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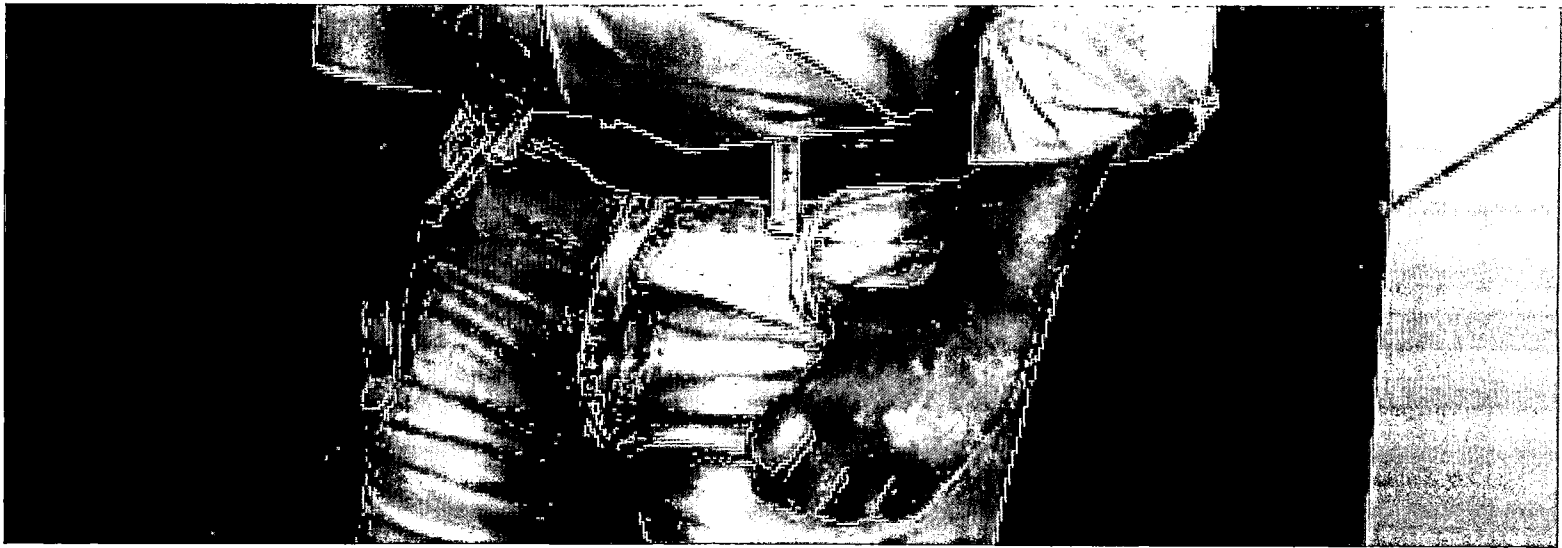
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Peter Thiel, Tech Billionaire, Reveals Secret War With Gawker

By ANDREW ROSS SORKIN MAY 25, 2016





Peter Thiel, a co-founder of PayPal, has spent about \$10 million to help the wrestler Hulk Hogan sue Gawker. "It's less about revenge and more about specific deterrence," he said. Damien Maloney for The New York Times

A billionaire Silicon Valley entrepreneur was outed as being gay by a media organization. His friends suffered at the hands of the same gossip site. Nearly a decade later, the entrepreneur secretly financed a lawsuit to try to put the media company out of business.

That is the back story to a legal case that had already grabbed headlines: The wrestler Hulk Hogan sued Gawker Media for invasion of privacy after it published a sex tape, and a Florida jury recently awarded the wrestler, whose real name is Terry Gene Bollea, \$140 million.

What the jury — and the public — did not know was that Mr. Bollea had a secret benefactor paying about \$10 million for the lawsuit: Peter Thiel, a co-founder of PayPal and one of the earliest investors in Facebook.

