm ready to sue.

Becky: This is a guy who was accused of potentially making a hair weave. The question was does Donald Trump have a hair weave? His main shop is set up at Donald Trump's Trump Towers.

Nick: It's a speculative investigation into the connections between-

Joe: Whether there was or whether it's a weave. What's a weave? How does a weave work, Andrew?

Andrew: I don't know how it works. Explain this so we understand. The state of play on the suit and the appeal itself. Because what put this whole company in jeopardy is the \$140 million payment, right?

Nick: Yeah. it's -- we're up to date with our bills. We're a functioning company. We have this one \$140 million judgment. It's in a case in which the federal courts and the appeals court has already made its determination.

Andrew: The expectation, though, is that that number will go down. To what we don't know. The question is how long does it play out in terms of how do you see the permutations of the case playing out?

Nick: I think it goes forward to appeal. Probably in about nine months to a year. And we expect the decision by the Florida State Court to be reversed or significantly reduced.

Becky: Part of the problem, the reason you had to go into bankruptcy at this early date is because the terms imposed on this would have been allowed Hulk Hogan or Terry Bollea to start taking liens on some of Gawker's property?

Nick: Yeah, we would have basically had to give him the keys to the company. The way it works as part of the bankruptcy, sale process, we get a stay on the decision. And so it means we can pursue the appeal and meanwhile we'll sell the company in the next two to three months. And I think get a decent valuation for it. Maximize value for all our stakeholders, preserve the jobs and move on.

Becky: Is the \$90 million Ziff Davis has bid a decent valuation?

Nick: It's depressed, compared to say what Business Insider got last year, but I think given the fact that we took editorial risks. our whole proposition is based on doing the stories that other people sometimes, you know, won't touch for whatever reason. and there are some risks involved in that. we happened to alienate a particularly powerful billionaire. On balance I'm kind of glad with the choices we've made.

Andrew: So there is talk that you might to try to file a tortious interference case against Peter Thiel. Is that something you plan to do?

Nick: I can't talk about any plans like that. Anything we do will be done solely in order to maximize the value of the estate.

Andrew: Do you think there is a case to be made -- and you've been critical of the fact that Peter Thiel has been behind this, that there should either be a change in the law or a change in the way this particular case and other cases like this are approached?

Nick: I think -- let me say this. I think it's healthy that there is a debate about these matters. I think it's healthy that Peter Thiel has come in for a degree of ridicule for pursuing a ten-year vendetta over a bunch of negative critical coverage or mocking coverage. As for how the legal process plays out, I am not -

Andrew: Do you think financial backers of cases should be disclosed in every instance? The reason I ask is there are lots of situations, whether it's the Innocence Project or other not for profit organizations who try to help people, whether they're trying to defend themselves or whether they're trying to bring cases.

Nick: I don't see why they should have a problem being disclosed. I think most don't have a problem with being disclosed.

Andrew: But your issue is traditionally when they are disclosed they're not disclosed to a jury. And traditionally, judges actually say that should be an irrelevant metric.

Nick: I think i have seen surveys which show the judges themselves believe they should know who the backer is of a case. Generally I am a believer in transparency and openness and I think that, you know, all people's motives should be open to examination and scrutiny and criticism and sometimes mockery.

Andrew: The rumor mill says, if you sell the Gawker empire, if you will, that you might try to buy back gawker.com itself and continue to publish it as a Denton production.

Nick: Gawker.com is a unique publication. It is driven news coverage on a range of topics from Hillary Clinton's emails through to Donald Trump's hair. And so if an acquirer doesn't value it as much as, say, I or other investors would, I hope there is a chance for Gawker.com to live on in another way.

Becky: Would you do that through personal funds or through teaming up with another investor?

Nick: It's radically premature. Our focus right now is to sell the company at the best value possible to the best acquirer. I think it's a combination of Gawker Media's, Gizmodo, Lifehacker, Kotaku brands. With Ziff Davis, it would be a powerful brand, particularly in the video game media market. And beyond that we'll see.

Andrew: What is Nick Denton's financial world look like now? How do you make out when this is all over?

Nick: I think it depends very much on how the appeal goes. I will have a stake in a lawsuit. A -- if Hulk Hogan -- if the verdict stands, then i won't make anything, nor will any of the shareholders of Gawker Media. If the appeals court decides to overturn the -- overturn the decision as we expect, then I think we'll do fine.

Becky: Nick, just in terms of of the bankruptcy protecting Gawker, it doesn't protect you personally and you are personally liable for part of this. I think there is another bankruptcy hearing today to determine whether you will be shielded by this as well. Is that correct?

Nick: That's right.

Becky: How does that play out? These things may shield people for some time, but then I guess there is a point where it does get kind of washed away.

Nick: It's kind of -- it's unprecedented, really, for a publisher to be held personally liable for a story that was put out that actually i never saw. The -- we'll see. It will play out. It's kind of a convoluted process. Ultimately in nine months or 12 months time when the appeals court returns to this matter, I believe that they'll make the me decision that the federal court did before, the appeals court did before and the jury verdict in Florida will be seen to be an aberration.

Andrew: If you look back at the last 14 years, you had built this empire that some people thought would be the next Conde Nast. How do you feel about it now? You said you would do it again in terms of the decision on the Hulk Hogan.

Nick: Our whole proposition has been to write the stories that are actually suggested, between the lines in newspapers or alluded to on tv. So we go there.

Andrew: Right.

Nick: With that comes -- it's a lot of fun. It draws a huge audience. You know, we get five to six million people each weekday coming to our seven properties. And the downside is that, you know, occasionally you'll annoy a Silicon Valley billionaire and maybe you'll annoy him enough to have him come after you.

Andrew: Have you talked to him or any of his people?

Nick: I'm not going to talk about that.

Andrew: Sounds like there is something there. Thank you, Nick. Appreciate it.

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