

Did Pando Just Imply That Nick Denton and Gawker Are Connected With Russian Mobsters?



What if it's not Gawker writing the check?

By Paul Carr for Pando

With \$140m in damages awarded against them, the Hulk Hogan verdict certainly seems to be an existential threat to Gawker. To read the endless stream of op-eds around the verdict, you'd think Denton and his crew were already listing their office furniture on eBay.

And yet, nothing about Denton's public demeanor or that of any of his employees betrays the slightest concern. We're hearing no reports of writers circulating their resumes, and no one has leaked details of any attempt to sell the company. Sure, the company's lawyers argued in court that any punitive damages would be devastating to Gawker, Denton and Daulerio but that's what lawyers are supposed to do. At the very same time, Gawker PR was continuing to pump out its usual message: "The verdict will be overturned on appeal, or the damages significantly reduced."

Of course that quiet confidence might be because they really do think the escrow will be capped at \$50m or even suspended completely. It might also be because they have faith in the appeals process.

Still, with legal bills for the past twelve months fast approaching a million dollars and some legal experts warning that thing might not go Gawker's way at appeal, there's absolutely no guarantee that the company won't still end up owing tens of millions of dollars after all is said and done. Given that possibility, the apparent calm at Gawker seems almost spookily misplaced.

Unless.

A few months ago, it was widely reported that Gawker had agreed to take investment from the Russian oligarch Viktor Vekselberg. As Mark Ames explained [here](#), that means taking millions of dollars from the guy who “rolled up Russia’s aluminum industry, notorious as the most violent and *corpse-riddled* of all the newly-privatized industries.” (Res. Note: See, also *Frank Giustra Mining Connections and Afghan Mining Connections*)

As if that weren’t bad enough, the deal saw Gawker agree to give Vekselberg veto power on selling the company, a seat on their board, control over senior hires and even the right to decide which senior editors are brought on board. That’s a level of editorial interference that most news organizations would balk at, especially a news organization that has previously gloated about the freedom that comes from having no investors. (By contrast, none of the venture capitalists who invested in Pando have a seat on our board and no investors have any editorial involvement whatsoever.)

Even even the smartest business commentators explained the deal in simplistic terms: Gawker needed cash to fight the Hogan lawsuit, Vekselberg was offering cash, ergo the slightly extreme terms made sense. But that reading doesn’t pass a basic smell test: One of the terms of the agreement was that Denton couldn’t sell Gawker for less than \$100m without their permission. That strongly suggests Vekselberg was putting a current value of \$100m on the troubled company, far lower than the \$200-\$300m some people were claiming. Indeed, yesterday in court, Gawker’s own lawyers set the value of the company at \$83m.



Given we’re told the russians took a minority stake in the company, that would mean -- *at most* -- they’d put in around \$40m. That’s barely enough to pay the minimum escrow under Florida law, an amount that all parties have long been aware could have been payable before appeal.

And yet, the Russians were willing to do a deal that could still see their portfolio company bankrupted in an instant.

And yet, Gawker remains relaxed and confident.

So what if...

What if the reason Denton agreed to such horrendous terms -- not just to give up a large chunk of his company, but to hand over near-total control to a single investor -- is that the Russians have promised to cover *whatever amount of money the court demands*? Even if that amount ends up being close to \$100m. What if Denton's calm demeanor in court, and the glib responses given by both Denton and AJ Daulerio on the stand come from a place of confidence that, whatever happens, the Russians will be the one writing the check.

What if that was the secret undisclosed term of the investment: A short term cash injection, but also financial indemnity against whatever the court might ultimately throw at Gawker. With an estimated net worth over \$13bn, certainly Vekselberg can afford to make that guarantee. And certainly a deal like that would explain Denton's willingness to accept what seem to be unreasonably brutal investment terms.

Wild speculation? Actually, not entirely. In fact it's the persistent rumor I keep hearing from people familiar with the goings on at Gawker. That Denton's deal with the devil was for the civil equivalent of a get out of jail free card, in return for the heart and soul of Gawker.

Based on everything I'm seeing, I'm inclined to believe it's true, or at the very least that Vekselberg and Denton have made an agreement for another cash injection if things go badly in court. We won't know for sure unless someone at Gawker actually reports on the goings on inside their own organization (remember when Denton used to boast that his site would reveal everything that journalists were discussing in bars, without fear of favor) or if an appeals court demands Gawker pay the \$50m or more. At that point, we'll see if Denton magically finds a check for \$50m inside his \$83m company.

Of course if that does happen, and Vekselberg does have to write a much bigger check, then that's when the real fun will start. If Denton thinks Vekselberg has him by the throat now, wait til he's another \$50m or more in the hole to a Russian oligarch. Maybe that look in Denton's eyes isn't confidence but resignation.

Let's examine this further

In one theory, observers have noted that Denton devotes his Gawker Media resources to White House policy and White House enemies. The facts show that almost every hit-job article that Denton has published on someone has turned out to be a hatchet job on someone on the White House "enemies list".

The Silicon Valley campaign financiers that Denton is most closely connected to also happen to be almost the only recipients of the notorious Steven Chu wrangled Department of Energy cash. (ie: Elon Musk, John Doerr Eric Schmidt, etc.). Ironically, Russian mobsters figure deeply into that very same Department of Energy cash. The Department of Energy funds were supposed to be for American companies in a time of financial crisis. The very crisis which coincided with Obama's election.

Even though this money came out of American taxpayers pockets, a huge portion of it was handed to two Russian billionaires who are associates of Nick Denton's Viktor Vekselberg. They owned companies called Severstal and another called Ener1. Ener1 got the taxpayer cash and immediately went bankrupt after certain investors skimmed their payola off the top. The U.S. Congress spotted the Severstal scam, part way through, and called for Senate investigations.

You heard it right, Nick Denton's buddies from Silicon Valley handed billions of taxpayer dollars to Russian billionaires who had no need of a cash hand-out. In fact, some of them were on, and are still on, the FBI's watch-lists. Mr. James Comey, the head of the FBI has to be looking hard at Mr. Denton.

The media are now looking hard at the FBI, Hulk Hogan, and Nick Denton triangle since an "FBI Sting Operation" has already been publicly acknowledged to have been underway in the Hulk Hogan case.

- Thanks to Andrea Lund for additional research

Topics: Nick Denton, FBI, Hulk Hogan, Terry Bollea, Gawker Media, Russian mobsters, Steven Chu, Ener1, Severstal, Department of Energy, Cheryl Attkisson, James Comey, Viktor Vekselberg, FBI Sting, Heather Clem, Bubba The Love Sponge,