

Who Is California's New Green Cleantech Czar Gary Kremen?

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Who Is California's New Green Cleantech Czar Gary Kremen?

By Tony West For The LA Times Etd.

California just put more money than god in a special "Cleantech Cash" pot created by taxpayer funds in a special Proposition. The taxpayers were just told: *"it will create jobs"*. What the politicians may have meant was: *"It will create jobs for our personal bankers at Goldman Sachs"*.

A fellow named Gary Kremen is now in charge of that cash. Who is he?

He founded **Sex.com**. Opponents of Mr. Kremen try to use this as a bad thing, against Mr. Kremen, but for gosh sakes: The guy has made a mint off of selling sex. If he can sell sex then he certainly can sell California politicians shaky relationship with green corruption cash. Solyndra, and a host of green corruption payola schemes, put the FBI spotlight on California. Everyone is getting ready for round two. Republicans are touting Kremen as a "trafficker" in the state that is seeking to implement the toughest anti-trafficking laws in the nation. Supporters of Kremen retort that sex.com shows every kind of sexual perversion so it clearly "does not discriminate against any kind of sexual inclination." That sounds mighty fair.

Kremen founded **Match.com**. Match.com is the most sued dating site in the world. Match.com has been sued for murder, rape, the largest set of fake profiles on Earth, fraud and a host of other issues. Match.com scans every dating photo and profile, harvests user activity and sends that off to the NSA and data analysis companies. It sounds like Kremen knows how to gather consumer data so, again, what is promoted as a negative could have Kremen being a huge winner in helping California harvest private voter data for the elections. Another plus for Kremen!

In 1993, Kremen founded Electric Classifieds, Inc. Funded by private investors in November 1994, he launched the online personals service [Match.com](#) in April 1995.[3] After troubles with venture capitalists over his insistence that the company serve profitable alternative market segments including the LGBT market, he left Match.com in March 1996, remaining on the board of Electric Classifieds. Over Kremen's objections, [Match.com](#) was sold to [Cendant Corporation](#) for \$7 million in 1998[3] and sold by Cendant to [Ticketmaster](#) a year and a half later for \$50 million.[4] The NSA deploys aspects of these services. From 1995 to 1996, Kremen founded and served as president of NetAngels.com, Inc., an Internet profiling, spying and personalization company[2] that suggested web sites to users. He left when NetAngels merged with Boston personalization software firm [Firefly Network, Inc.](#)[3] in 1997.[5] and Firefly was sold to Microsoft in 1998 in a reported \$40 million deal.[6]

In 1999, Kremen was listed as an equity-holding officer or director of Brightcube, Inc.[2] The same year, he sold [Computer.com](#) for \$500,000.[7][8]

Kremen is credited as a primary inventor on a 1995-filed patent for [dynamic web pages](#), US patent number 5,706,434.[9] which he later sold for over \$1,250,000.[10] Additionally, Kremen holds two other patents in financial-related systems management: US patent number 7,698,219[11] and US patent number 7,890,436[12]

A 2007 [New York Times](#) article on "millionaires who don't feel rich" reported that Kremen estimated his net worth at \$10 million.[13]

Kremen resides in the [San Francisco Bay Area](#). He is the founder of residential solar financing start-up [Clean Power Finance, Inc.](#), which raised \$6.9 million from investors in January 2010.[14] \$25 million from Kleiner Perkins, \$75 million from [Google](#) [15] in September 2011.[16] and \$62 million from other investors.[17][18]

Kleiner Perkins is now under felony-grade investigation for rigging the original "Cleantech Crash".

SEE: <http://www.cbsnews.com/news/cleantech-crash-60-minutes/>

In an ironic twist. Kleiner and Google VC's are under suspicion of rigging the Afghan War to create an exclusive mining monopoly (See Frank Giustra Investigation) for lithium metal for Tesla and Indium Metal for Solyndra. This resulted in losses of over a trillion dollars to taxpayers. How California decided that Gary Kremen was the "Go To Guy" for Cleantech Cash could be explained by Presidential and Senator campaign finance records..but maybe not. Republicans appear to have hired a number of private investigators to seek to get "the whole story on Mr. Kremen".

