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January 11, 2013

OFFICE OF
COUNSEL

Direct: (213) 452-6550

VIA FACSIMILE AND U.S. MAIL

Anthony Herman, General Counsel
Office of General Counsel
Federal Election Commission
999 E. Street, N.W.,
Washington, D.C. 20463

MUR # 6678

Re: **Supplement to FEC Complaint Regarding Manwin USA, Inc. and
Fabian Thylmann, et al.**

Dear Mr. Herman:

We represent Michael Weinstein, President of AIDS Healthcare Foundation ("AHF"), one of the proponents of Measure B, a citizen-sponsored initiative that was enacted by the voters of Los Angeles County at the November 6, 2012 general election. Mr. Weinstein filed a complaint with the Federal Election Commission ("FEC") arising out of that campaign on October 26, 2012 (with an Addendum filed on October 31, 2012), for violations of the prohibition on contributions from foreign nationals contained in the Federal Election Campaign Act ("FECA"). The named respondents were: Manwin Licensing International S.A.R.L., Manwin USA, Inc., Fabian Thylmann, Andrew Link, No on Government Waste, No on Measure B—Major Funding by Manwin USA Committee ("No on Government Waste Committee"), and Froytal Services Ltd.

We are writing to apprise you of certain developments that are relevant to your consideration of the Complaint and Addendum. In particular, Mr. Fabian Thylmann, the CEO of Manwin USA, Inc. and the key decision-maker for the entities named in the Complaint, has been arrested at his home in Brussels, Belgium and charged with evading payment of taxes in Germany, where (based on information and belief) Mr. Thylmann holds citizenship. Mr. Thylmann's arrest has been covered extensively in the media. News reports have stated that Mr. Thylmann is a *German national* and that he oversees a pornographic internet media "empire" with subsidiaries in the United States (home of Manwin USA), Cyprus (home of Froytal Services Ltd.) and elsewhere. Copies of those media reports are enclosed with this letter.

As referenced in Mr. Weinstein's Complaint and Addendum, Section 441e of FECA prohibits foreign nationals from making contributions, directly or indirectly, in local elections. Also, 11 CFR 110.20(i) prohibits foreign nationals from directing or participating in the decision-making process of any person with regard to such person's Federal or non-Federal election-related activities. Finally, 11 CFR 110.20(h) prohibits a person from knowingly providing substantial

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assistance in the solicitation, making, acceptance, or receipt of prohibited contributions, expenditures or disbursements.

As noted in our prior filings, Mr. Thylmann was the key decision maker for Manwin USA, Inc. and Froytal Services Ltd., with each company giving \$150,000 and \$75,000, respectively, to the No on Government Waste Committee. The enclosed articles further reinforce that Mr. Thylmann is a foreign-national with German citizenship and Belgian residency. Thus, the campaign contributions to the No on Government Waste Committee and other expenditures made by these companies in opposition to Measure B under Mr. Thylmann's direction violate the aforementioned provisions of FECA.

If you have any further questions, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "Stephen J. Kaufman", is written over a printed name.

Stephen J. Kaufman

Kaufman Legal Group, APC
777 S. Figueroa Street, Suite 4050
Los Angeles, CA 90017

December 17, 2012

HUFF POST WEIRD NEWS

Fabian Thylmann, Owner Of Pornhub And YouPorn, Arrested On Tax Evasion Charges In Germany

12/11/12 04:37 AM ET EST ^{AP}

BERLIN — Prosecutors say the German owner of the popular YouPorn and Pornhub websites has been arrested on suspicion of tax evasion.

Fabian Thylmann was arrested last week on a German warrant and is currently in custody in Belgium, where he lives. Ulrich Bremer, a spokesman for prosecutors in Cologne, said Tuesday that several properties including his home were searched last week.

Bremer says it isn't clear when Thylmann might be extradited to Germany. He could not say whether anyone else is under investigation or give further details of the case.

YouPorn and Pornhub are among the 110 most popular sites on the planet, according to Web information company Alexa.

Filed by Andy Campbell |

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HOME NEWS

Report: Manwin Founder Arrested on Tax Charges

By JOEL RUSSELL

Wednesday, December 12, 2012

Fabian Thylmann, founder of international pornography publisher Manwin, has been arrested in Brussels on suspicion of tax evasion, according to media reports.

The Luxembourg-based Manwin owns more than 30 adult websites. In the Valley, its Manwin USA subsidiary owns Playboy's TV and Internet properties, which it purchased in 2011 and runs from offices in Burbank.

The warrant for Thylmann, who is the managing partner of the company, came from Cologne, Germany. He is currently in Belgium awaiting extradition to Germany.

The Independent in London quotes a Cologne official saying that the accusations concern Thylmann and his companies, and that Thylmann plans to contest the allegations.

Manwin recently made news in Los Angeles as the largest contributor to the campaign against Measure B, which requires that porn stars wear condoms during productions. It was passed by Los Angeles County voters in the Nov. 6 election by a margin of 57 percent to 43 percent.

