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# Merry Chrischmitz

International criminal sets up home in Chrisco mansion





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# or Merry Hell?



It would make a great movie script, unless of course you were the owners of the Chrisco mansion and you hadn't realised the man offering to buy your \$30 million property – New Zealand's most expensive private home – was a convicted felon.

**IAN WISHART** with the exclusive story

It's a far cry from Merry Christmas for Chrisco founders Richard and Ruth Bradley – their empire embroiled in legal fights with former business partners, bad publicity over their Christmas hampers in recent years, and now revelations that their massive \$30 million Auckland mansion is being flicked off to a high-profile German con-artist and fraudster with business interests in pornography and cyber-crime. To top it all off, the new digs for the Chrisco founders appears to be a modest \$700-a-week 2-bedroom renter in inner Sydney, valued around A\$850,000. How did it come to this?

News of the Chrisco mansion's sale first hit newspapers in early February, when the *New Zealand Herald* reported a "Finnish" buyer apparently purchased the property in a lease to buy deal. A week later, the *Herald on Sunday* named the buyer as German computer hacker Kimble "Kim" Schmitz.

"A convicted German computer hacker is believed to be the secret buyer of the \$30 million Chrisco mansion.

"A source, who wishes to remain anonymous, said Kim 'Kimble' Schmitz, 36, was the man behind an arrangement including a long term lease of the 24.3ha estate and sale once the lease expires.

"The Finnish flag flying from the house last week was 'a disguise'," added the *Herald's* source.

What followed in the newspaper story was

a potted "greatest hits" of Schmitz's exploits.

"The source, who knows Schmitz, had heard he was interested in the mansion a few months ago and had recently been told Schmitz had entered into an agreement for the property with the Bradleys.

"Schmitz rose to fame in Germany in the 1990s as a teenage internet tycoon, who eventually received a two-year probationary sentence for hacking into corporate computer systems and accepting gang-related stolen goods.

"He also had to pay a €100,000 (\$195,000) fine for what was then Germany's largest insider-trading case. Newspaper reports said that after his arrest he made his fortune by investing in tech stocks and selling a majority stake in an internet security company, DataProtect.

"The company filed for insolvency shortly after.

"In 2001, Schmitz provided more than \$1 million of his own money to help the flailing web company LetsBuyIt.com, but was arrested the following year for his alleged involvement in the "fluctuating fortune" of the Dutch company.

"According to the *Independent*, Schmitz was deported from Thailand and arrested at Munich Airport, where he called himself the "Royal Highness Kimble the First".

"His now seemingly defunct website [www.kimble.org](http://www.kimble.org) once provided details of his extravagant life – including images of



## He even hired a model who'd posed in Playboy to pretend to be attracted to him as he squired a cluster of pals around the Caribbean in a rented yacht he hopes we'll think he owns

his cars, his yacht and the *Playboy* models he surrounded himself with.”

That's the last story published on Schmitz in New Zealand, back in mid-February, but it was enough to get a German documentary TV crew on a plane and stalking the country lanes of Coatesville in search of the elusive King Kimble. He remains, it seems, a person of interest to the Germans. But what do we really know about Herr Schmitz?

There are conflicting reports about his activities in the 1990s. The earliest newspaper report we could find in English dates from January 26, 2001, where Britain's *Guardian* documents a crisis at the dotcom company Letsbuyit.com:

*The extraordinary new double act at the helm of Letsbuyit.com last night insisted that the crisis-hit e-tailer has a bright future – despite issuing Christmas sales figures which again missed analysts' expectations. The chief executive, John Palmer, and his flamboyant white knight, a 27-year-old convicted German computer hacker named Kim Schmitz, insisted that a scaled back Letsbuyit.com would raise the 40m euros (£25m) needed to take it through to 2002, when it says it will be in profit.*

*“I'm completely convinced that Letsbuyit can*

*reach profitability despite its current problems,” Mr Schmitz said.*

According to the *Guardian* report, the market was so raptured by the appearance of Schmitz in a rescue package for Letsbuyit.com that “private investors and day traders piled into the stock, driving its price up by 220% to 77 cents as a record 87m shares changed hands, in the hope that the e-commerce site will imminently resume trading.”

