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Judge Judy's \$47M Salary Isn't Reasonable, Says Talent Agency



Courtesy of CBS
'Judge Judy'

New court papers in an accounting lawsuit showcase financials for the courtroom drama and point to the salaries of other TV stars.

To hear Judy Sheindlin's explanation, she gets \$47 million each year in salary for *Judge Judy* because, well, that's what she wants.

"This isn't a negotiation," she testified at deposition. "They pay me the money that they do because they have no choice."

But an ongoing lawsuit brought by a talent agency against CBS paints the situation to be more complex. Sure, to keep its high-profile star, CBS may prostrate itself as if it was someone in Sheindlin's courtroom. CBS is more than happy to give her a \$47 million salary so that it might itself enjoy \$75 million in annual net profits from the show. Then again, there's Rebel Entertainment Partners, which itself enjoys 5 percent cut of the show's net profits because its predecessor talent agency packaged *Judge Judy* in the mid-1990s. The problem with the \$47 million, claims Rebel, is that it essentially has made its own profit participation meaningless.

"It is the custom and practice in the television industry that, if a production company elects to pay talent an increased upfront fee, such increased fee will not be of such a magnitude as to deprive profit participants from realizing any profit participation benefits," states Rebel's opposition to summary judgment filed this month. "It is further the custom and practice in the television industry for a production company to act reasonably toward profit participants with respect to allocation of the production costs of a television series, including the salaries of talent."

By deducting \$45 million of annual payments to Sheindlin, Rebel believes it is getting cheated. Not just from Sheindlin's salary either. According to audit claims, CBS derives undervalued fees when licensing *Judge Judy* to its affiliated local and foreign stations. CBS packages *Judge Judy* with other shows and might be allocating unfairly. CBS deducts almost \$14 million in the disability and life insurance policy on Sheindlin. And then there's the dispute over whether Rebel should be participating in the "spinoff" series *Hot Bench*.

Adding up the receipts and expenses presents a picture. From the audit statement, here's the financial performance of *Judge Judy* from 1996-2014. It showcases how the series has been enormously lucrative to CBS, but not quite so special to the talent agency once involved in getting *Judge Judy* off the ground:

	Inception to February 2003	February 2003 to February 2007	February 2007 to February 2014
CBS Financial Performance:			
* Gross Receipts	\$ 408,790,900	\$ 481,642,339	\$ 804,503,577
Distribution Expenses	52,614,800	33,599,480	45,588,407
Agency Fees	3,124,700	3,332,559	2,012,651
** Negative Costs	108,203,680	163,239,521	266,933,713
Net Profit	\$ 244,847,720	\$ 281,470,779	\$ 489,968,806
# Seasons	6.5	4	6.5
CBS Net Profit Per Season	\$ 37,668,880	\$ 70,367,695	\$ 75,379,816
% Profit Increase for CBS		87%	7%
Rebel Participation Performance:			
Rebel Participations	\$ 3,124,700	\$ 3,332,559	\$ (591,227)
Rebel Participations Per Season	480,723	833,140	(90,958)
% Participation Increase / (Decrease)		73%	-111%

The lawsuit over *Judge Judy* is another one of those "Hollywood Accounting" cases (like *The Walking Dead*, *Supernatural* or *This Is Spinal Tap*), but it is one where the public interest has mainly derived thus far from Sheindlin's outsized paycheck. Perhaps because it's a talent agency in the plaintiff's seat rather than an actor or executive producer, the litigation doesn't appear to have inspired sympathies. For her part, Sheindlin has knocked Rebel president Richard Lawrence's "obscene" demands over "what was perhaps two, three hours' worth of business" a couple of decades ago. Rebel responds in opposition papers that "distasteful ad hominem attacks on Rebel's president are not only irrelevant, they are misleading."

Regardless of who is fighting, the lawsuit is headed towards an explosive battleground for the industry, especially as packaging arrangements become more commonplace and displace commissions as the primary way that agents get compensated.

CBS has argued Rebel's deal doesn't allow the agency to challenge production cost amounts, only production cost types.

Rebel challenges this assessment by first talking about a 2005 amendment to its deal. According to the plaintiff, the amendment was actually a settlement to resolve a previous audit dispute, and that the "general intent of the parties was to provide Rebel with the same profit participation rights as Sheindlin."

The plaintiff, represented by the firm of Freedman + Taitelman, continues that the prior audit specifically concerned Sheindlin's compensation and that the result of the settlement was defining profits with knowledge that her salary wouldn't be included in production costs. Further, the agreement stated that CBS' Big Ticket was obligated to allocate gross receipts, distribution fees and costs for the series in good faith.

So in response to CBS' argument that it has "complete discretion" in producing *Judge Judy*, Rebel asserts that merely concerns decisions related to distribution and exploitation.

"Rebel is not claiming it is a producer of *Judge Judy*," states the opposition brief. "However, when Defendants elected to actually produce and exploit *Judge Judy*, Defendants assumed an express obligation to act in good faith, on a reasonable basis, and consistent with industry custom and practice. Rebel alleges Defendants failed to do so."

With that in context, Rebel is calling CBS out for a \$45 million deduction that it says will mean a "permanent net loss deficit reported to Rebel."

That puts the reasonableness of Sheindlin's salary under the microscope — and a talent agency in the notable position of arguing a star is making too much.

Rebel says the \$45 million is "significantly in excess of a reasonable salary," and as evidence, includes its accountant's chart of some of TV's highest paid performers back in 2013:

* 2013 TV Ranking	Name	Show	Annual Salary
1	Judy Sheindlin	Judge Judy	\$ 47,000,000
2	Jon Stewart	The Daily Show	30,000,000
3	Matt Lauer	The Today Show	25,000,000
4	Jay Leno	The Tonight Show	20,000,000
5	David Letterman	Late Night	20,000,000
6	Howard Stern	America's Got Talent	15,000,000
7	Jimmy Kimmel	Jimmy Kimmel Live!	10,000,000
8	Katie Couric	Katie	10,000,000
Top 5 Average Syndicated Television Salaries (Excl. Judy Sheindlin)			23,750,000
Difference between customary television industry and Judy Sheindlin Salary			23,250,000

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