A 2007 article published by Gawker's Valleywag blog was headlined, "Peter Thiel is totally gay, people." That and a series of articles about his friends and others that he said "ruined people's lives for no reason" drove Mr. Thiel to mount a clandestine war against Gawker. He funded a team of lawyers to find and help "victims" of the company's coverage mount cases against Gawker.

"It's less about revenge and more about specific deterrence," he said on Wednesday in his first interview since his identity was revealed. "I saw Gawker pioneer a unique and incredibly damaging way of getting attention by bullying people even when there was no connection with the public interest."

Mr. Thiel said that Gawker published articles that were "very painful and paralyzing for people who were targeted." He said, "I thought it was worth fighting back."

Mr. Thiel added: "I can defend myself. Most of the people they attack are not people in my category. They usually attack less prominent, far less wealthy people that simply can't defend themselves." He said that "even someone like Terry Bollea who is a millionaire and famous and a successful person didn't quite have the resources to do this alone."

Mr. Thiel said that he had decided several years ago to set his plan in motion. "I didn't really want to do anything," he said. "I thought it would do more harm to me than good. One of my friends convinced me that if I didn't

do something, nobody would.”

Mr. Thiel has donated money to the Committee to Protect Journalists and has often talked about protecting freedom of speech. He said he did not believe his actions were contradictory. “I refuse to believe that journalism means massive privacy violations,” he said. “I think much more highly of journalists than that. It’s precisely because I respect journalists that I do not believe they are endangered by fighting back against Gawker.”

He continued, “It’s not like it is some sort of speaking truth to power or something going on here. The way I’ve thought about this is that Gawker has been a singularly terrible bully. In a way, if I didn’t think Gawker was unique, I wouldn’t have done any of this. If the entire media was more or less like this, this would be like trying to boil the ocean.” Mr. Thiel said he had not targeted any other media companies.

But the revelation this week that Mr. Thiel was covertly backing Mr. Bollea’s case as well as others has raised a series of new questions about the First Amendment as well as about the role of big money in the court system — specifically the emerging field of litigation finance, in which third parties like hedge funds and investment firms pay for other people’s lawsuits.

Roy D. Simon, a professor emeritus of legal ethics at Hofstra University School of Law, suggested that the practice has helped “level the playing field” by providing resources for people to mount cases against big institutions that would be impossible otherwise.

But he said there was a risk when a lawsuit was funded by a single person with a potential agenda. “I am troubled by Thiel,” Professor Simon said. “I guess that one guy is much more likely to have an agenda driven by revenge or personal dislike or wanting to prove a point.”

But other legal experts said that the mere fact of Mr. Thiel’s involvement did not change the case. And while there is no legal requirement that underwriters like Mr. Thiel reveal their involvement to the opposing side or the jury, it is considered fair game for lawyers to ask questions about financial backing — something that Gawker Media did on Wednesday in court as part of its efforts to overturn the Hogan judgment.

“If you really do have concerns about the merits of this case, finding out who bankrolled it doesn’t really help you at all,” said Mary Anne Franks, a professor at the University of Miami School of Law. Absent any indication that there is something unlawful about how the funding took place, she said, “you would still need to show that there’s something substantively wrong with the ruling.”

In a statement, Nick Denton, the founder of Gawker Media, who was also personally named in the Hogan suit, said: “Just because Peter Thiel is a Silicon Valley billionaire, his opinion does not trump our millions of readers who know us for routinely driving big news stories including Hillary Clinton’s secret email account, Bill Cosby’s history with women, the mayor of Toronto as a crack smoker, Tom Cruise’s role within Scientology, the N.F.L. cover-up of domestic abuse by players and just this month the hidden power of Facebook to determine the news you see.”

Mr. Thiel is known as a brilliant entrepreneur. Born in West Germany and raised in California, he became a chess prodigy, an academic star and a promising lawyer before settling down in the Bay Area to found companies.