□

He was also founder and chairman of Sociogramics, a financial services company that focuses on bringing credit to the underbanked yuppies, having raised seed capital from Tugboat Ventures, Harmony Venture Partners, Trinity Ventures, [Greylock Partners](#), Claremont Creek Ventures, and QED Investors.[19]

Kremen is the founding investor and a board member of CrowdFlower[20] and WaterSmart Software[21] and CapGain Solutions.[22] He is an elected board member and president of the Purissima Hills Water District[23] as well as involved with local non-profit organizations.[24] He is also a co-founder of Menlo Incubator, which is an early-stage startup program that focuses heavily on mentorship.[25][26]

Kremen was appointed to the [Proposition 39](#) Citizens Oversight Board by California State Controller [John Chiang](#) in January 2014.[27] On February 24, 2014, Identive Group appointed him a member of the Board of Directors.[28]

Kremen was elected to the [Santa Clara Valley Water District](#) of Directors in the 2014 election.^[29] On January 13, 2015, the Board elected him as the 2015 Board Chair.

Sex.com saga

Kremen first registered the [domain name sex.com](#) in 1994^[30] as well as jobs.com, housing.com, and autos.com. In 1996, [Stephen M. Cohen](#) contacted [Network Solutions](#) and fraudulently had the domain transferred to his name. Kremen sued Cohen for the return of the sex.com domain name. As Cohen had profited from sex.com while assigned to him, Kremen was awarded a judgment of \$65 million against Cohen. Cohen fled to Mexico and moved the money offshore. Kremen obtained Cohen's Rancho Santa Fe mansion, where Kremen relocated to after the court case resolved. In 2003, Kremen successfully litigated against Network Solutions.^{[31][32]} On October 28, 2005, the Los Angeles Times reported Cohen had been arrested in Mexico and turned over to US authorities.^[33] Kremen sold sex.com in 2006 to Boston-based Escom LLC for \$15 million in cash and stock, and sold sex.net for \$454,500 later that year.^{[34][35][36]}

One of Kremen's companies is called Kremen/Father. Gabriel Spitzer tell's one of the stories about Gary Kremen's run in with entrepreneurs:

Splashed: The fall of Hot Liquid Media

Morality tale of how a smart idea got skunked

By Gabriel Spitzer

In the spring of 2000, Justin Fortune was in Arizona, setting up his booth at a conference organized by the Outdoor Advertising Association of America and the Transit Auto Bureau.

Fortune was there to introduce his company, Hot Liquid Media, and the coffee-cup sleeves that HLM placed advertisements on, to the advertising community.

"That was kind of our coming-out party," recalls Fortune, former president and chief executive officer of Hot Liquid Media.

As it turns out, Fortune's booth was right next to the booth for Pinpoint Golf Marketing, with whom HLM had an investor in common.

"An employee of Pinpoint introduced himself to me and said, 'Oh, you're Hot Liquid Media. Phillip wanted me to see if you would be a good candidate to be rolled up into the Pinpoint Golf media family,'" recalls Fortune.

That's funny, Fortune thought. This was the first time he'd heard anything about "rolling up" Hot Liquid Media into anything.

Phillip Father, one of the partners at venture capital firm Kremen, Father and Partners in San Francisco, hadn't mentioned anything about it to Fortune.

"That was the moment I knew they were up to something," says Fortune.

For Fortune, the episode in Arizona turned out to be the prelude to a yearlong drama that would culminate in the collapse of Hot Liquid Media about a month ago.

Stories like this, that involve lawsuits and hurt feelings and disputed facts, often have two very different sides.

