

# The MEGA Affair

Insights into the largest copyright case to ever hit the Internet



# HK HQ





# Chronology

- 2005. Megaupload is incorporated and starts a pioneering cloud storage service to answer the problem of sending large files by email.
- 2008. Megavideo is launched with a mission to be the best video cloud streaming service.
- 2009-2011. The Mega groups starts new services (Megabox, Megapix, Megalive, Megapay) and consolidates its position as a cloud service provider.
- 19 January 2012. A synchronized takedown in several countries put a halt to all Mega operations, seizing all assets and bank accounts and issuing arrest warrants for 7 of its executives.



### **Domain Seizures**



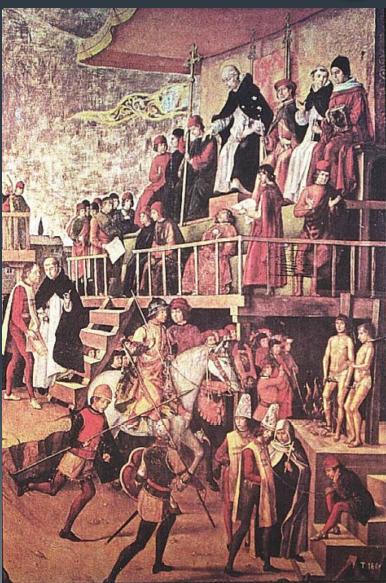
This domain name has been seized by U.S. Immigration and Customs Enforcement, Special Agent in Charge New York Office in accordance with a seizure warrant obtained by the United States Attorney's Office for the Southern District of New York and issued pursuant to 18 U.S.C. §§ 981 and 2323 by the United States District Court for the Southern District of New York.

It is unlawful to reproduce or distribute copyrighted material, such as movies, music, software or games, without authorization. Individuals who willfully reproduce or distribute copyrighted material, without authorization, risk criminal prosecution under 18 U.S.C. § 2319. First-time offenders convicted of criminal felony copyright laws will face up to five years in federal prison, restitution, forfeiture and a fine.



# The Charges

- Copyright infringement.
- Racketeering.
- Money laundering.
- Conspiracy to commit criminal infringement.
- Witchcraft.





# The Bust

- Kim Dotcom and top execs Mathias, Bram and Finn sent to jail in Auckland.
- Sven settles in his Germany homeland safe from US extradition proceedings.
- Andrus restricted to staying in the Netherlands and Julius in Slovakia.
- Over 200 employees and contractors of Mega instantly out of a job without severance pay.
- All Mega assets seized including bank accounts, cloud servers, payment processors, corporate and personal assets.







## All your cars are belong to us!











# The Legal Saga

- Lack of due process from the very beginning.
- Irregularities in police paperwork filings.
- Illegal use of wiretapping.
- Unlawful assets seizure.
- US cannot charge criminally a non-US corporate entity.
- New Zealand extradition treaties do not hear civil cases.
- Collusion between the FBI and the MPAA to create a false picture of criminal activity.
- Abuse of power and blatant violation of international laws.
- Millions of honest users and businesses deprived of their private digital assets stored on Mega's cloud.
- Delaying tactics by the US government to unlawfully destroy a billion-dollar cloud business based on hearsay evidence.







### The Defense

- First and foremost, Mega was 100% legal. They spent fortunes on very highprofile lawyers to make sure they were operating within the boundaries of the law.
- Takedown requests were real-time automated processes with manual QA that ensured full DMCA compliance. All major studios and labels had direct access to it.
- Mega went a long way to be the good citizen of the so-called "cyberlockers" industry.
- There was no conspiracy. The business used Google for its email and Skype for chats. Nothing was hidden. They had servers in US and EU with full compliance with legal frameworks. No encryption.
- Like all other cloud storage and video streaming services, some users will violate the usage policy and upload infringing content. This was dealt swiftly through a number of measures.
- Majority of the users on Mega used it to stored legitimate content, work files, family archives, etc.



# The Youtube Conspiracy



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### Kim & Woz



"You don't just shut down the whole street because somebody is speeding"

" this type of copyright disagreement between Hollywood and new cloud storage technology is a political debate, not something that belongs in the criminal court and certainly not something to justify breaking down the door to my house "



# The Offense

- The old Mega was legal and complied with the DMCA framework. It was engaged in a number of ventures with online media companies providing a wealth of original and legal content.
- Initiatives to change the ancient business model of the majors were not well received, not surprisingly.
- The new Mega, planned to launch before year end, will follow the same cloud provider philosophy and add a few tweaks.
- Outlawing the new Mega will imply that cloud storage companies such as Google, Dropbox, Microsoft and a multitude of others will become the target of similar lawsuits.
- The war for the Internet has begun... It's time to reclaim our rights to privacy and freedom.

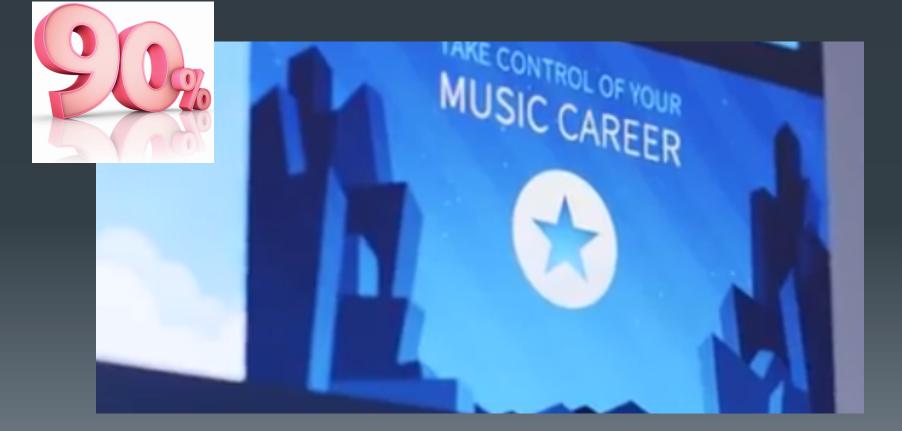


## The New MEGA

- Governments and corporations cannot be trusted with our data. The answer to this Orwellian nightmare is cryptography.
- The new Mega will deploy a seamless client-side cryptosystem that will be transparent to the end-user.
- A new Asset Manager GUI will allow advanced cloud storage configuration to manage your own secure cloud infrastructure.
- A set of APIs will allow the development of innovative apps that can use the full power of the crypto functions, filesystem operations and several cloud operations.
- Full legal compliance will again be observed, starting with the deployment of an advanced DMCA takedown processor and a number of measures to combat piracy.
- Mega is negotiating a number of partnerships with hosting companies, services providers, bandwidth operators and data centers.
- Mega will also cooperate with lawful organizations meant to protect creators' rights and help them implement their vision of reducing piracy and finding new ways to reward creators.

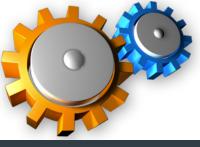


# MEGABOX





# Mega API



- User registration/session management
- Uploading/downloading
- File management
- Key management
- Update notification
- Cryptographic functions





# A Free Internet

- Where nobody can read your files. This is your data, your life, your business.
- Where you decide freely how you manage your files. And your life.
- Where due process is followed before destroying a business.
- Where you can be protected from unlawful interceptions.
- Where you are not scared to express an opinion.
- Where you are not getting bullied by antiquated greedy corporate gluttons.
- Where YOU have the power. This is the essence of the Internet.



# KIM DOTCOM

# THE TRUTH WILL COME OUT!