

# Ray William Johnson Tried to Warn Them

**The Blue Collar Man Who Scammed Disney out of \$500M**  
**How 6 YouTubers Scammed Disney out of \$500 Million**  
**The Drug Dealer who sold a Fake Business to Disney for \$650 Million**  
**How Penguinz0 Revealed The Company Destroying YouTube**  
**The Secret Company That Tried to Buy Every YouTuber**  
**How 62,000 YouTubers Got Scammed**  
**How Penguinz0 & PewdiePie Accidentally Saved YouTube**  
**The Evil Company That Held These YouTubers For Ransom**  
**They Accidentally Saved YouTube**  
**Ray William Johnson Tried to Warn You**  
**Ray William Johnson Failed..**  
**Every YouTuber Owes Ray William Johnson a Thank You**  
**Every YouTuber Should Thank Ray William Johnson**  
**Ray William Johnson Tried to Warn Them, They Didn't Listen**

Maker Channel URL

<https://www.youtube.com/channel/UCSBqoJfG3s8GIpujvVTalyA>

(They were called Nacho Punch at some point)

The Station 2 (behind the scenes?)

<https://www.youtube.com/@TheStation2/videos>

How 6 youtubers scammed disney out of 500 million.

Maker Studios

Same as music labels

[https://en.wikipedia.org/wiki/Disney\\_Digital\\_Network](https://en.wikipedia.org/wiki/Disney_Digital_Network)

## **Outline-**

Youtube early days

Some youtubers see potential

Get super rich

Sell to disney

Contract issues, Critikal, etc.

Disney drops it

MCNs suck

Youtube is better for it

## **Founders**

**Danny Zappin**

**Shay Carl ([Shaytards](#))**

**Lisa Donovan ([LisaNova](#))**

**Kassem Gharaibeh ([going deep series](#))**

[A playlist of maker studios content?](#)

2011

[MAKER STUDIOS OFFICE](#)

**2012**

[BIG BEEF with Ray William Johnson](#)

[Ray Williams exposes his contract & detailed reports of their terrible business practices](#)

[MAKER STUDIOS CHANNEL](#) (collegehumor but bad)

2013

[Maker channel was called Nacho Punch](#)

**2014**

[What Makes Maker Studios Worth \\$1 Billion?](#)

**March 24th 2014: Maker Studios Sells to Disney for \$675M**

[Shaytards vlogging disney purchasing the company](#)

[Him saying how much money he gonna make lol](#)

[Shay explaining how it all started](#)

[Ex Maker employee sues the company](#)

2016

[Thestationbymaker website](#)

**2017**

**[Video Explaining Maker Failing](#)**

[The host talks about WHY he wants a partner \(literally only to use copyrighted material\)](#)

[Maker started letting go of small creators \(from 60k to 1.000 partners\)](#)

["Making More Money after being Fired from Maker"](#)

**[MOIST CRITIKAL'S EXPERIENCE](#)**

**2019**

Maker executive talking about disney acquisition: ["I don't think they knew what they were buying. And quite honestly, I don't think there was much to buy."](#)

**2022**

**["shay carl loses everything"](#)(talks about Disney destroying maker, made \$100m?)**

Videos:

- [History of Maker Studios](#)
- [The Remarkable Journey of Maker Studios](#)
- [Maker Studios: The MCN That Miniaturized The Movie Studio](#)
- [Maker Studios Tour! Special Partners Project Behind the Scenes](#)
- [Keynote: Danny Zappin & Lisa Donovan, Maker Studios - MIPCube 2012](#)
- [Maker Studios Showcase - MIP Digital Fronts 2014](#)
- [Maker Studios at Disney Studios with PewDiePie, Stampylonghead, etc.](#)
- [Storyful CEO Mark Little on Disney's Acquisiton of Maker Studios 25th March 2014 - good quote](#)
- [The STATION by MAKER](#)
- [\*\*Making Fun of Maker Studios\*\*](#)
- [This Is How Maker Studios Scales Video Production For The YouTube Generation](#)
- [Who are the SHAYTARDS?](#)
- [The Shaytards on their Viral YouTube Success](#)

Print:

- [Danny Zappin Book](#)
- <https://www.hollywoodreporter.com/business/business-news/maker-studios-lawsuit-inside-war-650541/>
- [What Is Maker Studios? And Why Does Disney Think It's Worth \\$500 Million?](#)
- [Good makers link with other articles](#)

A drug smuggler who served 2 years in federal prison got out and created a business that the Walt Disney Corporation purchased for half a billion dollars. This business was centered around what we are all using at this very moment: YouTube. Danny Zappin's YouTube enterprise was structured just like a drug operation. One that only benefits a few people at the top while thousands of others suffer the consequences.