*The Guardian* then took a closer look at why Schmitz was generating such attention:

*Mr Schmitz's dramatic emergence as a potential saviour has caused amazement in financial circles. “I've seen some circuses in my time, but this one beats the lot,” said one analyst.*

*The former hacker has achieved widespread fame in his homeland after being convicted of bypassing the security of NASA, the Pentagon and Citibank under the name of Kimble, after the character of Richard Kimble in the film *The Fugitive*.*

*After giving himself up to the authorities in the 1990s, Mr Schmitz developed an encryption service that claims to allow secure payments to be made over the internet and sold an 80% stake in this business to German credit firm TUV.*

*The 6'4", 18-stone giant has since divided his time between growing Kimvestor – which he values at 200m euros – and spending his money on top models, fast cars and expensive boats. He now owns a Challenger jet, a helicopter, several sports cars and a yacht. Last May he spent \$1m (£684,000) chartering a 240-foot luxury yacht for a week, mooring it in Monte Carlo harbour for the Monaco Formula One Grand Prix and throwing lavish parties for guests including Prince Ranier of Monaco.*

*Later that year, the same group of friends flew in his private jet to the party island of Ibiza and then to a castle in Ireland for a pheasant shooting trip. Mr Schmitz has posted pictures of his escapades on his website [www.kimble.org](http://www.kimble.org), which he claims has had 20m hits.*

*“We are having a lot of fun,” he said. However, he remains deadly serious about Kimvestor, which is midway through a pre-flotation private placement round with a target of 20m euros.*

*“Anyone who buys shares in this placement gets a guarantee that their value will eventually triple or they get their money back,” he said. “I will personally stand responsible for the state of this company, and you don't see many chief executives doing that.*

*“Kimvestor will achieve a market capitalisation of 1bn euros within five years.”*

It didn't take long for the bubble to burst. Europe's *The Standard* took just five days to find Schmitz was a man with no substance:

“Schmitz is no white knight for Letsbuyit,” the paper wrote. “Kim Schmitz's company has no board, no registration and no money...a tale of confusion that raises serious doubts about the ability of Schmitz to fund the [bailout].”

Although Schmitz had boasted he was “midway” through selling shares in his German Kimvestor company to fund the bailout, *The Standard* discovered Kimvestor AG did not actually exist at the time:

“Schmitz was not available for comment on the fact that he appears to have sold shares in a company which has not been registered.”

There were other irregularities, but one of the most interesting related to his past as a computer hacker – or not:

“More confusion surrounds Schmitz's criminal escapades. Even his much publicised claim to have altered the credit rating of former German Chancellor Helmut Kohl is not backed up by court records.”

The newspaper singles out another claim, that Schmitz had once hacked into Citibank and stolen US\$20 million to give to Greenpeace, as fictional:

“Sara Holden, a spokesperson for environmental campaigners Greenpeace International says this is ‘just not true. Twenty million dollars would have been half our annual budget in the mid 1990s and I am sure we would have noticed this [boost to our funds].”

There's speculation Schmitz stole the story of a real Citibank hack involving a Russian group around the same time, that caused \$10 million worth of disruption. No money was ‘donated’ from that hack to Greenpeace either.

Nonetheless, German court records confirm Schmitz was arrested twice in 1994, aged 20, and held in custody for a month on both occasions. Although being convicted of 11 charges of computer fraud, 10 of “data espionage” and 11 charges relating to receiving stolen business data, the 20 year old was only given a two-year suspended sentence because he was “under age” at the time the offences had been committed.

“One of the charges related to a scam which earned Schmitz over 61,000 euros,” reported *The Standard*. “Having bought two thousand stolen phone card account numbers from US-based hackers, Schmitz then

set up chat lines in the Caribbean and Hong Kong and developed a computer programme that automatically called those lines using the stolen cards.

