

# [ Verdicts & Settlements ]

## E-mail disputed as a binding Web phone business contract

Plaintiff asserts he was owed termination fee, nearly \$1 million salary

**\$1,275,417**

In a lawsuit filed in U.S. District Court, Eastern District of Michigan, plaintiff Richard Greenwood asserted defendant Kenneth Raznick breached a business venture contract.

On Dec. 18, 2001, Greenwood sent an e-mail to Raznick outlining the terms upon which he would agree to work for Raznick's upstart Web phone business.

Greenwood wrote that he would require a \$35,000 monthly salary, business expenses, and a \$300,000 severance payment that would be triggered if Raznick terminated the relationship. At the end of the e-mail, Greenwood wrote, "Let me know what you think."

Greenwood testified that he would only work for Raznick pursuant to the terms outlined in his e-mail, and Raznick needed to agree to and sign the e-mail. Raznick testified that at the time of the e-mail, he could not afford the terms, that he never intended

**Type of action:** Breach of Contract

**Type of injuries:** Unpaid salary

**Name of case:** Greenwood v. Raznick

**Court/Case no./Date:** U.S. District Court, Eastern District of Michigan; 2:05-CV-73553; Dec. 11, 2009

**Tried before:** Jury

**Name of judge:** Arthur J. Tarnow

**Highest offer:** \$300,000

**Verdict amount:** \$1,275,417

**Attorneys for plaintiff:** Gerard V. Mantese.



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**Attorney(s) for defendant:** Withheld

to be bound by them, and that he did not view the e-mail as a binding contract.

Raznick did, however, agree to sign if the words "Initial Agreed. Subject to final revisions" were inserted before his signature. Upon the insertion of those words, he signed the e-mail.

Over the next three years of their working relationship, Greenwood devoted 3,000 hours per year to the venture. However,

interests in real estate holdings for at least \$4 million, and did not pay Greenwood the almost \$1 million in salary, plus the \$300,000 termination fee, outstanding at the time.

At trial, plaintiff presented evidence that Raznick told at least two business associates that he had a contract with Greenwood and was paying him. On cross-examination, Raznick was repeatedly impeached by plaintiff's counsel through use of Raznick's prior deposition testimony, and forced to admit to the jury that Greenwood did a tremendous amount of work for him and that he did not expect him to work for free.

Raznick's bookkeeper also admitted that when she first received a copy of the agreement, she believed it obliged Raznick to pay Greenwood \$35,000 per month, but Raznick told her he had no intention of honoring the contract.

Defendant asserted that the e-mail agreement was a ruse to trick Greenwood's wife that he was working, and that Greenwood was a "partner" of the Web phone venture whose fortunes were tied not to the agreement, but to the fate of the venture.

The jury rendered a unanimous verdict in favor of Greenwood and awarded \$1,275,417.

Raznick failed to pay Greenwood \$35,000 a month, only partially performing his obligations under the contract by making payments of \$264,000 over the next three years.

During the periods of nonpayment, Raznick repeatedly reassured and promised Greenwood he would "make him whole" and pay him under the terms of the e-mail contract.

In February 2005, Raznick walked away from the Web phone venture, sold some of his