But we wouldn't have known this information if it wasn't for Ray William Johnson

If you were on YouTube in December of 2012.. A war was going on YouTube.. You would have witnessed the first major controversy. RWJ, who was the most subscribed YouTuber at the time.. and Maker Studios was in a public war. At the time most people didn't know how much money was involved. Danny Zappin, a drug smuggler and owner of Maker studios was signing predatory contracts, making threats,

Despite Ray William Johnson valiant efforts, it wasn't enough. Maker studios would go on to sign thousands and thousands of creators..

a multi billion dollar corporate enterprise trying to leech every last dollar from small creators all over the world.

Some of your favorite creators were victims: PewDiePie, Moist Critikal, Phillip DeFranco, Ray William Johnson just to name a few. These High Profile creators revealed the dark side of the "Multi Channel Network" industry.

In 2012 Ray William Johnson was the #1 most subscribed YouTuber on the platform. Which sounds like a great accomplishment, but it made him a target. Ray was in a feud with a merciless, greedy, and borderline evil company that was actively trying to leech every last dollar from big and small YouTubers all over the world. Some of your favorite creators were victims: PewDiePie, Moist Critikal, Phillip DeFranco.. just to name a few. The ironic part is that this company, Dubbed Maker studios, was founded by other popular YouTubers. It be your own people. However, the true Kingpin of the Maker Studios Mob was a man called Danny Zappin, a federal convict who got out of prison and exploited the untapped goldmine of YouTube money. But Despite Ray's Valiant efforts of exposing the evil tactics of Zappin's company, it wasn't enough. Maker Studios would go on to sell to Disney for over half a billion dollars. This dream team guided by the vision of a federal convict got filthy stinking rich at the expense of hardworking YouTubers around the world. This is how they did it.

## Hook

A drug smuggler who served 2 years in federal prison got out and created a business that the Walt Disney Corporation purchased for half a billion dollars. This business was centered around what we are all using at this very moment: YouTube. Danny Zappin's YouTube enterprise was structured just like a drug operation. One that only benefits a few people at the top while thousands of others suffer the consequences.

This Business, Dubbed "Maker Studios" quite literally almost Destroyed YouTube.

Some of your favorite creators were victims: PewDiePie, Moist Critikal, Phillip DeFranco, Ray William Johnson just to name a few.

These High Profile creators revealed the dark side of the "Multi Channel Network" industry.

But Danny did not operate alone, you might recognize some of his co-founders: Lisa Donovan (who went by LisaNova), [Shay Carl](#), and Kassem G. This dream team guided by the vision of a federal convict got filthy stinking rich at the expense of hardworking YouTubers around the world. This is how they did it.

## Early days of YouTube

### Danny story

YouTube launched in May of 2005, [Danny Zappin, aka Danny Diamonds was one of their early users](#) because he was on house arrest with nothing to do but browse the internet all day. In 2000 Danny moved to Los Angeles to be an actor but failed. He claimed it's because he confronted Hollywood's "[gatekeepers](#)" after being denied multiple roles and they blacklisted him. Zappin needed money. [So he smuggled Ecstasy, got caught and was sentenced to two years in prison. Danny began](#)

[uploading videos to sites like CrapTv before he was arrested](#), so YouTube was like a shiny new toy.

## **YouTube Launch**

YouTube gained [30,000 unique users a day after its Beta release in May 2005](#), and by the time it officially released in December of that year, [it would reach a combined 2 million total video views a day, and by the following month 25 million](#). Then YouTube reached its first 1 million viewed video, which was [Brazilian soccer player Ronaldinho receiving his Golden Boots](#).

[“In a feat of marketing genius, Nike uploaded the video under the alias “JoeB,” as if it was any other YouTube user instead of the multinational sneaker conglomerate.”](#)

The Advertising potential was looking extremely promising, which is why Google purchased YouTube for \$1.65 Billion within a year of their launch.

## **Advertising Potential**

Over the next few years, Google’s YouTube developed relationships with potential advertisers, minimizing potential lawsuits by forming deals with entertainment companies to show their content. One major breakthrough was record labels allowing the use for copyrighted songs on the site. [In November 2008](#), they would make a deal with MGM to show some of their movies for free with advertisements, with YouTube movies still being a feature to this day. With such a potential for money to be made, not only did established companies get involved, but opportunistic creators as well.

## **Creators/Partner Program**

It’s no secret that creators always have and always will be the foundation, the backbone of what makes this site amazing. YouTube content in the early days consisted mostly of just [things related to club penguin](#), [classical music masterpieces](#), [memes](#), really bad tutorials, more memes, and Soulja Boy. But sprinkled in there were creators [who made skits](#), [storytime videos](#), [theories of the universe](#),

[news channels](#) and the first YouTube influencers were starting to gain millions of views on their videos.

