

# Indicted Megaupload founder plans site reboot

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In this Feb. 22, 2012 file photo, Kim Dotcom, the founder of the file-sharing website Megaupload, comments after he was granted bail and released in Auckland, New Zealand. In a move bound to provoke U.S. prosecutors and entertainment executives, indicted Megaupload founder Kim Dotcom is planning to offer a new online music service and a replacement of his shuttered website by year's end. (AP Photo/New Zealand Herald, Brett Phibbs, File)

In a move bound to provoke U.S. prosecutors and entertainment

executives, indicted Megaupload founder Kim Dotcom is planning to launch a replacement of his shuttered website and a new online music service by year's end.

The file-sharing site that [Dotcom](#) started in 2005 was one of the most popular online sites before U.S. prosecutors shut it down and filed racketeering charges against Dotcom and six other Megaupload principals in January.

U.S. authorities are now trying to extradite Dotcom from New Zealand, where he's a resident, claiming he facilitated massive copyright [piracy](#) through his site. Prosecutors say Dotcom pocketed tens of millions of dollars while [movie makers](#) and [songwriters](#) lost some \$500 million in copyright revenue.

Dotcom says he can't be held responsible for users who acted illegally and that Megaupload complied with copyrights by removing links to pirated material when asked. Some [legal experts](#) say proving Dotcom's conduct amounted to criminal conspiracy will be difficult, and he has gained some high-profile support, including from Apple co-founder [Steve Wozniak](#).

The flamboyant Dotcom confirmed in a brief telephone interview this week that he's almost completed work on "new Mega" and "Megabox" but said he doesn't want to divulge details ahead of a major press launch. However, statements he's made on [Twitter](#) and a promotional video paint a picture of what he's planning.

In recent tweets, Dotcom says his new version of Megaupload is nearly complete. "Quick update on the new Mega: Code 90% done. Servers on the way. Lawyers, Partners & Investors ready. Be patient. It's coming," he wrote. He said the new version will feature a one-click encryption option for data transfers and that the service would be hosted on servers

outside the U.S.

Asked by one Twitter user if he was nervous that "what happened to Megaupload could happen to New Mega?" Dotcom replied: "That will be IMPOSSIBLE. Trust me!"

Dotcom says his planned [music service](#) Megabox will enable users to download music for free in exchange for accepting some advertisements. He says 90 percent of the revenue will go to the artists and that the service will be a legitimate way of "unchaining artists and fans" to do business with each other with a minimal need for middlemen.

A promotional video posted by Dotcom on YouTube indicates Megabox will take advantage of social media tools to show trends and will allow users to upload their own music.

U.S. prosecutors won't comment on the case while it's being litigated. The Motion Picture Association of America, which filed complaints about alleged copyright infringement by Megaupload, this week also declined to comment on Dotcom's plans.

Asked on the phone if U.S. prosecutors might see his plans as a poke in the eye, Dotcom said "probably."

Dotcom's case has fascinated people in New Zealand at the same time as it has moved like a wrecking ball through the judicial system here, exposing embarrassing mistakes made by police, politicians, judges and spies. Prime Minister John Key even publicly apologized to "Mr. Dotcom" last month after acknowledging spies had carried out unlawful surveillance on him before his January arrest.

A judge here also found that police executed an unlawful search warrant when they seized digital material from Dotcom, evidence which was

later passed on to the F.B.I. A lawmaker was forced to explain why he listed a campaign donation from Dotcom as "anonymous" (he maintains he didn't know who the donor was) while another judge was forced to step down from the case after making an anti-U.S. remark.

The missteps likely won't have much impact on the criminal case unless Dotcom's defense lawyers can prove that U.S. authorities were complicit in gaining evidence by unlawful means. But Dotcom's latest plans could raise further questions of New Zealand's judiciary, which decided to allow Dotcom access to the Internet and millions of dollars of his frozen funds while on bail.

Jennifer Granick, the director of civil liberties at the Stanford University law school's Center for Internet and Society, said Dotcom's case marks the first time the U.S. has attempted to hold somebody criminally liable for copyright infringement committed by others. She said [prosecutors](#) are pushing at the boundaries of the law.

"It makes the substantive underpinnings of the case highly questionable, legally," Granick said. "It's a novel case."

Dotcom, 38, who changed his name from Kim Schmitz, has enjoyed a rollercoaster ride as a hacker turned playboy turned family man. He has faced legal trouble before, picking up convictions in Germany in 1998 for computer fraud and in 2002 for insider trading. In his latest legal battle, he has presented himself as an Internet freedom fighter and has gained many devoted fans on Twitter with whom he interacts regularly.

His extradition hearing is scheduled for March.

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