

Interview with Gary Kremen
Wednesday November 6, 2002

On May 19, 1994, Gary Kremen registered with Internet Solutions the most valuable internet domain name Sex.com. Kremen got the name for free and without any official contract. Over a year later, however, he found that the name had been stolen from him by notorious felon Stephen Michael Cohen. Kremen sued to regain the name and eventually prevailed on 11/27/00.

It was a long and bitter struggle for Kremen who went through a string of lawyers until guided to victory by attorney Charles Carreon.

In 1998, Seth Warshavsky (ClubLove.com) and Ron Levi (Cybererotica.com) agreed to help fund Kremen's legal fight to regain the domain name Sex.com. After Warshavsky quickly dropped out of the deal, Levi kept paying to the eventual tune of either \$10,000 or \$150,000, depending on who you talk to, until he quit in disgust with Kremen's attorney of the time Joel Dichter.

Kremen next gave the case to a female attorney (Katie Deamer) who seemed intimidated by Cohen's crack legal team. She also appeared to be killing Kremen's case, which looked dead until Gary brought on Carreon. Though many, perhaps most, internet pornographers loathe Cohen, many of them did not think his legal team could be beat. They were wrong.

Kremen and Carreon have disputed Carreon's fee for winning the case. Charles says he deserves a piece of sex.com.

Cohen's a close friend of convicted crook Michael Milken. They spent time in jail together in Northern California and they talk on the phone several times a day. Stephen met his invaluable business partner Marshal Zolp, a con artist, at the same correctional facility.

Zolp runs stock scams out of Tijuana. He's wanted by the FBI and federal marshalls. American law enforcement can't get the Mexican authorities to cooperate in the handing over of Zolp. Marshal lives under aliases and the Mexican government is not concerned with American financial crimes.

Cohen got out jail first (in 1995). Zolp (who also uses the names James Powell, Werner Wassler and Frank Williams) did time in a halfway house where he created Sporting Houses Management. Zolp has talked about doing a similar brothel in Costa Rica for the fishing industry.

Cohen, a friend of Las Vegas gambling empressario Steve Wynn, owns all the companies connected to sex.com - YNATA, Sand Man, Ocean Fund International, Omnitech. None of them have real boards of directors and nobody else has ownership interest aside from Cohen. He made up the name Sir William Douglas. He read it somewhere and decided to use it. But the real man was never involved. Sand Man and Ocean Fund etc were established to hide Cohen's ownership of Sex.com.

Cohen has incredible energy. He sleeps little. Very crude but interesting say those who know him well. Marshall, a heavy drinker, is a consummate gentleman but Steve is a vulgarian. Ocean Fund International's much publicized offer to buy Caesars Palace in Las Vegas was a stock play, not a publicity ploy. Cohen owned stock in the corporation expected to buy Caesars, Starwood. He expected the stock in Starwood would plummet based on the news that Caesars was being bought by someone else and then Cohen would buy even more of the company.

From www.redherring.com 2/7/00

"In 1995, Mr. Cohen, who had been recently released from federal prison after serving an abbreviated 46-month sentence for bankruptcy fraud, false statements, and obstruction of justice, began his plan of deception to create his Internet company, according to the lawsuit, filed by an attorney for Gary Kremen.

"According to Mr. Kremen, Network Solutions granted him use of the sex.com domain name in 1994. Such names typically are valid for a two-year period and are renewable every two years at the discretion of the party using the name.

"Mr. Kremen claims that in 1995 Mr. Cohen fraudulently wrote a letter to himself using letterhead with the name "Online Classifieds Inc.," the name of Mr. Kremen's business at the time. The letter stated that Mr. Kremen had been dismissed from his position at the company and that he no longer had rights to sex.com. The letter also stated that Mr. Cohen was authorized to take title of the sex.com name.

"At the bottom of the letter was the signature of President "Sharon Dimmick." Mr. Kremen, who still owned Online Classifieds at that time, insists his company never employed a Sharon Dimmick. The letter was sent to Network Solutions.

"In what should have been a red flag, the letter stated that Online Classifieds didn't even have an Internet connection. In other words, such a letter would be like Microsoft (Nasdaq: MSFT) stating that Bill Gates doesn't have Windows on his personal computer.

"In any event, Network Solutions granted the name to Mr. Cohen. Ever since then, Mr. Kremen has been trying to wrestle back the sex.com name."

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I spoke by phone Monday afternoon, 11/4/02, with sex.com owner Gary Kremen.

