

# Hong Kong freezes \$42 mln in Megaupload raids

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A TV screen grab shows Megaupload founder Kim Dotcom, also known as Kim Schmitz, at a court in New Zealand on January 20. HK Customs officers have raided offices and luxury hotel suites as part of an FBI Internet piracy investigation into Megaupload.com.

Hong Kong Customs officers have raided offices, domestic premises and luxury hotel suites as part of a worldwide FBI Internet piracy investigation into file-sharing site Megaupload.com.

One hundred officers took part in the raids Friday which seized a large amount of digital evidence and uncovered about HK\$330 million (\$42 million) in suspected crime proceeds, Customs said.

"The assets have been frozen in accordance with related ordinances. The operation is ongoing," it said in a statement.

Officers raided hotel suites costing HK\$100,000 a day equipped with high-speed servers and large television screens which were suspected to be connected to the case.

Megaupload's website was shut down Thursday by US authorities who accuse it of one of the largest cases of copyright theft ever.

[Megaupload](#) founder Kim Dotcom, also known as Kim Schmitz, is being held in New Zealand following a police raid there.

The 37-year-old German citizen, who has New Zealand and Hong Kong residency, was denied bail with three other men on Friday when they appeared in an [Auckland](#) district court.

New Zealand police seized luxury cars worth NZ\$6.0 million (\$4.8 million), including a 1959 pink Cadillac and a Rolls Royce Phantom, in a raid on Dotcom's Auckland mansion.

The [US Justice Department](#) and FBI have indicted a total of seven people who they said were "responsible for massive worldwide online piracy of numerous types of copyrighted works, through Megaupload.com and other related sites".



The Megaupload.com homepage, pictured here on January 20. Megaupload's

website was shut down Thursday by US authorities who accuse it of one of the largest cases of copyright theft ever.

The accused generated more than \$175 million in criminal proceeds and caused more than \$500 million in harm to copyright owners by offering pirated copies of movies, TV programmes and other content, according to a statement.

The Hong Kong Customs said it had been conducting a joint investigation with the FBI targeting the criminal activities of the syndicate since the end of 2010.

Megaupload itself is registered as a [private company](#) in Hong Kong, with an office in Wanchai district.

The dramatic raids came amid a fierce debate in the United States over a proposed bill before Congress aimed at cracking down on online piracy.

Critics say the new law would hand US authorities unprecedented powers that could impinge on the freedom of the Internet, and on Wednesday dozens of websites led by Wikipedia went dark in a rare protest.

In face of the criticism, US Senator Majority Leader Harry Reid Friday agreed to delay next week's vote on the bill to allow more time for talks.

"We made good progress through the discussions we've held in recent days, and I am optimistic that we can reach a compromise in the coming weeks," he said.

The European Union's top Internet official Neelie Kroes also criticised

the planned US legislation, writing on Twitter that: "Internet regulation must be effective, proportionate & preserve benefits of open net."

"Speeding is illegal too: but you don't put speed bumps on the motorway," she added.

The prosecution of Megaupload meanwhile sparked a retaliatory cyber attack on the FBI and Justice Department websites.

The two government sites were up and running again early Friday after being shut down for several hours in the attack claimed by the "Anonymous" hacktivist group, which also briefly disabled music and recording industry websites.

Megaupload is popular with Hollywood celebrities and has been endorsed by music stars such as Kanye West.

Megaupload Ltd. and another company, Vestor Ltd., were indicted by a US grand jury and charged with racketeering conspiracy, copyright infringement and conspiring to commit money laundering.

Vestor's sole shareholder is Kim Dotcom. His six fellow accused come from Estonia, Germany, the Netherlands and Slovakia.

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