



## Porn Profits: Corporate America's Secret

Corporate America Is Profiting From Porn — Quietly  
May 27, 2004

Pornography has grown into a \$10 billion business — bigger than the NFL, the NBA and Major League Baseball combined — and some of the nation's best-known corporations are quietly sharing the profits.

Companies like Time Warner and Marriott earn revenue by piping adult movies into Americans' homes and hotel rooms, but you won't see anything about it in their company reports.

And you won't hear them talking about the production companies that actually make the films — or the performers the producers hire, men and women as young as 18, for sex that is often unprotected.

"We have an industry that is making billions of dollars a year, is spreading to cable television and to the Internet, and yet their employees are considered to be throwaway people," said former Surgeon General C. Everett Koop.

Only a handful of "high end" production companies require condoms, leaving the majority of performers vulnerable to AIDS and other sexually transmitted diseases. While some companies require performers to take HIV tests, there is no government regulation mandating tests across the industry.

Koop — noting that performers' sexual activity off the set, with spouses or lovers, can spread disease beyond the industry — says America's big corporations are complicit in a public health hazard: They want the profits from pornography but "they don't want to get involved."

Nor do the fans, according to Koop. "Even the people who enjoy looking at pornography really despise the people they're watching, and they have no sense of protection for them," he said.

### **Bringing It Into Homes and Hotels**

According to Adult Video News, an estimated 11,000 hard-core porn movies are produced in the United States annually, many of them in California's San Fernando Valley, where modern porn was born.

The production companies market them over the Internet and to distributors who feed them to video stores — the industry claims that more than 30 percent of all video rentals on the East and West coasts are sex films — and to giant cable and satellite companies.

Rupert Murdoch's News Corporation, through its subsidiary DirecTV, delivers hard- and soft-core porn to homes via satellite. Communications giant Comcast supplies various kinds of porn to homes via pay-per-view. And Time Warner owns a cable company that offers erotic programming from Playboy and other outlets, including hard-core.

It is hard to estimate how much money these corporations derive from porn because they do not publicize it in their portfolios or anywhere else. Their financial statements do not mention profits from adult movies. However, one industry analyst estimated that the combination of cable and satellite outlets makes about \$1 billion a year from the adult-movie market.

Many of the major hotel chains, including Marriott and Hilton, also derive revenue from adult films without mentioning it in their company reports. Adult titles are available as in-room movies in around 40 percent of all hotel rooms in the United States. The hotels share the revenue with the in-room entertainment companies that provide the TVs and the content.

## **Nothing on the Record**

ABCNEWS asked the companies to discuss the revenue they derive from adult films and whether they have any responsibility for the welfare of the performers.

News Corporation would not comment, saying only that they own 34 percent of DirecTV. Representatives of Comcast, Hilton and Marriott refused to talk on the record about the issue.

A spokesman for AOL Time Warner, Mark Harrad, said that Time Warner Cable "has traditionally offered what they called ... more soft-core programming." Also, he said, "in a couple of divisions they have increased the programming to the next step up, if you will, which I think some people would understandably call hard-core." The decision to offer the harder material was driven by consumers, Harrad said.

Harrad emphasized that adult programs are available "only to customers who want them and are willing to pay extra for them."

One major hotel chain, Omni, stopped showing adult movies in its owned-and-operated hotels in 1999, citing its commitment to "family values." It encourages its franchisees to do the same. The company estimated it lost \$1 million in annual revenue.

## **The Reality of 'Pornoland'**

At conventions and other public events, the adult industry tends to portray itself as a happy family promoting shame-free sexual enjoyment. But privately, many performers say the reality is very different.

"There's some unwritten law or agenda out here in Pornoland that ... if we tell the truth about what's really going on here, the fan will get turned off," said Ona Zee, a former performer who is now an advocate for reform.

While a hit movie can bring in as much as \$1 million — adult movies have a very long shelf life, and can keep selling for years after their initial release — most performers see little of the profits. They are seldom paid residuals, and often get only a flat fee. For most new performers, the fees vary from \$350 to \$1,000 for a conventional sex scene to a few thousand dollars for more extreme sex.

Few of the companies provide health insurance, and most performers find they must work without condoms if they want to keep getting jobs. "The fans don't like to see condoms," said performer Belladonna, reflecting a belief that is widely held in the industry. Like many other performers, Belladonna started in the business when she was 18, the legal minimum.

"The person that packs the porn in a box in the warehouse ... is entitled to hepatitis B vaccines ... But someone that's having unprotected anal sex, hmm. There is no standard," said Sharon Mitchell, a veteran performer who now heads a clinic for sex workers, the Adult Industry Medical Health Care Foundation.

According to Koop, many producers and distributors argue that performers are independent contractors, not their employees, so they don't have any responsibility for them. But Koop calls that a "copout."

"These youngsters are not unionized, they don't know how to do anything for themselves, and they're really stuck," he said.

Mitchell believes that the producers have an obligation to care for the performers in their films. "This is not a moral issue. It's an issue about disease, about HIV, chlamydia, gonorrhea, young men and women entering an issue that they often don't know enough about."

Bill Margold, a veteran porn star who now counsels young people entering the business, says 18-year-olds are too young to make the potentially life-altering decision to go into porn.

"I get 18-, 19-year-old girls who just don't understand that once you do this, you are sociologically damned forever," he said.

Koop believes that to prompt reform, Congress should hold hearings on regulating the industry and "subpoena some of the people who run these shows."

If nothing is done, "it'll just get worse," he said, adding, "The appetite for pornography seems to be insatiable."

This story originally aired on January 28, 2003, and was updated for re-broadcast.