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## SEX.COM, DRUGS, AND A ROCKY ROAD

By **Matthew Boyle**

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(FORTUNE Magazine) – THE SURREAL SAGA OF THE ADULT web portal sex.com—a ten-year tale whose cast of characters includes a convicted felon, a private investigator with a Stanford MBA, a dot-com entrepreneur turned speed addict, a young woman caught with 202 pounds of marijuana, and the operator of a Mexican shrimp farm—has added another improbable twist. On Oct. 27, Mexican authorities arrested a man named Stephen Cohen as he tried to renew his Mexican work visa and handed him over to U.S. marshals. Cohen, 57, had spent more than four years on the lam south of the border, his flight precipitated by a \$65 million ruling against him in a federal court in San Jose.

After a lengthy trial, Judge James Ware found in 2001 that Cohen, whose colorful rap sheet includes a two-year stint in a federal pen for posing as a bankruptcy lawyer, had hijacked the sex.com domain name from plaintiff Gary Kremen, the founder of Match.com, who also registered sex.com in 1994. Cohen stole the site by defrauding the domain registrar.

Kremen, 42, says he burned through half a dozen lawyers and nearly \$5 million in legal fees in a torturous effort to regain the site, a valuable piece of web real estate that reportedly made tens of millions for Cohen while he held it. It is the location of those millions that's in question today—Kremen's advisors maintain that Cohen has squirreled it away in ventures that include the Mexican shrimp farm, a Tijuana strip club called the Bolero, and a Napster-like file-sharing site operating out of the Gaza Strip, and in various offshore bank accounts and front companies with names like Sand Man and Ocean Fund.

Cohen's refusal to turn over, or even account for, his profits—the judgment, with interest, now stands at \$82 million—and his repeated failure to turn up in court resulted in Judge Ware's issuing a warrant for his arrest. (Cohen's lawyers maintain that heart problems and an unrelated criminal case in Mexico prevented him from returning to the U.S.) "This case is fascinating—there's never a dull moment," says Margo Evashevski, a California private investigator (and Stanford MBA) who's currently in Mexico digging up info on the shrimp farm for Kremen.

The smooth-talking Cohen, who in 1999 made a bizarre bid to buy Caesars Palace in Las Vegas, was living in a Tijuana penthouse apartment near a golf course when authorities closed in. Jhuliana Aramis Cohen, the 21-year-old daughter of his ex-wife Rosa, was arrested in late June for trying to cross the U.S. border with 202 pounds of marijuana. She was sentenced in October to ten months in federal prison, and U.S. marshals notified Mexican authorities to keep their eyes peeled for Cohen. When he showed up to renew his work visa, they pounced.

Kremen now runs sex.com (Match.com has been sold twice, to Cendant and then to Barry Diller's IAC/InterActive Corp.), which makes about \$1 million a year. He lives with his sister and his personal trainer in what was Cohen's residence—a seven-bedroom, 9,800-square-foot Spanish-style mansion in tony Rancho Santa Fe, Calif.—that the court awarded him. Kremen says the pressures of the case helped spur an addiction to speed, which he has since kicked. "I have had ten years of stress," he says. "I should get a tattoo of that on my butt." Yet he says he bears Cohen no ill will. "I used to. But I've learned so much—about the law and about how to avoid people in business. These are invaluable lessons."

He's still waiting for his court-awarded money. A Nov. 21 hearing revealed nothing except Cohen's desire to represent himself as co-counsel, so he was slated to be deposited at Santa Clara's Elmwood jail in early December. But Kremen seems ready to put the episode behind him: He reports that a Boston-based investment group is close to acquiring sex.com. Let's hope this buyer doesn't own a shrimp farm in Mexico.

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