Gary: "There are some really mean, vindictive people in this industry. It seems that all those people do all day is knock the other people on forums such as Oprano or GFY (gof---yourself.com). If there was a legal attack on the industry, everyone's running around like crazed kittens not working together. It's impossible to herd kittens. In other industries, they get cohesive around common external issues. Here there is so fragmented and there are so many past squabbles, it's bad for the common good. This sort of infighting is why the second temple [of the Jewish commonwealth 2000 years ago] fell. Because the Jews were fighting amongst

themselves, the Romans to come in and conquered."

Luke: "Do you believe the new VISA regulations as part of a government-directed crackdown on the industry?"

Gary: "Maybe. It's sad if it is. Using a third party with the indirect effect of censoring legal speech is wrong. It's unfortunate that there's not a good unified industry response. It's kittens running around chasing their tails, while the coyotes eat them up and spit them out."

Luke: "What kind of job do you think the Free Speech Coalition does in representing your interests?"

Gary: "I don't think they are set up to focus on this fight - arcane but important payment regulations. They're great on obscenity and closely related issues. Here the industry needs a formal political action committee (PAC). It needs legislative protection rather than legal protection, which it has already thanks to people like the FSC. The FSC doesn't lobby congress or build political coalitions on an issue like Visa regulations.

"I am a founding member of refocused ASACP (Adult Sites Against Child Porn). Everyone wants us to do something about everything. Doing everything in the world would be insane mission creep that would be negative in effect. We should focus on getting rid of child porn. Child porn is illegal as well as immoral. The benefits to the industry in getting rid of it would be to deflect government interference. I think the best thing we could do on an effective level would be boycott any payment processor that have automatic processing for anything that could be used to enable child porn. Without money, most of these sites would be in trouble. This if certain major payment processors [such as ccBill] hypothetically did not check and periodically recheck every web site (by hand) using their services for child porn content or that their customer's site have child porn affiliates (thus receiving traffic from those with unclean hands), those payment processors should be boycotted, with their officers personally sued and jailed. Anyone using such a payment processing services that enables child porn is just as guilty as the processors itself.

"I am worried that tomorrow, Election Day, there might be a change in the balance of power not as favorable to the industry. Thus, the bad apples (whether consciously or not bad apples) should be tossed to keep unwarranted attention away from the law abiding, tax paying pornographer."

Luke: "Do you regard yourself as part of the XXX industry?"

Gary: "Yes, especially if you define the industry broadly. We're in the traffic industry, primarily adult. We don't make content or sell it but we bring qualified customers to those people."

Luke: "Why did you choose to get into the industry rather than rent or sell out the name sex.com?"

Gary: "That's an excellent question. I thought I could make more money. It shows how stupid I am. I think many of the issues that the adult industry faces are interesting. If people focus on

these issues in a business manner rather than a crazy way, more money can be made. It's similar to the entertainment industry. When corporations came in, they figured out how to make true money. Paramount Pictures probably doesn't have the same fun that an independent movie producer has. Sad, but true. I'm having fun, at least some of the time."

Luke: "So you don't regret stepping in?"

Gary: "When people I don't even know blast me on forums like Oprano.com, it pisses me off and makes me depressed. I don't even know these people. Who's Hooper? What have I ever done to him? If he did not seem to have such a little dick, I would crush him like a bug, but he is not even worth the time to talk about.

"I feel sorry for Ron Levi. Everyone attacks the guy and it just makes him more defensive - it would make any normal person more defensive. As far as I know, he's a nice guy. (A long time ago, he and Seth sued me over sex.com). He keeps people such as Lee Noga and Kaiser motivated - he clearly recognized the value in people. The boards make him out to be a SOB. As far as I know, Ron's a good father, caring for his children greatly, a good employer and contributes to the community. He doesn't date flashy women. He's dating somebody nice, not a porn star like others.

"If we were making tefillin [Jewish religious articles], this would not happen to us. Would you go on a tefillin online board and talk about other people in the tefillin industry? Say that their girlfriends are fat and losers? They don't do that. That's so dysfunctional. We need industry therapy as much as we need a political action group [PAC]. We could use is a mass SWAT invasion of therapists, psychiatrists and psychologists; I volunteer to be the first analyzed."

Luke: "So are you dating the world's most beautiful women?"

Gary: "No, I'm not even getting ANY dates. As you know, I started Match.Com, the worlds largest dating service. I want a nice Jewish girl and I'm not finding any. I haven't found one nice Jewish girl in the entire industry. If you know one, ICQ me immediately."

Luke: "What role did Serge play in getting sex.com back to you?"

