

## **From The New Yorker Magazine:**

"Gawker Stalker: Nick Denton Spotted in Cayman Islands Written by John Cassidy

Here's the real skinny:

1) Gawker's top advertising executive, Chris Batty, the person primarily responsible for bringing in the green that pays the rest of the staff's wages, has quit or been pushed out, and he's taking with him the firm's top salesman. Actually, the media-savvy Denton put this bad news out himself, in a long e-mail to staff that was leaked earlier this week. But Salmon has lots of background to Batty's departure, which he says is likely to hit Gawker's revenues in the coming months. Seems Batty and Denton disagreed about the wisdom of junking the blog format that Gawker pioneered and trying to become an online cable network, which is what appears to be in Denton's mind.

2) Gawker is organized like an international money-laundering operation. Much of its international revenues are directed through Hungary, where Denton's mother hails from, and where some of the firm's techies are located. But that is only part of it. Recently, Salmon reports, the various Gawker operations-Gawker Media LLC, Gawker Entertainment LLC, Gawker Technology LLC, Gawker Sales LLC-have been restructured to bring them under control of a shell company based in the Cayman Islands, Gawker Media Group Inc.

Why would a relatively small media outfit based in Soho choose to incorporate itself in a Caribbean locale long favored by insider dealers, drug cartels, hedge funds, and other entities with lots of cash they don't want to advertise? The question virtually answers itself, but for those unversed in the intricacies of international tax avoidance Salmon spells it out: "The result is a company where 130 U.S. employees eat up the lion's share of the the U.S. revenues, resulting in little if any taxable income, while the international income, the franchise value of the brands, and the value of the technology all stays permanently overseas, untouched by the I.R.S."

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"By [Rusty Weiss](#) |

Financial journalist, Felix Salmon reported:

*Gawker Media has been going through a big corporate revamp over the past year or so. The ultimate parent company has never been in the U.S.: it used to be Blogwire in Hungary, but now*

*Blogwire Hungary has become a **subsidiary of a Cayman Islands entity called Gawker Media Group Inc**, which also owns various U.S. operations like Gawker Media LLC, Gawker Entertainment LLC, Gawker Technology LLC, and Gawker Sales LLC.*

Then there's this little tidbit of information; something regarding obscene profits, untaxed revenue, and side-stepping the IRS...

*The Hungarian companies get all of Gawker's international income, which flows in from 13 different salespeople in ten different countries and which, since it's international income flowing to a Hungarian company owned by a Cayman Islands parent, **is basically pure profit which never comes close to being taxed in the U.S.** The result is a company where 130 U.S. employees eat up the lion's share of the U.S. revenues, resulting in little if any taxable income, while the international income, the franchise value of the brands, and the value of the technology **all stays permanently overseas, untouched by the IRS.**"*

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