

Behind Peter Thiel's Plan To Destroy Gawker - Forbes



Peter Thiel has backed Hulk Hogan's lawsuits against Gawker. But the billionaire's legal battle against the media company extends far behind the former professional wrestler. (Photo: Sam McCabe For Forbes.)



This story appears in the June 29, 2016 issue of Forbes. [Subscribe](#)

It's voting season for the Emmy Awards, which means that electioneering in the form of billboards rising into the haze dominates the Los Angeles skyline. Hollywood's elite driving down Sunset Boulevard are first beckoned to support Netflix's *Jessica Jones*. [Next](#) up is Amazon.com's *Transparent*. Towering over them all: a 12-story banner extolling HBO's *Silicon Valley*, which lampoons the culture and excesses of America's technology industry.

And lording over that advertisement: the Hollywood Hills mansion of billionaire [Peter Thiel](#), an early [Facebook FB -1.63%](#) investor who also inspired one of the HBO show's most incisive characters, Peter Gregory, a mix of awkward eccentricity and reserved ruthlessness.

As the past few weeks have shown, the real Thiel is even more eccentric and ruthless than his fictional alter ego.

As FORBES revealed in late May, Thiel is [the clandestine financier](#) of numerous lawsuits targeting Gawker Media, the New York-based company whose biting style of journalism has grated on the egos and sullied the reputations of some of the world's most powerful people. The most damaging lawsuit—an invasion-of-privacy

case revolving around a sex tape of the wrestler Hulk Hogan (real name, Terry Bollea)—recently resulted in a \$140 million jury award and a national debate on the rights of celebrities versus the rights of a publication to disseminate what it considers to be newsworthy.

The revelation that Thiel paid Hogan's lawyers—to the tune of about \$10 million—has transformed that discussion. Gawker, supported by free-speech advocates like eBay founder [Pierre Omidyar](#) and Amazon CEO [Jeff Bezos](#), has denounced Thiel's gambit as an attempt to permanently snuff out an unpopular media outlet through aggressive litigation. Thiel, lauded by a host of other Silicon Valley heavy hitters who have felt Gawker's wrath, from [Chris Sacca](#) to [Vinod Khosla](#), has described his efforts as “one of my greater philanthropic things,” helping those who have been wronged by a “singularly terrible bully.”

Thiel has been deliberately vague, granting just one interview—to *The New York Times*—and refusing to talk to FORBES about this subject. But over the past two weeks, which has included interviews with more than 50 people, FORBES has pieced together the kind of narrative that a site like Gawker used to feast on.

Recommended by Forbes

Rather than simply play the vigilante, available to help those who have been publicly attacked by a company even the most ardent press advocates must hold their noses to defend, Thiel secretly declared a multi-front war against Gawker, seeking to crush it by any means necessary.

Specifically, while Gawker has found itself defending [numerous Thiel-backed lawsuits](#) attacking its kind of journalism, there has also been an orchestrated effort to initiate a [class-action labor suit](#) against it. Some in the Los Angeles legal community talk openly about a coordinated strategy against Gawker. And at least one Silicon Valley billionaire has quietly pursued the concept of a Gawker buyout by indirectly reaching out to former staffers.

Thiel's level of involvement in each of these initiatives remains opaque. What isn't: the impact of this attack on Gawker. The \$140 million judgment, which isn't covered by insurance, could prove fatal to the company if it's upheld—and could serve as a blueprint for any billionaire who wants to lay siege against a media outlet.

THE FATEFUL DANCE between Thiel and Gawker can be traced back to 2002. That's the year Nick Denton, a former Financial Times journalist, founded Gawker. That's also the year Peter Thiel and his legendary “mafia,” which includes [Elon Musk](#) and [Reid Hoffman](#), took PayPal public, giving Thiel the kind of cash to be able to shell out \$500,000 for 10% of a raw startup called Facebook, and then to launch Palantir, the data-mining giant that's now worth some \$20 billion.

But those big successes had yet to take hold with the general public when Gawker.com first made passing mention of Thiel in March 2006. More than two dozen blog posts quickly followed, before the site declared, in a Dec. 19, 2007 headline: “Peter Thiel is totally gay, people.” While some dispute whether the article actually outed the billionaire (Thiel said in past interviews that his friends had known since at least 2003), it certainly broadcast his sexuality to the rest of the world, something those close to Thiel say he was very uncomfortable with.

Over the ensuing years, Thiel's prominence and wealth—FORBES estimates he's worth \$2.7 billion—rose in lockstep with Gawker's influence. The website, which had a heavy focus on media and gossip, spawned spinoffs like Deadspin (sports), Jezebel (feminism), Gizmodo (gadgets) and Valleywag (Silicon Valley). All shared the mother ship's formula of snarky, aggressive commentary, breaking news and click-friendly

headlines. At its best, Gawker could prompt a congressman to resign (Christopher Lee did so after sending shirtless pictures to a Craigslist paramour) or synthesize the assault accusations against Bill Cosby. At its worst, it was a spiteful, bile-fueled gossip rag whose decisions of questionable newsworthiness included posting a video of a heavily intoxicated woman having sex in a public bathroom and publishing what appeared to be a clumsy attempt by a then obscure—and married—media executive to solicit a gay encounter.

