

Internet company launched by Kim Dotcom fails to list in NZ

May 6 2015, by Nick Perry



In this Nov. 27, 2014 file photo, Kim Dotcom arrives at Auckland District Court in Auckland, New Zealand. Internet file-storage company Mega Ltd., launched in 2013 by indicted entrepreneur Dotcom, failed Wednesday, May 6, 2015 in a bid to list on New Zealand's stock market. Mega last year announced plans to list through a maneuver known as a reverse takeover. But TRS Investments, the intended vehicle for the listing, filed a notice with the market Wednesday saying the takeover wouldn't proceed after time to complete it ran out. (Chris Gorman/New Zealand Herald via AP, File)

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Dotcom previously founded the file-sharing site Megaupload, which became wildly popular before it was shut down by U.S. authorities in 2012.

U.S. prosecutors are seeking to extradite Dotcom from New Zealand on racketeering charges, accusing him of facilitating massive piracy of songs and movies.

Dotcom says he can't be held responsible for those who used Megaupload for illegal downloading. His extradition hearing has been delayed several times and is now due to be heard some time after Sept. 1.

Documents filed with the stock exchange put Mega's value at 210 million New Zealand dollars (\$157 million) although it would have been up to investors to decide a market value if trading had commenced.

TRS chairman Keith Jackson said the failure to list Mega was disappointing. He said TRS shareholders never got a chance to vote on the plan after repeated delays from Mega. He said Mega had borne most of the costs of the failed plan.

Mega chairman Stephen Hall said all of its shareholders had agreed to the plan in principle but there had been a series of delays, which he declined to elaborate on.

He said the owners of Mega were happy for it to continue as a private company for now, but still wanted to list it on a [stock market](#) and were looking at options in several other countries.

"We've got 30,000 people a day signing up as new registered users and now have over 18 million users," Hall said.

But Mega has run into difficulties. Visa, MasterCard and PayPal stopped providing payment services after others raised concerns about the legitimacy of Mega and what it might be hosting on its encrypted site.

Hall said Mega users could still make payments by a variety of methods depending on their location.

Dotcom stepped down as a director of Mega in 2013. He doesn't own any stock, although a family trust controlled by his ex-wife Mona Dotcom owns a 15.5 percent stake.

Three other former Megaupload principals who are also fighting extradition to the U.S. now work for Mega.

TRS shares were down by one-third Wednesday and were trading at a fraction of one cent.

At the time of his arrest, authorities froze Dotcom's worldwide assets, which were worth over \$40 million, and jailed him for a month. He has earned more money since then from subsequent ventures including Mega but by December said he was broke.

Fairfax Media reported this month that a New Zealand court had agreed to release some of his frozen assets to allow him to pay living expenses, legal fees and other bills.

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