“As the owner of the lines, he got a share of the charges he had stolen from the calling cards – as well as running up enormous bills on the cards himself.”

That report dated from January 31, 2001. What Schmitz had not disclosed was that on January 24<sup>th</sup>, when announcing his “rescue” of Letsbuyit.com, Schmitz's company had by then purchased US\$375,000 worth of shares in the struggling dotcom business which, as a result of the rally caused by his “white knight” announcement, rocketed in value. He quickly sold them on the high and, according to reports, Schmitz pocketed US\$1.5 million in profits from spiking the

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market like that. He didn't rescue Letsbuyit and in fact had no funds to do so.

After fleeing to Thailand as investigators closed in, he was eventually arrested in January 2002 and deported back to Germany to face the music. Except, for some strange reason, the music was once again Brahms Lullaby rather than Wagnerian anger in style:

“German glam-hacker Kim Schmitz (aka Kimble) has received a 20 month suspended sentence from a Munich court after being convicted of stock price manipulation designed to net him EUR1.2 million,” reported *The Register* in the UK on 28 May 2002. Schmitz also pleaded guilty to insider trading on the Letsbuyit.com deal and received a EUR100,000 fine.

During this same period, Schmitz had still

been committing fraud, using used false pretences to obtain an unsecured EUR280,000 loan for an intercompany transaction that his company Kimvestor AG benefited from. When his public companies Monkey AG and Kimvestor AG went belly-up, Kim Schmitz was again treated leniently by the courts. In November 2003 he pleaded guilty to embezzlement but was again given a two year probationary sentence.

*The Register* headlined their story: “Fat fake escapes porridge”, and noted Schmitz had built his reputation on fakery:

“He even hired a model who'd posed in Playboy to pretend to be attracted to him as he squired a cluster of pals around the Caribbean in a rented yacht he hopes we'll think he owns.”

Schmitz had been seen at Munich Airport in 1999 photographing himself inside planes parked on the tarmac, apparently in a bid to boost his claim that he owned a private jet.

After a string of wet-busticket punishments from the German courts, Schmitz took off to Hong Kong in late 2003, which is where *Investigate* began seriously digging.

The media reports talk of him residing in the penthouse suite of a luxury Hong Kong hotel. That's a trifle hard to believe; the address given for his companies is the 45<sup>th</sup> floor of a prestige Hong Kong skyscraper, The Lee Gardens. That's all well and good until the discovery that the 45<sup>th</sup> floor of that building is merely serviced office suites for the international virtual office company Regus, which essentially rents out boardrooms and a receptionist for small businesses that can't afford their own premises.

Internet WHOIS records show Kim Schmitz' s now blank Kimble.org website was registered to that same Regus office address in Hong Kong, which was given as the home of his company Kimpire Limited. The phone number listed with the registry is now disconnected, but the fax number (+852 22735999) is, and always has been, a Regus fax number available to all its clients. The Kimster, it seems, couldn't afford his own dedicated fax line.

So that's a little of the Kim Schmitz story, but it's here – at the Coatesville mansion in Auckland – where the trail gets a little murky. You see, *Investigate* has done some checking of its own and there is no official documentation linking Kim Schmitz to the mansion. Property records show that the Chrisco mansion has not yet been sold. It is still owned by a company called “Lurcher Limited” – an oddly-named entity set up by





Chrisco founder Richard Bradley. What we *did* find are two caveats registered against the property.

Caveats are a legal “foot in the door” that, when lodged with the High Court, can prevent someone selling a house. In this case, the caveats prevent Lurcher Limited from selling the Chrisco mansion.

The first caveat was registered against the Chrisco house just before Christmas, December 21<sup>st</sup> 2009. Official records show the document was lodged on behalf of a company called “Vestor Limited”, in regard to a lease “where Vestor Limited is the tenant and Lurcher Limited, the registered proprietor, is the landlord.”