YouTube then launched their Partner Program that pays a percentage of the Advertising revenue when Ads are shown on their videos. Most creators at this time treated YouTube like a fun hobby and not a career path. However people like Danny Zappin saw an opportunity that he knew he could exploit.

## Birth of Maker

Danny told a few other creators about his vision: his girlfriend Lisa Donovan ([LisaNova](#)), her brother Ben Donovan ([the Bdonski](#)), as well as Shay Carl and Kassem G. One night they all got together for a brainstorm session and laid the foundation for what would become Maker Studio. [\\*this clip until like 1:15\\*](#) They essentially came up with the idea for a studio to share resources and talent. Similar to Hollywood studios that have been around for hundreds of years. Danny thought this was revolutionary, but the idea was nothing special: [“Most people didn’t know why we were \[founding Maker\], and we couldn’t get any of our actor friends to participate.”](#)

The most popular YouTube content was low quality webcam videos of people with simple ideas and a lot of personality. Why do they need a professional studio? Well the answer is they don’t. And even 15 years later many of your favorite creators today are just people in their room coming up with stuff.

But Danny had a plan, and step 1 was to create a success story to prove this could work.

## The Station

[\(OLD VIDEOS THAT WERE DELETED\)](#)

Danny and the group launched a collaborative channel called “The Station.” ([show all their creators](#)) Which even included Shane Dawson, Phillip DeFranco, and Hi Im Rawn. [“Maker believed each of those stars could be used to direct fans to new artists, which inspired the company to build a network of affiliated channels.”](#) And they were right.

They had immediate success with: Hot Girlz on Teen Cribz amassing 60 million views [\\*clip.\\*](#) It was almost too good to be true, they thought

they were going to dominate YouTube working together. The Station established an office space where they would connect during work days to plan, shoot and edit the content. They recruited more people to be a part of the team: [Andreas Choice](#), WhataDayDerek, [Ceciley](#), The Fine Bros who changed their channel into [REACT](#), Michael Gallagher from [Totally Sketch](#), TimothyDeLaGhetto, the list goes on and on. Their main type of content were comedy sketches, similar to Collegehumor, but way worse \*clips.\* Many of these sketches would feature the iconic Thumbnail strategy of putting a random neon colored stock photo with a trippy pattern complimented by someone with a surprised look on their face. 99% of this content aged terribly. And most of the YouTubers who were a part of The Station deleted their old videos from the internet. Most of their humor was extremely low hanging fruit, [men dressing up as women](#), [playing on racial stereotypes](#) and [trying to make anything as sexual as possible](#).

But at the T

Kassem G was recognized as the funniest of the group. His iconic "Going Deep" series featured him interviewing, but mostly insulting corn stars in a between 2 ferns style. \*clip of going deep\* Kassem was absolutely ruthless with some of his content. \*[we are here with 2 hot sluts](#)\* But this was a time where the edgier you were on YouTube, the more views you could get.

Danny Zappin was pretty much the only person at "The Station" who wasn't on camera. That's because he was too busy figuring out how to get rich.

## **Money Problems**

Danny realized they had a money problem. They had a group of 20 or so creators with millions of subscribers, and they were generating tens of millions of views per month; but the Ad Revenue from the Partner program wasn't enough.

You see the Partner Program in 2010 was not even close to what it is today. It was only available to a select group of very popular creators who had to apply and be accepted. But even those people

weren't making significant money because the percentage split was terrible.

The only way to make more money was to get more creators involved. But "The Studio" only had so much space and employees to provide services to creators. This is where Danny's scheme began.

### **Forming an MCN**

Maker Studios formed a "Multi Channel Network" or MCN. Instead of only working with the in-house creators at "The Station." Maker would try to discover talent all over the world and sign them to the network, in exchange for 20, 30 sometimes 40 or 50% of the creators ad revenue. Keep in mind, YouTube would send the entire sum of the creators revenue to the MCN, the MCN would take their cut out and send the rest back to the YouTuber. That's like sending your paycheck to your landlord and he pays your rent then sends your paycheck to you. It's hard to understand why anyone would be willing to give up such a large percentage and control of their income. Most creators just didn't know how this business worked. And That's where Danny knew he could exploit it.

However, Maker did provide some real value.

### **Benefits of Maker**

First of all, Maker could get any channel who signed with them instantly monetized. Remember the Partner Program was still limited access at this time and Maker had direct connections with YouTube since they were the most popular creators.

