

XBIZ WORLD



THE INDUSTRY SOURCE FOR BUSINESS NEWS & INFORMATION

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▼ BRIEFS

XBIZ VIDEO MAKES DEBUT

XBiz has launched a new trade publication geared specifically toward retailers, producers and distributors of adult entertainment. XBiz Video is distributed without charge.

To subscribe, visit www.xbizvideo.com.

AEBN LAUNCHES TV CAMPAIGN

AEBN has rolled out a monster mainstream TV advertising campaign to support its new Internet video-on-demand service that offers more than 40,000 adult movies.

AEBN's campaign for MovieMonster.com employs a 30-second tongue-in-cheek commercial that features adult star Amber Lynn.

The commercial will air 10-12 times a night during the midnight-5 a.m. timeslot in each of several test markets in the U.S.

WILSON BACK IN BUSINESS WITH NTFU

Christopher Wilson, who is facing 301 obscenity charges for posting explicit photos on his website NowThatsFuckedUp.com, is back in business.

Attorney Lawrence Walters, defense counsel for Wilson, told XBiz that Wilson has restored all content to the site and feels

Company Report

Bell Plots Penthouse Rebuild

BY JOE ZIGFIELD

At 37, Marc Bell is three years younger than the legendary magazine he runs, Penthouse.

Yet few people achieve in a lifetime the kind of business successes that Bell has already rung up.

"Marc has ideas that have always been inspiring, yet practical and grounded," says longtime Bell colleague Daniel Staton, chairman of Penthouse Media Group. "He is one of those rare visionaries who can actually bring an idea to fruition."

Bell grew up in Brooklyn (birthplace of Penthouse founder Bob Guccione), Manhattan and Westchester County. He was taking graduate courses at New York University

SEE PENTHOUSE on page 68



Marc Bell



Brittany Andrews

The Queen of FETISH Carves Her Niche

BY JOANNE CACHAPERO

BRITTANY ANDREWS REMEMBERS A DEFINING MOMENT early in her onscreen career. In the film "Internal Affairs," she performed a scene with Jon Dough — the only scene she has ever performed without using a condom.

"I ended up calling my mom. I was in tears. I made a statement in that phone call; little did I know that statement would label my entire career. I said to her, 'if I'm going to be

SEE ANDREWS on page 98

MySpace Becomes Porn Fav

■ SEX-OBSESSED DEMOGRAPHIC FUELS WEBSITE'S POPULARITY

BY RODGER JACOBS

Writer and satirist Dave Barry once accused TV journalists of having the intellectual depth of hamsters. Many would argue that the same sentiment can be applied to loyal viewers of media titan Rupert Murdoch's Fox News Channel, a right-leaning, flag-waving, jingoistic propaganda machine thinly disguised as broadcast journalism.

In July, Fox Interactive Media (FIM), a wholly owned subsidiary of Rupert Murdoch's News Corp., agreed to acquire Intermix Media Inc., which owns more than 30 e-commerce and media websites, for \$580 million in cash, extending News Corp.'s online reach to an addi-

SEE MYSPACE on page 78

PENTHOUSE

CONTINUED FROM PAGE 1

when the school's money-losing student newspaper gave him his first chance to test his acumen in the publishing arena. Bell made the paper profitable by implementing a desktop publishing program and upping publication from two issues a week to five to sell more ads.

He got his master's degree in real estate in 1989, a bad time to launch a career in that field. "I finished grad school right after the stock market crash in the late 1980s," he recalls. "I was

broke, unemployed. I really needed a job. So I started working for myself."

Drawing inspiration from his success with the student paper, Bell recalibrated his career plans and started NAFT International to help publishers computerize their operations. "I got very lucky," he says. "I started doing some consulting work, which turned into a pre-press operation, which turned into publishing and printing."

NAFT landed blue-chip clients such as HarperCollins, Sports Illustrated, ad agency Ogilvy & Mather and Bally's

Health & Fitness, offering various services including software training and custom publishing.

As an outlet, Bell and his staff played computer games. Bell, who'd written an Apple bulletin board program as a teen, launched Gamenet, which allowed others to join in by dialing into his company's servers. But Gamenet was agonizingly slow. Bell reached into his entrepreneurial bag and came up with a new venture, PFM Communications, to provide Internet access for Gamenet.

"I'm a serial entrepreneur," is how Bell put it in a June 2004

interview with the Miami Herald. "I love starting up businesses, coming up with ideas, even though one out of every two bombs."

Of course, this was the early 1990s, when the Internet was exploding beyond the confines of gamers, scientists and other techies. As the Internet became indispensable to the business world, PFM evolved into a leading provider of Internet solutions to corporate clients. Among them was an old media icon, an international men's magazine that was struggling to gain a foothold in the new

online world.

Bell consolidated his companies into Bell Technology Group, raising \$1.4 billion through several public offerings on Nasdaq.

The fortunes of his company (rechristened Globix in 1998) seemed to be shaping up quite differently from those of its famous magazine client. The auditor's report from the 1999 10-K of General Media, the then-parent company of Penthouse, concluded that the publisher's finances "raise substantial doubt" about its "ability to continue as a going concern." Meanwhile, Globix opened a nine-floor headquarters in the heart of New York City's "Silicon Alley," featuring a 24,000-square-foot Internet data center for co-location and web hosting. With additional offices in California and London, Bell's empire grew in the late 1990s to employ 1,000 workers and take in \$100 million in revenue.