This is Fortune's side of that story, and it is something of a morality tale of what can happen to a young, successful business that tangles with a venture capital firm and comes out the loser.

Calls to Kremen, Father and Partners for its side of this story were not returned.

Hot Liquid Media formed in early 1999 when Fortune, then working in radio ad sales, had the idea that the coffee cups so ubiquitous in his hometown of San Francisco were an untapped advertising resource.

Soon, Hot Liquid Media was turning the insulated sleeves on coffee cups into little billboards. The company's first client was Streetlight Record, a small, local chain. Next came Pennzoil, then CNET.

Before long, Hot Liquid Media had assembled an impressive list of clients, including Disney, Boeing, Sony, CBS Marketwatch, Columbia Tri-Star, Kosmo.com and The Washington Post.

"From there we just kind of exploded. Within our first year, we were billing about \$2.6 million. We had offices in San Francisco, New York, Chicago, Los Angeles and Albuquerque," Fortune says.

At one point early on, Fortune's then-girlfriend (they are now married) and business-partner Sarina Wolff called a friend of hers for financial advice. That friend worked for Kremen, Father and Partners.

"A day or two later he called back saying that he and his partner were interested in our company and would like to invest. It wasn't something we asked for, it was just kind of dangled in front of our faces," says Fortune.

"They invested \$60,000, and we gave up 30 percent of the company."

Fortune and Wolff gave up one other thing that they would soon come to regret: three seats on Hot Liquid Media's five-person board.

"There were three original investors, and we thought, why not? That was just a mistake we made," says Fortune.

Meanwhile, Hot Liquid Media continued to grow. It improved the quality of the photos on its coffee sleeves and began placing ads on beer coasters.

But then came the incident in Arizona, and Fortune quickly found out what he believes were his investors' true intentions for the company.

"The company was a cash cow, and the investors wanted a quick payoff. They told us to roll it up with one or more of the other companies they had investments in, or buy their shares back," says Fortune.

Moreover, Kremen, Father and Partners presented Fortune with a valuation of the company at \$10 million, and they wanted a third of that sum in a buy-back, Fortune says.

According to Fortune, that valuation was way, way too high, and came not from an outside source but from the investors' own calculations.

"They gave us a one-month deadline. When that deadline came around and we didn't give them any answers, they became upset and started taking aggressive action," says Fortune.

"So they held an illegal board meeting in the attorney's office over three days and essentially executed the buyout."

After the meeting, Fortune and Wolff fired the board. Soon thereafter, Kremen, Father and Partners filed suit against Fortune and Wolff.

Then, says Fortune, things started to get really ugly.

Somehow, he says, the investors managed to lock up the company's cash holdings, leaving it with no operating funds.

From there the company's demise was swift.

"That made it difficult to operate. If our clients couldn't get us the money up front, we had to turn the deal down."

Finally, with lawsuits still pending and lawyers' bills piling up, Hot Liquid Media closed its doors for good.

Since then, Fortune has gone back into the advertising world. The transition from CEO to desk job has not been easy, but Fortune has definitely learned a thing or two.

"Business partners are like personal relationships. You have to be very careful who you get into bed with. The sheets can get soiled. It can put you in a position where you've screwed yourself so royally if there's a dispute, that people can turn your life upside down," he says.

"An investor is always going to take you down a different path than what you intended. Whether you're giving up five, 10 or 90 percent, that investor is never going to view the business the same way you do. A dime is a million bucks to them."

-Gabriel Spitzer is a staff writer for Media Life.

I found this interested tidbit in a leaked law enforcement doc:

Kremen, Father & Partners, LLC

Gary Kremen

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KREMEN FATHER & PARTNERS in San Francisco is a company that specializes in "Investment Advice". Our records show it was established in California.

Estimated Yearly Revenue: \$1,245,000 in 2002 SIC Code: 6282

Founders/Owners: Match.com, Sex.com

Consultants to: Kleiner Perkins, lithium ion battery sources, political campaigns

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