You also couldn't monetize gaming videos unless you had a partner network. Because video game companies would copyright claim videos using gaming footage.

Maker even had music label connections and music creators could use copyright music or make covers without getting claimed.

YouTube support was notoriously terrible, and still kind of is, but Maker would provide you with a dedicated team member to help you with all your YouTube related issues.

You even needed to sign to an MCN to make custom video thumbnails.

By April of 2011 Maker signed 150 channels that generated 325 million views per month. One of their signees was the #1 most subscribed youtuber on the platform Ray William Johnson. Their roster was very impressive with Ray and many other top creators, But Maker still didn't have enough money.

So Danny raised \$1,524,999 dollars from a venture capital firm called Greycroft Partners.

At this point fans still had no idea how serious this operation was. Because "The Station's" content was still just as unhinged as ever. All of the creators that signed to Maker were free to be as creative as possible, so you couldn't really tell there was a large infrastructure around it. That's probably because it was still operated by creators who genuinely were interested in making videos rather than making money.

But Danny was not operating in the interest of the fans. Maker studios was not taken seriously by the entertainment industry, they weren't respected and that bothered him. He needed to legitimize the company.

### **Leveled Up**

YouTube was known for low quality content, which didn't excite investors [\\*this until 21:04.\\*](#) So Danny wanted to make their company as big and legit as possible. By mid 2012 they signed over 2,000 new channels and had viewership in the hundreds of millions. They leveled up from their previous makeshift office space to a now 40,000-square-foot series of buildings in Culver City. They grew to 260 employees, [a group that includes advertising sales, business development and tech people.](#) Maker tried to create animated series and shows that could be formed into movies, traditional television shows, merchandise etc. But their most popular signees were still just regular YouTubers. Maker created what looked like a very successful production studio with multiple different departments servicing their clients. When in reality, it wasn't being put to use. And out of desperation, Danny Zappin made a critical error.

## Ray William Johnson Controversy (unfinished)

Most of Maker's money was coming from their top few creators. Ray William Johnson was their cash cow. Danny approached Ray and said Maker needed a bigger cut of revenue from his online show "Equals Three." He asked Ray to renegotiate their existing contract eight months prior to its expiration. Ray said "[the terms were incredibly aggressive. They wanted 40% of my Youtube channel's AdSense revenue after production costs, and more importantly, they wanted 50% of the show's intellectual property in perpetuity.](#)" In perpetuity means forever.

He refused the new terms of the contract. Maker Studio took offense to his refusal so they threatened to shut down his projects:

["When I politely refused their deal, as it was not in my best interest, they became increasingly aggressive. Negotiations quickly became a bizarre pissing contest between the heads at Maker Studios and myself. I wouldn't hand over my intellectual property, and they wouldn't stop aggressively trying to get me to sign it over to them."](#)

On top of that, Ray claimed that they would not give him any of his AdSense money. Because remember it all goes to the MCN before the creator.

[\\*Play this clip until 24 seconds\\*](#)

After Ray William Johnson announced his departure, Maker Studios released a petty public statement.

["Ray is still a part of the Maker Network, however with the recent decline in viewership on =3 it made sense for him to go back to producing the show himself. Maker providing a full production staff of 12 people including a team of writers no longer was a viable option for =3."](#)

Ray vehemently denies that he ever had 12 people and writers working on his show, nor was his viewership declining.

This led to a meeting to resolve the issue, where the CEO promised to return Ray William Johnson's YouTube AdSense account. However, that never happened.. ["They haven't made reasonable attempts to give it](#)

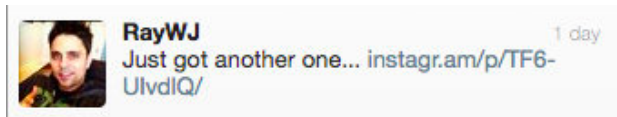
[back to me. They are now even trying to leverage my own AdSense account against me so that I will “sign over all of Your Favorite Martian’s intellectual property, void my stock options in the company, sign a confidentiality agreement to never tell the truth”](#)

We wouldn’t know about this hostage situation if Ray didn’t post all of this information [in an article](#) published by New Media Rockstars. The other thing he revealed to the world is that Danny Zappin was a convicted felon. [“and that he was waiting for his criminal record to be expunged so that he could officially become CEO of Maker”](#) The ex-con texted Ray at 1am and said: [Your lack of integrity and character are sad. Fuck you. Prepare for war...bitch.](#)

### Twitter Beef ([source](#))

This was one of the first big pieces of drama that YouTube had seen. Shay Carl immediately defended Danny [\\*clip start at 1:38 \(embedded in the article\), then a jump to 5:06 to 5:35\\*](#)

Ray tweeted the nasty text that Danny sent him.