Attorneys for the industry announced this week they plan to contest the measure in court.

YAHOO! OMG

Porn site owner extradited to Germany in tax case

AP

Associated Press — Fri, Dec 14, 2012 7:24 AM PST

BERLIN (AP) — The owner of the heavily used YouPorn and Pornhub websites has been extradited to Germany after being arrested in Belgium on suspicion of tax evasion.

Fabian Thylmann, a German who lives in Belgium, was extradited on Thursday. Alf Willwacher, a spokesman for Cologne prosecutors, said Friday that Thylmann didn't contest extradition. It wasn't clear whether he has responded to the accusations against him.

Thylmann was arrested last week on a German warrant, and several properties including his home were searched. Prosecutors have declined to give details of the case against him.

Thylmann's company, Manwin, owns several sites including YouPorn and Pornhub which, according to Internet information company Alexa, are among the most popular websites on the planet. Manwin has offices in Luxembourg, Britain, Germany, Canada, Cyprus and the United States.

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News > World > Europe

Could the taxman turn off the King of Porn?

Tony Paterson investigates the bizarre world of Fabian Thylmann – the introverted family man who made sex sell on the internet

TONY PATERSON · SUNDAY 16 DECEMBER 2012

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He has been dubbed the "King of Porn" – but the man who has achieved global domination in the booming business of internet pornography was until recently a phantom figure. Just two years ago a team of investigative journalists from Germany's Süddeutsche Zeitung newspaper tried to track down the entrepreneur behind YouPorn, the online sex site which today enjoys a reputation almost as wide as its less salacious cousin YouTube on which it is modelled.

The journalists followed up one lead which landed them at the house of an unnamed British businessman. He happened to be having breakfast with his children in his garden when they arrived. He had no desire to discuss internet sex and saw them off the premises.

The businessman turned out to have nothing to do with online pornography. A second possible candidate threatened the reporters, their third possibility refused to answer any of their questions. They had drawn a blank and the man behind YouPorn seemed destined to remain a permanent mystery.

Last week, however, the identity of Mr "YouPorn" was suddenly and involuntarily laid bare. State prosecutors in Cologne revealed that at their insistence, the reclusive 34-year-old German owner of the sex site and seven more of the world's most successful internet porn sites had been arrested in Brussels on charges of widespread and persistent tax evasion.

His name is Fabian Thylmann. Yesterday he was sitting in custody in a Cologne police cell after having been extradited from Belgium, where he lives. He faces charges of persistently avoiding paying tax on the £60m his vast global online sex network is estimated to earn each year. Mr Thylmann is contesting the charges.

Notoriously publicity shy, Mr Thylmann looks like an archetypal computer nerd: he is chubby, pale faced, sports thick glasses and jeans and likes wearing baggy tracksuit tops. His background and lifestyle betray little which would point to an individual committed to a life in porn. He is married with two children and lives a reclusive middle-class existence in Belgium, well

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removed from the prying eyes of his native country's mass circulation Bild newspaper.

Born in the German city of Aachen, close to the border with Belgium, he moved to Brussels with his parents when he was a teenager and graduated at the city's international school. A job as a humble computer programmer followed. But within the past decade he has managed to revolutionise the entire business of pornography consumption and like it or lump it - he has made online sex instantly available to all. Germany's Focus magazine referred to him recently as "The Ruler in the Realm of Lust".

Mr Thylmann's online porn video empire is run by its parent company "Manwin" which is the industry's global leader. His sex sites include brand names such as YouPorn, Brazzers, PornHub and MyDirtyHobby. Using the same principle as YouTube, his websites allow visitors to watch pornographic videos for free. The income is generated by advertised sex "pay sites" which appear alongside and offer longer, full-length porn videos. An estimated 16 billion viewers click on to Manwin's sites every month. Only a fraction are reported to use the pay-for sites, but they are sufficient to bring in revenues in excess of £60m each year.

Manwin's porn sites go through the motions of attempting to filter the age of viewers. Visitors have to press a panel declaring that they are 18 or over before entering. However, once inside, the variety of pornography on offer is sufficient to gratify virtually every erotic predilection, fantasy and fetish. Mr Thylmann's sites are not for the squeamish or faint-hearted. Videos with titles such as German Lesbian Granny Sex Orgy or Mother-in-Law Seduces Shy Cleaner are part of Manwin's staple diet.

Mr Thylmann gave his first and only interview to the media last year when he was sought out by journalists from the German edition of the Financial Times at a porn industry conference in Las Vegas. "Our objective is actually rather banal," he told them. "We want to create as many opportunities as possible for people to spend money." He said he was glad to be interviewed because it "cleared up rumours" and "dispelled conspiracy theories" concerning his identity. Yet he was never heard of again until last Tuesday.