Gawker and Valleywag made Thiel a favorite subject. He gave them lots of material: The libertarian proposed building ship-bound communities in international waters to escape national governments, including the U.S., and began funding promising teenage entrepreneurs on the explicit condition they skip college to start companies.

“To the extent that there are contradictions, I am much more aware of them than people whose views fit into a very standard matrix,” Thiel told FORBES, channeling his inner Peter Gregory, as part of a cover story in 2011.



The following October Gawker published a short video clip of Hogan having sex with his friend’s wife, Heather Clem. The next day Hogan’s personal lawyer, David Houston, requested that Gawker immediately take down the post. When the company refused, [Hogan sued](#), filing paperwork in a Florida court with a new, Beverly Hills, Calif.-based lawyer, Charles Harder. A celebrity attorney with clients like Sandra Bullock and George Clooney, Harder held a press conference in Tampa, Fla. on the day of the filing, claiming that the publication’s actions were “illegal” and “exceeded the bounds of human decency.”

Harder failed to mention that there was another party involved with the case, the one who would finance the legal battle with Gawker: Peter Thiel.

For much of this year, Gawker’s Denton floated rumors that someone was behind the Hogan lawsuit. Too many things didn’t add up. How could Hogan, who had recently gone through an expensive divorce, afford a high-powered celebrity attorney on what seemed to be a long-shot case? Why didn’t he accept several

settlement offers? And why did he drop his claim involving negligent infliction of emotional distress—thus freeing the real deep pockets, Gawker’s insurance company, from paying any part of a potential recovery?

Denton even maintained a list of at least three billionaire suspects. Sources close to Gawker say that Denton entertained the names of former Facebook president [Sean Parker](#), whose over-the-top wedding in Big Sur, Calif. was skewered by Valleywag (Parker has told BuzzFeed he’s not involved with the lawsuits), and IAC chairman [Barry Diller](#), who Gawker has long insinuated is gay (Diller’s spokesperson similarly denies involvement in the suits). “There was no way of knowing, really,” Denton told FORBES.

Then there was Thiel. In a 2009 interview he called Valleywag the “Silicon Valley equivalent of Al Qaeda.” And true to the man behind Palantir, whose software reportedly helped track down Osama bin Laden, he waited for his moment to strike.

“Most wouldn’t think of litigation as a chess game,” says a Silicon Valley VC who knows Thiel but wasn’t aware of his plan. “But he’s also a chess master, and he’s incredibly patient. He did three years in law school, and he knows enough to be dangerous.” According to one person close to him, Thiel began airing the idea of backing lawsuits against Gawker with some members of his venture capital firm, Founders Fund.

Enter the new attorney, Harder, who has made pursuing Gawker a focal point of his new firm, Harder Mirell & Abrams. According to a former employee of Harder’s, someone in Thiel’s camp cold-called Harder at his previous law firm, Wolf Rifkin Shapiro Schulman & Rabkin, “looking for an entertainment lawyer.” By mid-October 2012 Harder had taken on Hogan as a client. Two months later, even though he was a partner at Wolf Rifkin, the 46-year-old with a southern California tan and bleach-white smile left to set up his own shop, taking the wrestler’s case with him. When Harder announced his new company in January 2013, he made his firm’s first filing on behalf of Hogan.

It gets weirder. According to multiple sources familiar with Harder’s arrangement, he never had any direct contact with Thiel. And, these sources claim, Harder didn’t even know who was funding the litigation until FORBES broke the news in May. What he surely did know: The checks cleared. And there was presumably more where that came from, if he could find more cases.



Gawker Media founder Nick Denton (left) and former editor A.J. Daulerio sit inside a St. Petersburg, Fla. courtroom during the Hulk Hogan trial in March. (Photo: Stephen Yang/AP)

BEVERLY HILLS' GLITZY RODEO DRIVE is exactly the kind of cliché address that the Gawker empire loves to mock. It's out of Harder Mirell's nondescript office here that the Thiel-fueled war machine churns on.

Beyond Hogan, who filed a second suit against Gawker in May alleging extortion in the dissemination of his sex tape, Harder has taken on at least two other clients with cases involving Gawker's reporting. In January 2016 Harder filed suit against Gawker on behalf of Ashley Terrill, a writer who originally came to Gawker with a story involving the cofounders of dating app Tinder. Gawker writer Sam Biddle, in turn, published an unfavorable piece on Terrill, highlighting her own alleged inconsistencies and personal issues.

Harder also represents Shiva Ayyadurai, a former lecturer at the Massachusetts Institute of Technology who claims to have invented e-mail. In 2012 Biddle published a story on Gizmodo that undermined that assertion and called Ayyadurai a fraud.

Ayyadurai, who is married to the actress Fran Drescher, says no lawyer would take his case—until he presented it to Harder. Ayyadurai won't discuss his arrangement with Harder, but denies that any third party is paying his bills. "To the best of my knowledge, I'm not seeing any money in my account coming from Peter Thiel," he says.