Gary: "Serge was one of the first people who told me about a lot of Cohen's antics, his strategies and tactics. I'm going to see Serge and Sue this weekend in Oregon. He's been supportive, to the extent that Serge is supportive of anyone. He might rip me to shreds on the boards tomorrow. He has his opinions on people. Serge is very smart."

Luke: "What's going on with sex.com?"

Gary: "People are getting disgusted with certain weaknesses in the affiliate model. Many people think they're being shaved [not paid for all their traffic and signups]. A lot of people would rather be paid on a per-click basis than any other basis. People would rather buy traffic from us at fixed prices, with a cost, on average, of \$10 per signup. We currently have 1347 customers.

"We break up traffic by country. If you are a US webmaster in an affiliate program, traffic from France doesn't help you because you can't convert it or usually get paid for it. Scams have been going on for years where people send traffic that is not convertible. If you want midget traffic from France, we can give you midget traffic from France seeking midget porn."

Luke: "When did you take over the operation of sex.com?"

Gary: "I got it back in October of 2001. I was working with SE Guru aka Daron Babbini. He moved on last October to New Frontier (NOOF). I hear he is doing a very good job there."

Luke: "How do you plan to develop sex.com?"

Gary: "We plan to add an entertainment aspect to it but we won't be selling content or creating content. We're good at convincing the mainstream to work with the adult. People can create content or sell it 10,000 times better than me."

Luke: "You bridge between mainstream search engines and sex traffic?"

Gary: "Do you think mainstream search engines like Google want to have their sales force go call on facial sites? They worry about getting sued for hostile work environments, sexual harassment, etc.. They'd rather deal with adult site directly as little as possible while at the same time getting the money from the industry. It's better for them when they have an outside source they can trust to deal. We specialize in screening out the child porn, bestiality, scat, or rape sites - the illegal or immoral sites. We don't want to make money off that. Mainstream search engines don't want to either."

Luke: "How many books are in the works on you and the sex.com case?"

Gary: "Several. Most are independent journalists like you. About nine months ago, Sheri Singer Productions approached me about doing a TV movie on sex.com and the adult industry in general. I signed a deal with them in late September. They've hired a writer. Sheri Singer worked with Norman Lear and was the executive producer of the Phil Donahue show."

Kremen has received write-ups in numerous newspapers. Here is a sample:

Newsday 3/5/95

"Electronic cash will let the Internet take over TV," David Chaum, managing director of DigiCash, told a reporter. "Quote me."

Another gushing man crammed a card into Chaum's hand with the name of a San Francisco company that did not exist a year ago. It had to happen, he explained, because the whole world will need what he has to offer very, very soon.

"Classified online - it's the future," said Gary Kremen, president of Match.com. "It makes sense. Doesn't it?"

Atlanta Journal and Constitution 12/6/98:

Kevin Sinclair, who lives in a Silicon Valley suburb, is the lucky owner of <http://www.computer.com>, presumably one of the most valuable domain names on the World Wide Web. And now he wants to sell it for at least \$500,000. So far the highest bidder has offered \$300,000.

His associate representing him, Gary Kremen, insists Sinclair is not a speculator but that he planned to start an online computer store when he acquired the name in 1994. He quickly realized he did not have a shot in such a competitive market, even with the right address. So he left the working world to stay home with his children.

Kremen may be just the right guy to help him make a deal: Kremen was involved in the negotiations between Digital Equipment Corp. and Jack Marshall, who until earlier this year owned the address www.altavista.com. Digital, which owns the AltaVista search engine, paid Marshall \$3 million to give the name up, reportedly the largest amount ever paid for a domain name.

San Jose Mercury News 2/9/99:

And often they fear ruining their maverick reputation. Such fear is keeping Gary Kremen, 35, from launching his fourth company, at least for now. "When you start a company, everyone knows it," he says. "It's made me a little bit gun-shy. It's a type of performance anxiety."

Among his ventures was the Web-based dating service Match.com, which was sold to Cendant Corp. for about \$7 million in 1997. Currently, the San Francisco resident is advising several existing businesses, including one that puts advertising on golf driving ranges. What he calls his "risk profile" -- his tolerance for risk -- is "temporarily lower."

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[British Documentary About Sex.com Scandal](#)

7/24/04

I've just watched a one-hour documentary about the Gary Kremen - Stephen Michael Cohen struggle over the domain name sex.com made by the British television production company called Making Time for UK's Channel 5 network.