Further down the page, Lurcher and the Bradleys are clearly warned:

“Take notice that the Caveator forbids the registration of any instrument, having the effect of charging or transferring, or other-

wise affecting, the estate or interest protected by this caveat...”

In other words, Vestor Limited appears to have been given the right to lease the Chrisco estate, and was protecting its lease by preventing its lease or sale to anyone else.

But, like we said, there’s a second caveat. This one was registered on 18 January 2010, but while Lurcher was still the owner, the Caveator in this case was a man by the name of “Tim Vestor”. The fine print says Lurcher Limited granted Tim Vestor an option to purchase the Chrisco mansion, by way of “an option to purchase contained in an option deed dated 17 December 2009”. The terms of the second caveat, preventing the sale or lease of the mansion to anyone else in the meantime, were the same as for the first caveat.

But who was Tim Vestor? An agent for Kim Schmitz? It sounded suspiciously close to the company name Kimvestor, but

according to Vestor’s lawyer in Auckland he’s a real person. The *Herald’s* story had been based on a “source who wishes to remain anonymous”. It made for good headlines, but it didn’t prove German criminal Kim Schmitz was connected to the deal directly. Was it possible, we wondered, to make that link. Again, who was this Tim Vestor – the man listed on NZ land registry documents as the prospective owner of the country’s richest piece of real estate?

Just as in the TV series *Missing Persons*, when it comes to any kind of investigative work these days Google is your best friend. There are only a handful of references to the name “Tim Vestor” on the internet.

We found company records in Florida listing a “Tim Vestor” as an “employee” of Megacard Incorporated, based in Tampa. Other office holders on the company file include Sven Echternach. Echternach



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appears on internet WHOIS files as the contact man for a porn website, Callgirl99.com, registered in Frankfurt, Germany. Callgirl99 shares the same IP server, however, as other Kim Schmitz websites.

It wasn't until we went beyond what the internet offers for free, however, and started to pay to search legal records, that we hit paydirt.

*Investigate* searched official company databases in Hong Kong. We found Kim Schmitz listed as a director of four existing companies:

- Kimpire Limited
- Kimvestor Limited
- Monkey Limited
- Trendax Limited

Kim Schmitz has long been linked to a controversial website called Megaupload.com, which allows people to upload and download video and audio files. Pirated moves like Peter Jackson's *District 9* have fallen victim to

Megaupload.com. But despite the fact that Megaupload was started by Schmitz, his name is no longer on the WHOIS records and German media have been unable to prove a link with the company any longer.

"So far it is unclear who is the owner and operator of this Mega-empire," reported German magazine FOCUS in November 2007. "Rumours for months, however, refer to the German internet entrepreneur Kim Schmitz," noting that Schmitz has not admitted any links to Mega.

"The circumstantial evidence for links to Megaupload and Schmitz has long been rather meagre," FOCUS reported, before noting that another magazine had boasted in September 2007 of being offered free advertising on Megaupload if they downplayed any links to Schmitz.

Even the mighty *Forbes* magazine in the US reported late last year:

"In an email Megaupload and Megavideo spokesperson Bonnie Lam denied any connection to Schmitz and wrote that the Mega sites don't tolerate copyright infringement."

In the same *Forbes* story, the magazine nonetheless reported that the Mega sites are now "bigger than Facebook" in terms of traffic, accounting for 0.6% of global internet bandwidth usage. To put that in perspective, it's twice as much as Facebook consumes and half of what Microsoft generates across all of its sites, including Hotmail and Bing.

So, officially, Schmitz is no longer involved with Megaupload. But guess what we found in our own investigation – Tim Vestor, the mystery man on the Chrisco mansion property records *is* associated with Megaupload!

Somewhere along the way, after his arrest and deportation from Thailand, King Kimble the 1<sup>st</sup> apparently decided his "Schmitz" name was getting too hot to han-



dle. We haven't been able to find out whether he did it legally or not, but Schmitz reappeared in the Hong Kong records in 2005 with a new name, "Kim Vestor" or, more precisely, "Kim Tim Jim Vestor".