MOVE TO FLORIDA

In 2001, Bell stepped down as CEO of Globix, retaining his post as chairman of the board of directors. He moved to Boca Raton, Fla., where he started a foundation with his wife Ruti to support education and medical research.

But if anyone thought that Florida and philanthropy signaled Bell's early retirement from business, he soon showed them otherwise. He founded Marc Bell Capital Partners in 2003, an investment firm specializing in restructuring troubled companies. By that time, General Media had become the pinup for troubled companies.

Bob Guccione had founded Penthouse as a racier alternative to Playboy, but it had always maintained a fine line between Hugh Hefner's creation and the in-your-face porn of Screw and Hustler. By the late 1990s, however, Penthouse and the other major adult titles were losing eyeballs to the Internet and the so-called "lad mags" like Maxim and FHM.

Guccione made a disastrous decision to steer Penthouse into taboo territory, showing everything from fisting and anal sex to cum shots and golden showers. It was a journey that many advertisers didn't care to make with Guccione, plus it did nothing to stem the decline in readership.

General Media declared bankruptcy in August 2003; Penthouse, though, wasn't ready for the wrecking ball.

"It's such a fantastic brand

SEE PENTHOUSE on page 70

PENTHOUSE

CONTINUED FROM PAGE 68

that's been so neglected over the years," Bell says, after seeing the bankruptcy as an opportunity to rebuild Penthouse. Bell organized a group of investors to buy up General Media's debt, ultimately acquiring 89 percent of its bonds.

Bell fought it out for control of Penthouse with a Mexican soft drink heir, Luis Molina. Molina gained Guccione's support but couldn't come up with the cash to buy out Bell's stake.

A complicated subplot

involving controversial third-party processor iBill assured that adult webmasters followed the saga closely. A Penthouse subsidiary bought iBill in early 2004. Less than a year later, iBill was sold to Interactive Brand Development; as part of that deal, the latter bought a 35 percent chunk of General Media's post-bankruptcy incarnation: Penthouse Media Group.

PENTHOUSE LEGACY INTACT

Since taking the reins, Bell has set out to aggressively capitalize on the Penthouse name's legacy. "It's a brand that every

male knows," he says. "It's one of the few truly global brands that exist today." Among Bell's moves is a deal with Coquette International to manufacture and distribute Penthouse-branded lingerie.

Penthouse also has raised \$11.5 million in private financing to launch a TV venture that will offer pay-per-view and video-on-demand programming. Bell sounds sanguine about taking on Playboy's Spice channels and New Frontier's TEN network. "We have a significantly better brand name than a New Frontier or Spice,

and we're looking to have a much better product offering," he says.

And, of course, there's Bell's revamping of the magazine itself. Penthouse no longer carries ads for phone sex lines and escort services. "Anything that wasn't classy, we got rid of it," Bell told XBiz last August. "Those ads are not what our target audience [of 18-34-year-olds] wants to see. So we cleaned up the book."

Also gone are the opaque poly bags — the scarlet letter of hardcore magazines. Bell's efforts have won the magazine

shelf space in national retail chains like Barnes & Noble and 7-Eleven. "If you look at the magazine today, it's very different than it was a year ago," he says. "It's a great read now. It looks beautiful."

Penthouse's January 2006 issue is a testament to Bell's changes. The cover has Pet of the Year Jamie Lynn in tasteful lingerie lying on a fur rug, her upper lip curled in a sexy Gina Gershon pout. Inside are ads for cigars, computer games, downloadable music, liquor and Caribbean cruises. Articles include interviews with music-video director Dave Meyers and Philadelphia Eagles wide receiver Terrell Owens, a profile of comedian Adam Carolla, a feature on Ferrari, and a sex column on foot fetishists.

It's an editorial mix similar to Maxim or FHM. But those publications would never show the full-nude pictorials that still define Penthouse, like the January issue's all-girl frolic featuring Jamie Lynn and adult actress Brittney Skye with three other comely models.

Bell's challenge in 2006 is to prove that a revamped Penthouse can be a consistent moneymaker. He'll also have to deal with a multimillion-dollar lawsuit filed by Guccione a few days before Christmas. The suit claims that the key players in the battle for Penthouse, the Bell and Molina factions, were "co-conspirators" whose "various machinations" enabled them to end up "where they always intended to be: sitting atop the Penthouse empire and disclaiming any obligation to its founder."

"It's nonsense, baseless," Bell says of the suit. "It's unfortunate, but the guy lost everything."

One of Guccione's main accusations is that Bell reneged on a "commitment to provide Guccione with a deal worth \$500,000 per year for 10 years, plus \$250,000 annually for benefits and staff" The suit alleges that Bell reiterated that commitment in August 2004 to win Guccione's final approval for Bell's reorganization plan for Penthouse. Yet Bell had issued a press release several months earlier stating that his plan did "not provide for a continuing role for" Guccione.

Baseless or not, a court that's sympathetic to the Penthouse founder's claims could have a staggering impact on Bell's plans for the magazine. But if there's one thing that his resume demonstrates, it's that regardless of Penthouse's fate, Marc Bell is a true entrepreneur who seems destined to stay on top. ●