[A young Gary Kremen \(rightful owner of sex.com\) with his parents Gary Kremen Luke Gary Jones, Orange County Sheriff's Department Sharon Boydston, an ex-wife of Cohen Kevin Blatt, Jonathan Silverstein Tom Hynes of AVN Online Luke Kremen Lawyer Jim Wagstaffe Ron Levi](#)

There's enough Jews in the special to make a minyan: Stephen Michael Cohen, Gary Kremen, Luke, Kevin Blatt, Jonathan Silverstein, Ron Levi, Seth Warshavsky.

I remember producer Toby Dye and his cameraman stopping by my hotel December 10. I find Brits particularly charming and funny.

This tabloid is particularly tabloid and British in tone. Those wild and crazy Americans. About a third of the screen time is taken up by softcore footage of beautiful naked young women.

There's not much new ground that's broken here and there's one segment devoted to a reconstruction of a shoot-out in Mexico that probably never happened.

"I had the most valuable domain name on the Internet," says Gary at the beginning, sitting on the bed of a pickup truck next to a shack. "I should've made hundreds of millions of dollars. And this is what I ended up with."

He spreads his arms wide.

"It was impossible not to make money," says Tom Hymes about the early days of the porn Web (1996-97), "no matter how stupid and inept you were."

"It was a battle for a multi-million dollar business," intones the narrator, "that would end with a high-noon shootout in Mexico."

Baloney. This shootout never happened. It just makes for a dramatic climax.

Gary Kremen was born in 1960s Chicago to respectable middle-class Jewish parents. "His love was for the hard-drive, not the hardcore. In May 1994, he acquired sex.com (along with jobs.com, date.com, autos.com, housing.com, property.com), the most valuable domain name on the Web."

"Cohen is a criminal genius," says Gary.

"Cohen's a con man, a crook," says Luke. "He's always been a crook. He'll probably always be a crook. It's breathtaking when you encounter someone who can lie with such audacity."

"He has the lying skills unique to conmen," says Gary Kremen's lawyer Jim Wagstaffe.

"He's a megalomaniac and a sociopath," says Kremen's PI.

"Never any guilt," says Sharon Boydston, one of Cohen's five ex-wives. They married in 1987.

In 1987, Cohen started up a swing club in north Orange County (called The Club) and a BBS (Bulletin Board Service, a precursor to the WWW) The French Connection.

"He started it in my daughter's bedroom," says Sharon. "He would sit there and type in different names and be different people. Always women. He was trying to attract men customers."

"When I was married to him, I asked him, why does everything you do have to do with sex? He said, because sex sells.

"I'm sitting at home wondering what could be taking this man's time so much. Finally I find out he's been swinging.

"He wanted to be Hugh Hefner. When the guys arrested him at his swing club, they had to laugh because he came out in his robe and his pipe and he was trying to be the Hugh Hefner of swinging. He just made them roar with laughter."

Cohen then moved on to new scams. He impersonated a lawyer in an elaborate loan fraud. He got four years in federal prison.

"While he was in prison," says Luke, "he thought, I'm going to figure out how I can avoid coming back here and how I can make a lot of money and be a big success and sleep with a lot of beautiful women. This is a guy who's devoted himself to banging babes."

"In the old days," says Kevin Blatt, "you had to go to jack shacks, where truck drivers and the guys with no teeth would pay five dollars for five minutes to whack off in a booth. Sometimes they would share a movie with some derelict. Now, with the advent of the Internet, you're sitting in the privacy of your own home with your pants around your ankles and there's nobody to say, hey, what are you doing? This is what's brilliant about the Internet. You turn off the lights. You turn on your computer. You pull your pants down. It's a great formula."

"It took three years in federal prison," says the narrator, "for Stephen Michael Cohen to hatch the greatest Internet scam of all time."

"I knew that when he when he went into federal prison," says Sharon, "God help us, because he was going to pick the minds of everybody there. If there was anybody he could learn something from, he would learn it."

Kieren McCarthy, journalist: "Just months after getting out of prison, Cohen managed to get his hands on the world's most valuable domain name. He was turning that into a multi-million pound business right under the nose of Gary Kremen, who did not even know it had been stolen."

Kremen lawyer Charles Carreon: "A friend called him up and said, I thought you owned sex.com. You ought to check the Whois registration record, because it is registered to Sporting Houses."

Gary: "I'd never dealt with any criminals or confidence men. I didn't expect any bad play. I expected the company made a mistake."

To get sex.com, Stephen Michael Cohen wrote a letter from a third party to another third party, giving Networkworld Solutions permission to transfer the domain name to Cohen. There were over 20 typos in the letters. The word "Ads" was misspelled in the letterhead as "Ad's."