Shane Dawson replied with



Which is interesting since Shane Dawson was a part of the original “The Studio” crew then seemingly disappeared



Phillip DeFranco said “There’s a theme here” seemingly hinting that he also has some beef with Danny Zappin.



Then the fine bros also implied the same thing.

Kassem G seems annoyed at Phil for speaking up.



It's no surprise that Kassem and Shay rushed to defend Danny as they were 2 original founders who were set to make a ton of money during the sale of Maker. Whereas Ray, Shane, Phillip, & The Fine Bros were not founders but the people who had the most clout that made Maker famous, and at that time, were bringing in the views to boost the company's portfolio.

Fans didn't know if they should support the creators who had nothing to gain by outing Danny Zappin, or support the creators who founded the company set to make millions of dollars?

Because in the middle of this drama [Time Warner acquired a percent stake in the company for \\$36 million in December 2012.](#) and other contributors like [Canal Plus and SingTel](#) have also provided 26

million. [For a combined total of 61.4 Million Dollars in](#) capital raised for Maker.

The company was now valued at several hundred million dollars. Danny Zappin successfully built his company to be the corporate enterprise he envisioned on house arrest. But now he wanted to quit.

### **Zappin Wants OUT**

In [April of 2013](#), Danny Zappin asked to leave the company, cash out his stocks and receive six months of pay. But he was willing to stay on as an adviser. The board had a meeting and authorized his departure, planning to replace him with Ynon Kreiz ([how to pronounce his name](#)), a successful businessman in his own right (currently CEO of Mattel in 2023). However, Danny very quickly changed his mind, demanding a senior executive role in order to ["save the company"](#). When it was denied, that's when Maker board member Mark Suster claimed Zappin ["became hostile."](#) Zappin would file a lawsuit against Maker, and claimed the now CEO Kreiz and the board hatched a plan to take away Zappin's power and shut him out of the company.

I guess Karma got the ex-convict badly, they gave him the same treatment that he gave to Ray William Johnson 4 months earlier. But Danny made the right choice, he learned from his mistake as a failed drug dealer. You need to quit at the top. Danny knew the MCN industry as a whole became worthless on April 12th 2012.

### **MCN's Are Obsolete**

[YouTube opened their partner program to anyone in the top 20 countries that used the site](#). You no longer needed an MCN to be monetized. You didn't need an MCN to make custom thumbnails. They would not protect you from copyright claims even though they said they could. You don't need a fancy multi million dollar studio to produce videos in your bedroom. Maker had way too many creators signed to their network to provide services and support to all of them individually. So why would a creator sign to them? Well, because they were good at lying.

Today we have the benefit of Hindsight. We know how many independent creators have built legitimate businesses through YouTube. We know now that YouTube is a somewhat stable career path, it's not just some wacky hobby that only fringe kids do. In 2012, the future of YouTube was still unknown. So it was very easy for sales representatives at a big company like Maker to convince little old johnny that he NEEDS the backing of a major corporation.

But they even convinced large creators to join. In December 2012 Maker was able to acquire the NEW #1 most subscribed and viewed YouTuber on the platform: PewDiePie. Once that happened, they acquired most of the YouTube giants: Epic Rap Battles of History, Tobuscus, Markiplier, Jacksepticeye to name a few. They quickly became the #1 MCN. By early 2014 they had over 55,000 signed creators to their network.

But big creators like PewDiePie likely were NOT giving 10 to 40% of their ad revenue to Maker, especially amidst their bad press. Some creators gave Maker 0% of their ad revenue. And the reason Maker took 0% was more devious than you'd imagine.

## DISNEY

The fact that MCN's received the entire Ad Revenue check from YouTube then took a small % or 0% before sending it to the creator was crucial for their business model. It makes their cash flow look insane. Maker's bank accounts were holding 10s of hundreds of millions in cash. MCN's used these numbers to convince investors that YouTube was an untapped goldmine and it was because of their content strategies.

The other number they used to trick investors was views. By signing top talent, they were able to show how many views, aka advertisement potential, they were generating. ["Every all-hands meeting was led off with the number of views we were doing - 10 billion views, 11 billion views, 12 billion views.. But the reason the views were growing was because the network kept growing and we were just adding more and more channels"](#)

Also, Maker did not technically own the content that creators like markiplier and pewdiepie put out. It was riddled with copyright material and couldn't be sold to other platforms.