Technically, he could present himself as any one of those three Vestors.

*Investigate's* search of official records shows "Kim Tim Jim Vestor" is allegedly a Finnish national, travelling on Finland passport number 16783622, whose residential address was given as "Paljaspaa 6C6" in Turku, Finland. As the street picture we obtained from Google shows, 6 Paljaspaa is the modern equivalent of a collection of log cabins – hardly the kind of place you'd expect the buyer of New Zealand's most expensive house to provide as one of the "previous addresses in the past five years".

A Tim Vestor, or more precisely Kim Tim Jim Vestor, is on file as the sole director of Vestor Limited, a Hong Kong registered company named as the prospective lessee on the Coatesville mansion.

All our ducks were clearly starting to line up.

We've tracked this "Kim Tim Jim Vestor" through his directorships on seven companies in Hong Kong, including the ones the German media have been unable to prove he's linked to. *Investigate's* extensive enquiries in Asia show Kim/Tim/Jim Vestor is the director of:

- Megamedia Limited
- Megapix Limited
- Megaupload Limited
- Megavideo Limited
- Ni Limited
- Vestor Limited

A Kim Tim Jim Vestoer (Vestor misspelled) is listed in Hong Kong Companies Office records as director of another company, Megarotic Limited, specialising in porn. There is no updated residential address in the Hong Kong registry – it remains the modest shed at unit C6, 6 Paljaspaa, Turku, Finland.

As we said, media reports have suggested Schmitz resides on the "top floor of the Grand Hyatt Hotel in Hong Kong with his wife and child", but when *Investigate* called the hotel they had no record of either a Kim Schmitz or a "Kim Vestor" or a "Tim Vestor".

Perhaps he really does live on the top floor of a five star hotel. Perhaps he really does have the kind of cash needed to buy a \$35 million mansion in New Zealand. But based on a track record of lying, embezzlement, fraud and hacking, perhaps there's not a snowball's chance in hell he will really end up buying the Coatesville mansion at all.



Part of the reason we make that prediction is this:

"To grant you a New Zealand visa or permit we need to be assured that you and any family included in your application are of good character. We make this requirement to protect the wellbeing and security of New Zealanders."

The NZ Immigration Service publishes details on its website of the good character tests they impose. "Under section 7(i) of the Immigration Act we will not grant you a visa or permit if

- in the past 10 years you were convicted and sentenced to imprisonment for 12 months or more...
- you have been deported from any country, including New Zealand
- it is believed you are associated with an organisation or group that has criminal objectives or is engaged in criminal activities and for that – or any other reason – you are considered to be a threat to the public interest or public order of New Zealand"

Whilst Schmitz never served jail time, seemingly miraculously, he was certainly 'sentenced' to jail for longer than 12 months on more than one occasion and is a convicted embezzler and fraudster. It's certainly a matter of record he was deported from Thailand in 2002. It is certain that his involvement in computer hacking, cybercrime and the online porn industry could pose character problems in New Zealand.

The issue of whether Schmitz/Vestor has changed his name legally, or is merely using a false identity, remains unresolved, so we

#### **Paljaspaa Street, Turku, Finland. Previous address of Kimble Schmitz / Google Street View**

rang Vestor's legal representatives at Simpson Grierson in Auckland and spelt out how we'd found Tim Vestor using a Finnish passport in the name of "Kim Tim Jim Vestor", and that we believed he and convicted criminal Kim Schmitz were one and the same person. "Did he change his name legally?" we asked.

"I have *no* knowledge of any of that, so I can't comment on that at all," a clearly surprised Greg Towers told *Investigate*. "I just don't know any of that history."

Which then raises the question of whether Richard and Ruth Bradley, the Chrisco millionaires selling the mansion, know any of this either. As in most property transactions, they're unlikely to have personally met the "Finnish" gentleman using the name of "Tim Vestor" who's offered to purchase their home. Instead, the details were handled by lawyers, as far as we can tell.