The letter says the reason Cohen is entitled to this name is that he has been using "sex.com" on his BBS since 1979. Cohen told me this several times. Problem -- the dot com nomenclature did not begin until 1984. Network Solutions should have known that.

A simple phone call to Gary Kremen would've revealed that letter as a phony.

"He [Cohen] was an IQ of a genius," says Sharon, "yet the insecurities of not being able to spell were profound for him."

But Cohen was a genius on the telephone, and that's how he persuaded Network Solutions to give him the domain name.

"Stephen Michael Cohen used sex.com as a banner farm," says Luke. "He just plastered it with banner ads for other hardcore porn paysites. He didn't have any pretense to doing anything but slutty dirty lowdown site that made tens of millions of dollars."

The documentary claims that Cohen had become one of the top three Internet porn kings along with Seth Warshavsky of Clublove.com and Ron Levi.

That is nonsense. Neither Cohen nor Warshavsky were ever in the top ten of the industry. Yishai Habari, Serge Birbrair, the folks running Crescent, John Bennett, Joseph Elkind, Richard and Robert Botto were all bigger players than Cohen or Warshavsky would ever be.

"Seth Warshavsky had so many scams," says Luke, "it was hard to keep track of them. Once he would get people's credit card numbers, good night. He'd charge those things up the yazoo. He'd claim to have live cam girl feeds when he was just looping old feeds."

It's funny to see Jonathan Silverstein and Kevin Blatt sitting together on a railing and Kevin looking around and scratching himself while Jonathan is talking. KB wears a white sweat suit and sunglasses and a fu manchu style beard and moustache. JStyles has a piercing in his eyebrow and an earring.

There's a bottle of Jack Daniels off camera. KB and JStyle started drinking halfway through the interview.

Cohen was charging \$50,000 a month for each tiny banner ad. Cohen used his money to keep Kremen's lawyers at bay.

Gary: "Stephen Michael Cohen did not have many friends in the industry. You could count them on one hand. You could count his enemies on 50 hands."

Jonathan: "Cohen was a litigious prick. He was suing everybody who had 'sex' in their domain."

Kieren McCarthy, journalist: "In 1998, Seth Warshavsky and Ron Levi gave Gary \$150,000 for his legal fight against Cohen."

I believe this number is wildly exaggerated. Warshavsky didn't give Gary anything. Ron gave him somewhere between \$10,000 to \$50,000 (according to various reports).

Jim Wagstaffe: "Stephen Cohen was beating Gary in the litigation game by using the very money he stole from Gary."

In July 2000, Cohen was forced to do a deposition.

"We had to cross a gulf in the law," says lawyer Charles Carreon. "At that time, there was no law about domain names."

"We had to convince the judge," says Wagstaffe, "that this was more than two guys fighting over an adult domain name."

Kieren: "To most people in the courtroom, it was just a sleazy affair between two sex-obsessed pornographers."

Cohen was forced to produce his bank records. He had his bank fax them to a Kinkos where Kremen's lawyer were supposed to pick them up. But Gary impersonated one of Kremen's lawyers and took out the stuff he didn't want revealed. Unfortunately for Cohen, a Kinkos security camera captured him in the act.

"When we caught him on tape stealing evidence," says Gary, "the judge became livid."

In March 2001, Gary returned to San Francisco to launch his version of the Web site.

"Kim Wilde is our resident porn star," says Gary. "Every company in the industry should have a resident porn star."

Does that mean everyone in the company gets to f--- her?

"Gary's girlfriends and the women around him," says a Kremen employee, "he needs intellectuals around him."

Cut to pictures of Wilde getting nasty to Gary's approval. He spansks her.

"Gary views Stephen Cohen as a criminal mastermind. He respects Mr. Cohen, which I don't understand."

"I'm not into pornography," says Gary. "All I do is have a dictionary up there."

"When Cohen had sex.com, it was much more valuable than when I got it."

At Kremen's party, a guy puts his arm around Gary and says to the camera, "It's all about rock n' roll, call girls, and having a good time."

"I wouldn't go that far," says Gary, slipping out of his grasp and away from the camera.

"He's not in the adult online industry," says Silverstein, "in his mind. He believes he's in the search engine business."

Gary's PI: "Cohen has a narcissistic personality. He's a megalomaniac and a sociopath. He only cares about himself. He has a superiority complex. He thinks he's smarter than everyone else. I think he thinks he's untouchable and that will be his fatal flaw."

Gary: "He's defeated such people as five ex-wives, many gambling casinos, fraud, child support..."