Investors did not understand YouTube at all, but they couldn't ignore the money. In 2013 Maker generated \$370 million in Ad Revenue and \$70 million of that was direct sales. If you watched my previous video on Disney then you know in the mid 2010s they were on fire with every aspect of their business. Looking to take full control of every content medium in existence, they wanted to buy their way into YouTube. And in March of 2014 Disney acquired Maker Studios for [\\$500 million](#) (with the promise of up to \$950 million if they met their targets). The final number ended up being \$650 Million.

Original founders like Kassem G, Lisa Nova and Shay Carl made a fortune. [\\*Shay explaining how much money he is going to make\\*](#) By trusting the vision of Danny Zappin, Shay Carl got filthy rich. He bought a multi million dollar compound in Idaho and still uploads consistent vlogs of him and his family enjoying the extraordinary wealth. When the original founders made this business, it was a humble idea, but it quickly turned into a system to make the business way more successful than it was so the stockholders could sell it and cash out. Leaving someone else to handle the pile of trash.

And Disney had to take out the trash. They quickly realized they bought a business built off lies.

Disney didn't really do anything with Maker Studios. They thought all YouTube creators would just become Disney, Marvel and Pixar marketing puppets. Shoving Disney ads in young kids' faces in every YouTube video. And they honestly could have forced that, but they didn't. ["Maker executives complained of the slow integration process and that they didn't receive access to Disney's brand and intellectual property"](#)

Out of desperation Maker tried to introduce new channels such as ["Polaris by MAKER,"](#) a gaming channel. They tried to revive "The Station" youtube channel with shows like ["Casual Sketch"](#) ["Song Voyage"](#)

and "[Thai Machine](#)" starring Timothy DeLaGhetto and Ricky Shucks. But these shows lacked the personal connection needed to survive on YouTube, it felt corporate and soulless.

Despite the downward trend they kept signing creators into predatory contracts forcing them to be trapped in a failing business.

There are countless examples of creators expressing their resentment towards Maker and all other MCN's that have scammed them. But the best example could be explained by none other than Moist Critikal. [\\*this video chopped down to 1 min. Cut all the jokes and just get the main points\\*](#) Insanely unfair money splits, terrible communication, no assistance with copyright and automatically renewing contracts that creators can not get out of.

Luckily, PewDiePie stepped in to save the entirety of YouTube. His anti semitic joke & nazi imagery had Maker immediately drop him from the network. Disney decided they couldn't take a risk on unpredictable YouTubers anymore. They cut support from over 60,000 YouTubers down to just 300. They rebranded Maker to the "Disney Digital Network." And now the MCN business is pretty much dead.

## Outro

It's hard to know if Danny knew this business would be a scam from the very beginning. It initially started out as a humble group of creators working together to achieve a common dream. And within a short few years they were strong holding thousands of creators in evil contracts, forging their books to make themselves look successful and almost destroyed YouTube as a whole. But I guess a few YouTubers got filthy rich so it's all good, right?

Imagine a dystopian YouTube world where Disney colluded with YouTube and Maker signees got preferential algorithmic treatment while shoving Disney's terrible new movies down our throats. Yeah Disney is in bad shape, but I pointed out exactly why in this video. So go check that out.

Predatory contracts

Fr



Maker was for Big Creators (RPM was for smaller creators)

Fullscreen

Big Frame

Machinima

What started out as a humble group of people creating a collective quickly turned into a corporate \_\_\_\_\_ that takes advantage of vulnerable, hard working YouTubers.

In Maker's formative years, they believed that they were akin to United Artists, a production company formed in 1919 by Charlie Chaplin and a group of other artists that were disenfranchised by the monopoly of massive production companies holding them down, and joined together to create their own work. They would go on to revolutionize Hollywood by granting creative freedom back to its actors and filmmakers.

In this case, Danny realized he could convince creators that they were being held down by YouTube, and they deserved to be making money. Letting youtube make millions of dollars from your hard work was criminal, you deserve better.

Danny Zappin

## Businessman Capitalize/Contract Issues

[Many in Maker's formative years believed that they were akin to United Artists](#), a production company formed in 1919 by Charlie Chaplin and a group of other artists that were disenfranchised by the monopoly of massive production companies holding them down, and joined together to create their own work. They would go on to revolutionize Hollywood by granting creative freedom back to its actors and filmmakers. Danny Zappin - A former convicted felon, arrested and jailed for 2 years for [smuggling illegal drugs](#), as well as a failed actor - was the man who developed the idea and brought the group together. Danny was a creator himself, making videos on early video streaming sites like [CrapTV](#) and when YouTube came out in 2005 immediately made the switch, believing that's where he could make his mark. ["You can create whatever content you want. And if you understand how the site works - which I really studied and learned extremely well - you can drive audience."](#) And with Maker Studios he did just that.