The news that the Chrisco mansion will soon house an international pornography magnate is not the first time that the porn industry and Chrisco have been mentioned in the same sentence. Last August, media reported Chrisco's top hamper distributor in New Zealand was also a prostitute.

"Christmas hamper empire Chrisco has admitted it is aware its top distributor markets hampers to customers of her escort business," reported *Sunday News*. Ironically,



Chrisco saw no problem with this, but the company felt it would be “inappropriate for 45 year old Nelson-based distributor Pip Rene to offer discounts for people buying Christmas hampers and sex at the same time.”

“I have men visit me, women visit me, men and women together visit me,” Rene confirmed to the newspaper. “Once we have finished we get dressed, have a coffee and I tell them about Chrisco.”

Imagine what she could do with Tupperware.

Rene is so successful she’s been named top distributor three times in five years, and even won a P&O cruise courtesy of Chrisco as a reward, which she promptly used to sell sex and hampers to passengers.

“Rene said she has always been upfront with Chrisco about how she sells hampers,” reported the newspaper. “She said she sold sex to three clients on the recent P&O cruise. After sex she promoted Chrisco to the clients.”

Meanwhile, over on Australian consumer

complaints website NotGoodEnough.org on 11 December last year, another Chrisco distributor was letting the whole world know how he felt about the company:

“I have been an agent for Chrisco hampers for the past 4 years. Up until this year that is. They have screwed me over one last time.”

On this occasion, a late un-notified switch in a customer’s order meant the distributor didn’t get his payment cheque just before Christmas.

The Chrisco operation is large, operating in Australia, Canada and New Zealand, shipping around two million hampers a year. It would be impossible for Chrisco not to generate consumer complaints from time to time. Nonetheless, some of the company’s woes are much bigger than a mere missing hamper.

One example is a multi-million dollar lawsuit, reportedly an eight million dollar claim against Hats Holdings Limited, the company that owns Chrisco, over a finance company it once operated, Hopscotch Money.

“Hopscotch launched in May 2005 in

a blaze of advertising and aimed to market personal loans to Chrisco’s huge customer base, with most of its funding coming from major banks,” reported the Sunday Star Times late last year.

“It has since all but vanished from the public eye and it appears the partners are no longer on good terms.”

Details of the case are impossible to come by because the High Court proceedings have been sealed by order of the judge. The case itself won’t be heard until next year.

For its part, Hats Holdings told the newspaper the \$8 million figure is not correct and the company has no comment while the dispute is before the courts.

Chrisco has also been hammered by competitors and the media over claims that its Christmas hampers are overpriced. In a much publicised stoush, New Zealand’s The Mad Butcher Peter Leitch began promoting the rival Hampsta company brand with a series of ads comparing prices. The Butch, for example, claims the 2010 Chrisco meat hampers will cost between 44% and 56% more than if the customer purchased the same meat cuts from The Mad Butcher stores.

While that’s true, it and much of the other criticism ignores the reality that a hamper full of products saves the customer from using their own petrol and time to find the selection in the shops. A bunch of flowers delivered by a florist is far more expensive than you’d pay to buy the same blooms at the morning flower markets yourself. As with all things, whether hampers or houses, there’s always an element of ‘let the buyer beware’.

With a claimed annual sale of some two million hampers across Australasia, at say \$500 each on average, that equates to a revenue stream of a billion dollars a year. Things may be tighter at the home of Christmas than they used to be, but even if the sale of the Chrisco mansion falls through it’s doubtful Richard Bradley will be too financially strained.

There’s always the address he’s given to the New Zealand Companies office as his Australian residential address in the Sydney inner suburb of Paddington. Admittedly the photo doesn’t do this century old two bedroom unit (rented out at around A\$700 a week according to property records) any justice, but in all likelihood it’s not the Bradleys’ primary Australian residence.

Given that the Chrisco mansion is unlikely to end up being Tim Vestor’s primary residence either, there’s a certain serendipity in all this. □