While Harder's firm publicly represents those two clients, *FORBES* has found at least two other cases—Gawker is currently a defendant in at least a dozen lawsuits—in which Harder Mirell has worked quietly behind the scenes. One involves soliciting plaintiffs in cases that, contrary to Thiel's claims that he's defending those who have been wronged by the site, have nothing to do with its journalism.

Dating back to January 2013—the same month Harder Mirell was formed—e-mails obtained by FORBES show that Harder was actively vetting unpaid interns for a labor case against Gawker. A former journalist named Phil Linsalata was e-mailing former Gawker interns at the time, saying that he was working on academic research “focusing on labor conditions in digital media.” After speaking with them on the phone, he would then send them to Harder’s firm for what he framed as a free “consultation.”

A former Gawker intern named David Matthews even signed [a retainer agreement](#) with Harder Mirell. Ultimately Harder passed the interns off to a New York-based law firm specializing in labor claims, which brought a class action against Gawker in June 2013 that was dismissed and later privately settled. Matthews claims that the lawyers misrepresented their intentions and now says he feels “the sense of being a pawn or an item in a ledger.”

Harder’s web appears to extend to a federal court in Chicago, where a plaintiff named Meanith Huon, a lawyer and former life insurance salesman, sued Gawker in 2011 for allegedly implying that he had sexually assaulted a woman he had met through Craigslist. He was later acquitted of rape but sought action against legal news blog Above the Law and Gawker-owned Jezebel for suggesting in stories that he was a serial rapist. [In a hearing](#) last year Huon said that he had decided to settle with the former—but continue his crusade against Gawker in a higher court even after a judge dismissed claims of defamation. According to Steve Mandell, an attorney for Above the Law who was present at the hearing, Huon told the judge in open court that he wasn’t worried about his appeal because he was “getting support from Hulk Hogan’s lawyers in California.” Huon and Harder declined to comment on the case, which is now on appeal.

Harder takes issue with the idea, circulating in L.A. legal circles, that suing Gawker has become his firm’s “bread and butter”: “We represent numerous businesses and individuals in a plethora of legal matters that have nothing whatsoever to do with Gawker.”

Nor would Harder discuss the specifics of his arrangement with Thiel. “If a person has been wronged, he or she is entitled to be made whole. This is true whether the person pays their own legal bill, or has a law firm on contingency, or is represented by a public interest law firm, or an attorney on a pro bono case, or has someone else helping with the costs.”

SILICON VALLEY IS circling Gawker in at least one other way. In January, following the departure of numerous executives and editors from the embattled media company, some former employees were contacted by Scott Sonnenblick, a partner at corporate M&A law firm Linklaters, who said he was looking to discuss the possibility of buying the company. Sonnenblick specifically told some of these ex-employees that he was calling on behalf of at least one Silicon Valley heavyweight.

There’s nothing unusual about making a bid by approaching former executives, who bring insiders’ knowledge and outsiders’ hunger. But having a Silicon Valley billionaire circle a private New York media company under siege from a Silicon Valley billionaire is certainly unusual. Sonnenblick and Thiel’s camp declined to comment.

Regardless, Denton needs help. While Gawker has since been able to secure funding from Russian billionaire [Viktor Vekselberg’s](#) Columbus Nova Technology Partners, the company remains under attack. The \$140 million verdict, while widely expected to be reduced or eliminated on appeal, hangs over Gawker’s head like a guillotine, and numerous legal expenses are draining its resources.

During an interview with FORBES at the Code Conference in Los Angeles, Denton says that Gawker recorded revenue of \$50 million last year and would have broken even absent legal fees. However, with fees, which have totaled about \$10 million in the Hogan case alone, 2015 and likely 2016 will end up in the red. Gawker already initiated a small number of layoffs to reduce costs.

Gawker has changed, post-Thiel. The company has shuttered Valleywag and its celebrity rumor mill, Defamer, and Denton said last November that the Gawker flagship would refocus on politics. “For a long time the lawsuits seemed like karmic retribution for skating so close to the edge,” says a current Gawker employee. “But for once, Nick Denton’s conspiracy theories turned out to be true.”

In an age where media assets have become a strategic hobby for non-media billionaires, whether they wear white hats (Jeff Bezos and the Washington Post) or black hats ([Sheldon Adelson](#) and the Las Vegas Review-Journal), the idea that a media entity can be systematically sued into submission by an aggrieved subject is an ugly long-term prospect.

In the short term, Denton is doing what he needs to do to survive. After sitting down with FORBES at the Code conference, Denton scurries off to his next meeting, garnering sympathetic greetings as he walks to the lobby of a five-star oceanfront resort in Rancho Palos Verdes, Calif. He’s more than ten minutes late by the time he arrives. He quickly extends his hand to Sameer Deen, the senior vice president for digital at Univision—a company reportedly interested in investing in Gawker, headaches and all.

Follow Ryan on Twitter at [@RMac18](#) or email him at rmac@forbes.com. Follow Matt on Twitter at [@MattDrange](#) or email him at mdrange@forbes.com.