Forbes

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SECURITY | 4/17/2013 @ 10:00AM

Where Kim Dotcom Got His Start: The House Of Coolness

Kim Dotcom, who I profile in the latest issue of the magazine, is a born entrepreneur. In fact, he's launched so many money making ventures in his 39 years that not all of them fit into our print edition. But one, at least, was controversial enough among Dotcom's one-time hacker peers that it deserves its own historical footnote.

In the early 90s, Dotcom–whose name at the time was Kim Schmitz–created an online bulletin board service he called "House of Coolness." In our interviews, Dotcom described it to me as primarily as a destination for trading shareware and freeware, as well as a discussion board for hackers where Dotcom learned many of his own hacking tricks. But several of the board's former users who I spoke to remember it differently, as a hub for pirated software uploaded by its visitors, particularly video games.

"HoC was nothing else than a pirated [software] board," says one user from Dotcom's native Germany, who like many Germans I spoke to about Dotcom asked that I protect his identity for fear of retaliation. "I would guess uploads of freeware stuff there would have been nuked."

House of Coolness wasn't exactly a principled stand for free information, either, they say. Former users tell me that Schmitz required all visitors to maintain a certain ratio of uploaded to downloaded content. For those not able to upload enough popular content, Schmitz required them to pay for access to the service. "Either you were an 'elite' trader, so you had 'warez' to upload so you could download," remembers a visitor to the site, using the hacker jargon "warez" to mean pirated software, "or you had money, and bought a leech account. That's what the so-called 'lamerz' did," he adds, referring to unskilled users.

The controversy around House of Coolness went beyond selling access to a site that largely hosted other people's intellectual property. Around 1993, House of Coolness was targeted by Günter Freiherr von Gravenreuth, a German lawyer who made a career of suing copyright infringers. But rather than face legal attacks from Gravenreuth, associates of Schmitz tell me

he instead began supplying Gravenreuth with names of other figures in the bulletin board scene involved with pirated content. According to the journalist Lars Sobiraj of the German tech news site Gulli.com, Schmitz was allegedly paid for every pirate bust he helped to facilitate. His cooperation with Gravenreuth was also mentioned in a 1997 lecture at a conference of the German hacker Chaos Computer Club by the group's former spokesperson Andy Muhler-Maguhn, who labelled him an "agent provocateur" not to be trusted.

When I mentioned all these accounts to Dotcom, he flatly denied both charging for access to House of Coolness and informing on copyright infringers to the lawyer Gravenreuth. He argued that the sources of these stories were hackers who were upset that he had spoken to the media about their techniques. "I spoiled the playground for these guys," he says. "They hate my guts, and they make stuff up."

As *Forbes* neared publication, Dotcom threatened in a phone call to take legal action to prevent the publishing of our story if it included his former users' claims that House of Coolness hosted substantial amounts of copyright infringing content. His sensitivity is understandable: For a man now charged with facilitating $500 million in piracy, even 20-year-old anecdotes of the pre-civilized Internet can hit close to home.