He achieved demigod status among Silicon Valley business leaders, thanks largely to his role at PayPal, where he became the de facto don of the early

employee group known as the PayPal mafia. That group went on to become power players at such Silicon Valley institutions as Tesla, YouTube, LinkedIn and Yelp.

Mr. Thiel is also known for his lucrative investment in Facebook, where he is a board member, and his three venture firms, Founders Fund, Mithril and Valar. (His defunct hedge fund, Clarium Capital, has been long forgotten.) He also co-founded the secretive data-crunching start-up Palantir and bankrolled Breakout Labs, which only funds what Mr. Thiel calls “hard tech” start-ups that tackle things like new energy, transportation and biotech companies. “We wanted flying cars, instead we got 140 characters,” is the Founders Fund tag line.

But unlike most Silicon Valley billionaires, Mr. Thiel openly supports a wide array of eccentric philanthropic and social efforts aimed at radically altering life as we know it. His Thiel fellowship gives high school and college-age students money to drop out of school and start companies. He has donated to organizations that seek to extend the human life span, such as the Methuselah Foundation. And he co-founded the Seasteading Institute, which aims to create cities that float at sea, beyond the reach of governments and their laws.

A libertarian, Mr. Thiel is a pledged delegate for Donald J. Trump for the 2016 Republican National Convention.

He said that he hired a legal team several years ago to look for cases that he could help financially support. “Without going into all the details, we would get in touch with the plaintiffs who otherwise would have accepted a pittance for a settlement, and they were obviously quite happy to have this sort of support,” he said. “In a way very similar to how a plaintiff’s lawyer on contingency would do it.” Mr. Thiel declined to disclose what other cases he had supported but there are at least two current cases against Gawker.

Without revealing an exact figure, he said that estimates of \$10 million in expenses so far were “roughly in the ballpark.” He added: “I would underscore that I don’t expect to make any money from this. This is not a business venture.”

He would not say whether he had compensated any of the people, including Mr. Bollea, which could raise questions in an appeal. He insisted “there was no gray area” in what he had done.

Mr. Thiel was not the only boldface name in Silicon Valley who was outed as gay by Gawker Media — Timothy D. Cook, the chief executive of Apple, is another example.

Owen Thomas, the former editor of Valleywag who wrote the article about Mr. Thiel, offered his side of the story in a telephone interview on Wednesday. “As I’ve said before, I did not ‘out’ Peter Thiel,” said Mr. Thomas, now business editor at The San Francisco Chronicle. “I did discuss his sexuality, but it was known to a wide circle who felt that it was not fit for discussion beyond that circle. I thought that attitude was retrograde and homophobic, and that informed my reporting. I believe that he was out and not in the closet.”

Mr. Thiel said he considered his financial backing of the cases against Gawker to be “one of my greater philanthropic things that I’ve done. I think of it in those terms.”

He refused to divulge exactly what other cases he has funded but said, “It’s safe to say this is not the only one.”

Speculation that a secret benefactor was backing Mr. Bollea's case was whispered during the trial but largely dismissed as a conspiracy theory. It gained currency in large part as a result of an unusual decision Mr. Bollea's legal team made: It purposely excluded a claim that would have allowed Gawker's insurance company to help pay for its defense as well as damages. The move struck observers as odd because most plaintiffs seeking damages usually hope to settle the case by leveraging the deep pockets of an insurer.

Mr. Thiel said, "I figured it would eventually come out," adding that he was happy his role might spur a conversation about it being "extremely hard for the most common victims to get justice."

He added: "It's not for me to decide what happens to Gawker. If America rallies around Gawker and decides we want more people to be outed and more sex tapes to be posted without consent, then they will find a way to save Gawker, and I can't stop it."

John Herrman, Matthew Goldstein and Katie Benner contributed reporting.

A version of this article appears in print on May 26, 2016, on page A1 of the New York edition with the headline: Tech Billionaire in a Secret War With Gawker. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

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