In the beginning, [Maker Studios worked in the same way as modern film studios](#) do under the name "The Station", creating their own content from their offices, in their homes or in public with YouTube stars who either worked for Maker or were brought in to collaborate and make content. They would make different short films or series involving [comedy skits, music parodies and animations](#). During their first few years, they would slowly acquire views, popularity, relationships with emerging creators on YouTube and subscribers - peaking at almost a million subscribers . Eventually, they would change their name to Maker Studios and keep The Station as their comedy section, and creating a further channel for gaming content, ["The Game Station"](#), regularly featuring Yogscast, JonTron, Jesse Cox, Dodger, etc. - big

gaming YouTubers of the time. As the company, as well as YouTube's culture in general, was blossoming into a genuinely profitable exercise, they would eventually agree to raise money for these projects beyond just YouTube revenue and the equipment they already had, with [Danny Zappin saying](#): "Maker Studios was founded by YouTube content creators from the ground up and for 18 months we had no funding. Seeing the marketplace finally maturing, we felt it was time to take some funding in order to be able to invest into different areas that provide more value to our partners." In [April 2011](#), they would begin rounds of funding, acquiring new investors and 10s of millions in funding. **After four rounds of funding between 2011 and 2014, they would raise up to \$89 million - mostly gathered by their biggest investor, Time Warner.**

Maker Studios slowly began achieving significant milestones in terms of YouTube views, starting with 1 million views and then reaching 1 billion views just three years later. They have a roster of popular videos, including "[Harlem Shake FAIL](#)", "[Scare PewDiePie \(YouTube Red series\)](#)" "[Screw the Nether \(Moves Like Jagger Parody\)](#)." Maker at the time were generating an annual revenue in the nine figures and had attracted investments from venture capital firms like [Greycroft](#) and [Upfront Ventures](#), as well as Hollywood investors like [Robert Downey Jr.](#), and [Elisabeth Murdoch](#).

[Time Warner acquired a percent stake in the company for \\$36 million in December 2012.](#) and other contributors like [Canal Plus](#) and [SingTel](#) have also provided a combined 26 million. The growth led to a company valuation of several hundred million dollars, and all within its first five years of operation. Business was good and the team was looking strong. However, when you look deeper into the company's inner workings, it became apparent that the top six partners were more concerned with their own financial gains than with managing the best interests of YouTubers.

- <https://www.hollywoodreporter.com/business/business-news/maker-studios-lawsuit-inside-war-650541/> - Maker Studios history and lawsuit
- [A YouTube Studio Borrows The Old Hollywood System To Make Big Hits](#)

## Sell to Disney

When Disney acquired Maker Studios in March 2014 for [\\$500 million](#) (with the promise of up to \$950 million if they met their targets) it was a time of great optimism in the digital media landscape. YouTube was booming, and MCNs (multi-channel networks) were seen as the bridge between traditional entertainment and the emerging world of online video. During these formative years, companies like Maker and Machinima were making headway in what everyone believed to be the future of entertainment, with many large companies looking to work with them or buy them outright, with [Warner Bros. Digital Networks buying Machinima](#) in 2016 as an example. Maker Studios was one of these MCNs, which in the first half of the 2010s boasted a roster of popular YouTubers, including PewDiePie, Tobuscus, Markiplier and Jacksepticeye to name a few, with the allure of their contracts being an increase in revenue, cross-promotional opportunities, sponsorship deals and copyright management. Disney saw an opportunity to tap into the enormous online audience that these creators had amassed, with plans to integrate them into their existing media empire. Though in the end Maker would only achieve 675 million of the potential 950, but in hindsight maybe they should've got even less.

- [Clip: Shaytards telling his kids Disney are buying them](#)
- Video: [Disney Buys Maker Studios for \\$500 Million!](#)

## Contract Issues

One of the largest pieces of negative press Maker received - especially within the YouTube creator sphere - was due to a severe lack of communication between the company and its partners. It became widely publicized that Maker's support team were very difficult to get in contact with or receive any transparency from, with big YouTuber MoistCritikal having lots of trouble during his time with Maker from poor revenue split of 60/40 (when the standard is 90/10), lack of communication when four of his channel managers within Maker quit and each time he wasn't notified, hearing nothing for weeks from support staff and managers, and payments arriving very late with no reasoning as to why. He reveals a plethora of other issues with the studio [in](#)

[his Maker Studios PSA](#) and it's hard to say whether Maker bit off more than they could chew, or they're just incompetent, but by the looks of things it's probably a bit of both. (could include [this quote](#))

With roughly [60,000](#) partners under their belt at their peak Maker had a lot of people to manage, which left many content creators lost in the shuffle. Many big names from YouTube and Vine received [six figure contracts which never got paid off](#). By 2017, Maker would let [many YouTubers contracts](#) expire as the company began to dwindle - dropping from [60,000 to under 1,000](#) - but many, like Critikal, hoped that they would be dropped so they too could escape their auto-renewing contracts. PewDiePie was also dropped by Disney/Maker that year for a whole other story about [anti-semitic posts he made](#), but if anything he's probably better off now.

