



## FACTS: A-C SHORTAGE

# Too Uncool

A heat wave has turned air-conditioners into this summer's hottest commodity.

### NOT ENOUGH FOR YOU?

... of electrical power — and air-conditioning — in parts of ... an this past month caused a ... wide scandal. But in some of ... hottest cities, the situation ... worse: there are no new air- ... s available for love or money. ... mperature hit 106 degrees in ... e, S. D., last month, but every ... including Kmart — had been ... ked clean. Even JC Penney's ... al-Mart's national catalogue ... were entirely out of stock. In ... nix — similarly depleted and ... egress hotter — Tom Weber, ... r of Best Buy Metro Center, ... thwarted customer "ranted ... and suggested I do a couple ... at are physically impossible, ... and stormed out."

### DID THEY ORDER THEM FROM THE MANUFACTURER?

... s just one hitch: most orders ... be filled until *next year*. The ... that no one anticipated this ... record demand (nearly five ... s have been sold) and some ... e to be ordered from abroad ... advance. "We've scrambled ... ber of different ways," says ... s FitzGerald, an executive at ... A couple thousand units we

were able to get because we had the available parts. We took some units back from Florida recently and resold them. But at this point we have run out of easy hits."

### WHERE DOES THAT LEAVE THE SAD, SWEATY CONSUMERS?

In a bad way. Once temperatures pass the 100-degree mark, keeping cool starts to be a matter of survival, and the death toll from heat-related causes has already passed 150. Fans are still plentiful (as are cool showers). But fireplugs are more fun. A New York City official reports that over the Fourth of July weekend, there were "literally hundreds" of opened hydrants. In Miami, fire fighters are taking extra precautions, having previously been assaulted while turning off the spray. "We've been attacked," says Captain Jim Tolbert. "We've had rocks and bottles thrown."

### HOW ABOUT SOMETHING A LITTLE MORE PEACEFUL?

Weber, the manager of the Best Buy in Phoenix, reports that since he ran out of stock, people have started coming to his store simply in search of refuge. "We also sell video games," he says, "so people think it's an arcade."

— Brian Palmer

## THE NEW ECONOMY

# Money for Nothing

A new breed of Internet profiteers is spinning virtual gold into hard currency. By John Cook

**B**enjamin Schriever and Michael Gmeinwieser make money the new-fashioned way: they sell stuff that doesn't exist. And their customers, who pay them in cold, hard cash, don't mind one bit.

The entrepreneurs deal in property that can be used only in the virtual environment of Ultima Online, a medieval-themed Internet game that's similar to Dungeons and Dragons. In the two years since the game was released, it has attracted more than 130,000 players, who compete by amassing wealth, forging alliances and slaying the occasional dragon. But as the game gets more popular, its supply of gold and real estate becomes scarce.

Gmeinwieser, who works as a contractor near Baltimore, found Ultima boring to play but got interested when he discovered that people sold their Ultima possessions through the Internet auction site Ebay. With the help of Schriever, a friend, he went into business, offering real money for on-line property and reselling it at a profit, both through Ebay and their own Web site. They found a large market, from players who were happy not to have to earn their own gold or search the congested landscape for a suitable place to build a castle. "We buy millions of gold pieces at a time at discount rates," says Schriever, "and resell them at 800 to 1,000 pieces to the dollar." That makes Ultima gold more valuable than the Italian lira, which last month was going for about 2,000 to the dollar.

In the first six weeks of business, Schriever and Gmeinwieser sold 20 million gold pieces and 10 houses, with a profit margin of roughly 30 percent. They estimate that they now have a dozen competitors with whom they often trade to maintain inventory. In a single day last month, 76 Ultima Online-related auctions closed on Ebay, with \$6,734 changing hands. Entire accounts, including the identity of a character and all his or her possessions, have gone for as much as \$3,000.

Like any investment, Ultima gold is subject to market fluctuations. Origin Systems, the Austin, Tex., company that owns the game, occasionally adjusts the gold supply, in part to give newcomers a chance to compete against experienced players. Origin officials are fascinated by the way the game's currency has spilled over into the real world, but they don't keep tabs on the exchange rates. "I like to resist temptation," says Jason Bell, who runs the game, "given that I can create as much gold as I want." Not all of Origin's staff is so scrupulous — according to the Internet magazine Gamespot, one employee was fired for selling gold on Ebay. (Origin will say only that an employee was let go for breach of trust.) Among players, the secondary market for gold can cause problems, too: Brock Basnett, a data-center operator from Morton, Ill., reports that he lent a friend 300,000 gold pieces to get started with, only to have her sell the gold on Ebay to buy a computer.

Economists say that while the Ultima gold market is unusual, the trading of virtual goods has a long history. Rafael Tenorio, an economics professor at DePaul University, likens the practice to the sale of certificates of indulgency by the Catholic Church during the Renaissance. "These certificates had specified durations of as long as a million years, and were sometimes chopped up into shorter durations and resold on secondary markets all over Europe," says Tenorio. "Can you imagine how much money a few people would be willing to pay for these on Ebay nowadays?" ■



Fixer-upper w/ moat: The real market for imaginary property in Ultima is booming.