

US government shuts down file-sharing site MegaUpload

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Operating at the behest of the major media conglomerates, the US Department of Justice moved against one of the most popular file-sharing Internet sites, MegaUpload, on Thursday, shutting down the site, seizing millions of dollars in assets and arresting four people.

The operations spanned eight countries and included the crucial assistance of the New Zealand government, where the four individuals were seized, including the site's founder and former CEO, Kim Dotcom (Kim Schmitz). There are still three accused who have not been arrested. The seven each face a maximum sentence of 55 years in prison.

The actions by the Obama administration came a day after widespread protests against proposed legislation—the Stop Online Piracy Act and the Protect IP Act—that would, if enacted, vastly expand the control of the US government over the Internet.

The Federal Bureau of Investigation was acting on indictments received January 5th from a Grand Jury in Virginia. Charges include racketeering conspiracy, conspiracy to commit copyright infringement, conspiracy to commit money laundering and criminal copyright infringement.

Although MegaUpload is based in Hong Kong and none of those arrested are American citizens, federal authorities claimed jurisdiction because of servers the company leases in the United States. The indictment claims that site has cost the recording industry more than \$500 million.

MegaUpload is an online “file locker” used for hosting files too large to be sent through email. The site, created in 2005, reports 50 million visitors a day and was at one time the 13th most frequently visited site on the Internet. Many users store personal files on the site, and this content is now unavailable and has

been seized by the US government.

The indictment claims that the business model used by the company was designed specifically to promote the sharing of copyrighted works. However, hours before being shutdown a post on MegaUpload claimed the allegations against it were “grotesquely overblown.”

Also seized in the actions yesterday were 18 domain names as well \$50 million worth of assets, including servers located in Virginia and Washington D.C. According to a joint statement released by the Department of Justice and the FBI the actions are “among the largest criminal copyright cases ever brought by the United States.”

An attorney for MegaUpload, Ira Rothken, said he had only heard of the actions in a press release yesterday morning and had not had the chance to read the entire indictment. He commented, “Our initial impression is that the allegations are without merit and MegaUpload is going to vigorously contest them. We have deep concerns over due process and assets being taken without the opportunity for a hearing.”

MegaUpload has long been a target of powerful media companies, including the Universal Media Group (UMG) and the movie industry trade association, the Motion Picture Association of America (MPAA). In October of last year, the MPAA included MegaUpload, along with the Pirate Bay and other torrent sites, in its list of “notorious websites” submitted to the Obama administration.

In December, MegaUpload released a video featuring a number of prominent musicians, including Alicia Keys and Kanye West, endorsing the site. UMG succeeded in getting YouTube to temporarily remove the video even though it did not feature any material with a UMG copyright.

The timing of the government action appears deliberately provocative, a demonstration of its determination to take action against web sites in the face of widespread opposition to the attack on the freedom of the Internet.

SOPA and PIPA would provide greater powers to the government, including the ability of the US attorney general to obtain a court order forcing search engines and other websites from linking or providing services to a targeted domain. While the immediate targets are sites that supposedly violate copyright laws, the implications are far broader.

Part of the protests on Wednesday involved a “black out” of the Internet, during which many websites, including Wikipedia and Reddit, restricted access to their website while collecting signatures for petitions opposing SOPA and PIPA.

There were also numerous demonstrations throughout the country, the largest taking place in New York and San Francisco. Over 1,000 people turned out in New York, protesting at the Manhattan offices of Senators Chuck Schumer (D-NY) and Kirsten Gillibrand (D-NY) due to the Senators support for PIPA.



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