His breakthrough began in the late 1990s when he was still working as a computer programmer. Mr Thylmann developed special computer software called Nats (Next-generation affiliate tracking software), which linked up the vast number of internet pornography sites for the first time and enabled visitors to select sex films according to personal preference. "Nats was very easy to use and could do what the others couldn't," Mr Thylmann told Germany's FT

The success of Nats encouraged Mr Thylmann to start his own online sex sites. He began in 2006 by securing a licence for the Playboy label which gave him control of all of its television and online productions. YouPorn followed the same year. Its formula for success is to offer visitors free and unlimited viewing of videos drawn from a vast and constantly updated library of professional and amateur sex films. Sixty million viewers surf Mr Thylmann's porn sites each day.

The rise of YouPorn and similar sex sites has crippled the traditional porn industry, which relies on sex film cinemas, pornographic DVDs, magazines and sex shops to generate income. If the complaints of those involved in the sex industry in famous locations such as Hamburg's famous Reeperbahn red-light district are to be believed, then virtual sex has also hit its real-life equivalent: prostitution. The Reeperbahn's last traditional brothel was forced to close down more than two years ago because of a dramatic drop in trade over the past decade.

By contrast, Mr Thylmann's, Manwin and its subsidiary companies currently control and largely dictate the terms of a booming global online sex-video market including the content of individual films. The company currently employs a staff of 1,000 across the globe and has over 35 subsidiaries in Luxembourg, Canada, Cyprus, Germany, the US, Britain and Ireland.

Germany's Die Welt newspaper claims to have exposed Mr Thylmann as a tax evader and to have been influential in securing his arrest. Its journalists said they had gained access to Manwin's internal accounts which showed that although German pornography actors performed for his sex videos in Germany, they were paid by a subsidiary company in Cyprus. They insisted that the form of remuneration was in flagrant breach of German tax laws.

Mr Thylmann denies that he avoided tax and maintains that he was merely minimising his tax burden in accordance with widely accepted practice. His

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by Tabea

lawyers will now have to convince German state prosecutors that there is no case to answer. If they fail Germany could soon be hosting the King of Porn's trial.

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Manwin Chief Fabian Thylmann Arrested in Belgium - UPDATE

Awaits extradition to Germany on tax evasion charges

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Posted Dec 16th, 2012 11:00 AM by [Peter Warren](#)

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BRUSSELS, Belgium—Fabian Thylmann, managing partner of international adult conglomerate Manwin, has been taken into custody by Belgian officials on an arrest warrant issued by a German court on suspicion of tax evasion. Contrary to some news reports, AVN has learned that Thylmann was arrested late last week, reportedly at

the Belgian airport.

According to German daily *Die Welt* (*The World*), police raided Manwin's Hamburg offices last Tuesday as part of an ongoing probe precipitated in part by the newspaper's own investigation into the company. The several dozen officers who conducted the raid seized a number of computers and documents. The same day, officers in Belgium searched Thylmann's own residence there.

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Die Welt published a series of articles on Manwin in its Sunday edition during September that among other things examined irregularities in the company's structure, which in turn likely contributed to the government's suspicion of tax evasion.

The warrant for Thylmann's arrest was issued by the District Court of Cologne, Germany. A spokesman for the prosecutor said that Thylmann's projected extradition to Cologne is open-ended at this point, and could not disclose whether there are other suspects in the investigation.

Manwin owns porn powerhouses including Brazzers, Digital Playground, Reality Kings, YouPorn and PornHub, as well as manages Playboy's web and broadcast properties. Its various arms are registered in Luxembourg, Germany, Canada, Cyprus, USA and Ireland.

German news outlet [sueddeutsche.de](#) is [reporting](#) that Thylmann remains in custody, awaiting extradition to Germany.

AVN has contacted Manwin for comment, but did not hear back by post time.

UPDATE 12/14

Bild.de is [reporting](#) that Manwin managing partner Fabian Thylmann has been successfully extradited to Germany following his arrest last week in Belgium, and that he has been brought before a judge to hear the charges against him, a Cologne prosecutor said. He reportedly remains in custody.

UPDATE 12/16

Welt am Sonntag is [reporting](#) that "as early as Monday" German bank Commerzbank may sever its relationship with Manwin managing partner Fabian Thylmann, who remains in custody in Germany after being extradited from Belgium following his arrest earlier this month on suspicion of tax evasion.

According to *The Local*, which offers German news in English, "Customers of German amateur pornography portal MyDirtyHobby, one of Thylmann's various sex portals, have for some time paid fees into an account held with the Hamburg branch of Commerzbank, according to the report.

"The state prosecutor in Cologne is currently looking into who actually runs the amateur porn site," the article continued. "Thylmann claims a Cypriot subsidiary is responsible, but evidence has emerged suggesting Hamburg company Manwin Germany is behind it."

The report also claims that bank employees visited Manwin's Hamburg offices "several times," and that "the investigation into Thylmann's alleged dodgy dealings has prompted a few red faces at Commerzbank, which is keen to cut off all business relations with him as soon as possible in an attempt to save the bank from reputation damage."

The Local added, "Rules state that banks are allowed to terminate contracts without notice for 'reasons of reputation.'"

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