<https://kotaku.com/some-youtubers-are-overjoyed-that-maker-studios-is-firi-1792854530>  
[Why Is Maker Studios Firing Their Partners?](#)

## Disney Drops It

Maker Studios' ownership ended on a sour note, with Disney facing multiple issues with the company. [Maker Studios' internal dysfunction](#), including multiple leadership changes, an inability to meet growth targets, and difficulties in creating original content, contributed to its downfall. In reality the entire project was doomed for failure, but gave the illusion of a successful enterprise. One former Maker exec spoke of his time there, ["It's the epitome of the colossal failure of the MCN business, every all-hands meeting was led off with the number of views we were doing - 10 billion views, 11 billion views, 12 billion views - that was the outward-facing success story. But the reason the views were growing was because the network kept growing and we were just adding more and more channels"](#) those with experience in Multi Channel Networks of early You-Tube claim it was a ["Smoke-and-mirrors model"](#) by amassing as many creators as you could and giving the illusion of high view counts and growth for the company, when in reality very little money is being made. To put it simply, most of Maker's money was made through ad revenue; in 2015 (prices have changed now), [videos would make roughly 1 to 3 dollars](#)

[per 1000 views through Google's AdSense, and YouTube would get 45% of that, with 30% of what remains reaching Maker](#) - so their margins were very thin.

And the company was losing money, with Disney eventually being forced to aggressively trim Maker's roster of YouTube creators, and by the end of the culling ended up with roughly only 300, only 0.5 percent of their peak. The acquisition was just not successful, and Lisa and Ben, the last two of Maker's founding trio, [left the company](#) just three months after Disney purchased them. The Donovans remained on Maker's board up until the Disney deal closed, but no longer had formal roles at the company by the time they left.

Over the next few years, Disney decided to revamp digital first content businesses by introducing the Disney Digital Network, which combines all its digital content operations, including *Maker Studios*, under one roof. The move was intended to better align the company's digital content with Disney's family friendly image and corporate goals. At the time Maker Studios and their other digital content reached over a billion followers across various platforms and more than 300 social media channels that included brands like [Oh My Disney](#) and [StarWars.com](#). Disney was focused on bringing Maker creators into Disney branded content while also providing support for individual digital creators that promoted Disney products. ["As one element of this effort, Disney worked with Maker on a series of successful unboxing videos for some of the hottest new Star Wars toys with well-known YouTube™ personalities."](#)

- [https://www.wsj.com/articles/maker-studios-head-to-step-down-1450205321?mod=yahoo\\_hs](https://www.wsj.com/articles/maker-studios-head-to-step-down-1450205321?mod=yahoo_hs) - 2015 Maker head steps down
- [Disney Digital Network Replaces Maker Studios - #CUPodcast](#)

## Grasping at Straws

- [Former Maker Studios CEO Danny Zappin Buys a News Site That Covers Topics Like Danny Zappin](#)
- <https://web.archive.org/web/20140805235953/https://blogs.wsj.com/cmo/2014/08/04/ex-maker-studios-ceo-danny-zappin-raises-funding-for-new-web-video-venture/>
- <https://web.archive.org/web/20150609211401/http://newmediarockstars.com/2013/06/former-maker-head-danny-zappin-sues-ex-girlfriend-lisanova-where-did-the-love-go/>
- [https://www.pwc.com/ee/et/publications/pub/strategyand\\_the-rise-of-multichannel-networks.pdf](https://www.pwc.com/ee/et/publications/pub/strategyand_the-rise-of-multichannel-networks.pdf)

In 2016 Maker tried to make a comeback in a huge way. “[Polaris by MAKER](#)” previously known as The Game Station was a gaming channel aimed at “[Moving beyond esports, news and reviews, the channel features new programming that remains true to its gaming roots and hard core fans while also appealing to a broader entertainment audience.](#)” While they would also try to revive “The Station” youtube channel with shows like “[Casual Sketch](#)” “[Song Voyage](#)” and “[Thai Machine](#)” starring Timothy DeLaGhetto and Ricky Shucks. While all of these ventures showed promise, Polaris and revival of The Station would eventually lose steam and die again due to what I assume to be small profit margins.

## State of YouTube