Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its complaint alleges as follows:

1. The Commission brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to obtain preliminary and permanent injunctive relief against the defendants to prevent them from engaging in deceptive and unfair acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and to obtain other equitable relief, including rescission, restitution, and disgorgement, as is necessary to redress injury to consumers and the public interest resulting from the defendants' violations of the FTC Act.

#### JURISDICTION AND VENUE

- 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§ 45(a), 53(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.
- 3. Venue in the United States District Court for the Central District of California is proper under 15 U.S.C. § 53(b), as amended by the FTC Act Amendments of 1994, Pub. L. No. 103-312, 108 Stat. 1691, and 28 U.S.C. §§ 1391(b) and (c).

#### **PLAINTIFF**

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States government created by statute. 15 U.S.C. §§ 41 et seq. The Commission enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits deceptive or unfair acts or practices in or affecting commerce. The Commission is authorized to initiate federal district court proceedings by its own attorneys to enjoin violations of the FTC Act to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers, consumer redress, and disgorgement. 15 U.S.C. § 53(b).

corporation with its principal place of business located at [REDACTED,

See Complaint Reference List #1], Woodland Hills, CA, [REDACTED, See

Defendant Enternet Media, Inc. ("Enternet Media") is a California

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Complaint Reference List #1] and 7334 Topanga Canyon Blvd., Suite 106, Canoga Park, CA, 91303. Defendant Enternet Media does or has done business as "Enternet," "Conspy & Co., " "www.conspy.com," "Search Miracle," "Miracle Search," "www.searchmiracle.com," "EM Toolbar," "EliteBar," "Elite toolbar," "www.c4tdownload.com," and "www.cash4toolbar.com." Defendant Enternet Media transacts or has transacted business in this District.

6. Defendant Conspy & Co., Inc. ("Conspy") is a California corporation with

- Defendant Conspy & Co., Inc. ("Conspy") is a California corporation with its principal place of business located at [REDACTED, See Complaint Reference List #1], Woodland Hills, CA, [REDACTED, See Complaint Reference List #1]. Defendant Conspy does or has done business as "Enternet," "Enternet Media," "www.conspy.com," "Search Miracle," "www.searchmiracle.com," "EM Toolbar," "EliteBar," "Elite toolbar," "www.c4tdownload.com," and "www.cash4toolbar.com." Defendant Conspy transacts or has transacted business in this District.
- 7. Defendant Lida Rohbani, also known as Linda Rohhani and Lida Hakimi, is or has been an officer and director of corporate defendants Enternet Media and Conspy. Individually or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices of Enternet Media and Conspy, including the acts and practices set forth in this complaint, and has done so at all times pertinent to this action. Defendant Lida Rohbani does or has done business as "Enternet," "Enternet Media,"

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"Conspy & Co.," "www.conspy.com," "Search Miracle,"
"www.searchmiracle.com," "EM Toolbar," "EliteBar," "Elite toolbar,"
"www.c4tdownload.com," and "www.cash4toolbar.com." Defendant Lida
Rohbani resides or has resided and transacts or has transacted business in
this District.

- Defendant Baback (Babak) Hakimi, also known as Bobby Rohbani and Bobby Hakimi, is or has been an officer and director of corporate defendants Enternet Media and Conspy. Individually or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of Enternet Media and Conspy, including the acts and practices as set forth in this complaint, and has done so at all times pertinent to this action. Defendant Hakimi does or has done business as "Networld One," "www.c4tdownload.com," "www.cash4toolbar.com," "Enternet," "Enternet Media," "Conspy & Co.," "www.conspy.com," "Search Miracle," "www.searchmiracle.com," "EM Toolbar," "EliteBar," and "Elite toolbar." Defendant Hakimi resides or has resided and transacts or has transacted business in this District.
- 9. Defendant Nicholas C. Albert, individually or in concert with others, has formulated, directed, controlled, or participated in the acts and practices as set forth in this complaint, and has done so at all times pertinent to this action. Defendant Albert does or has done business as "Iwebtunes," and "www.iwebtunes.com." Defendant Albert resides or has resided in Ohio and transacts or has transacted business in this District.

#### COMMERCE

At all times relevant to this complaint, the defendants have maintained a substantial course of trade in or affecting commerce, as "commerce" is

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Complaint

defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

## **DEFENDANTS' BUSINESS PRACTICES**

#### Overview

- Since at least May 2005, defendants Enternet Media, Conspy, Lida Rohbani, and Baback Hakimi (collectively the "Enternet Media defendants" or the "EM defendants"), working in tandem with their affiliate marketers, who are primarily webmasters and who include defendant Nicholas Albert, have deceptively distributed via the Internet exploitive advertising software code onto the computers of consumers. The EM defendants' exploitive advertising software code (the "EM code") bears several monikers, including but not limited to the following: "Searchmiracle," "EliteBar," "EMtoolbar," "Elitesidebar," and "Elitium." Although the exact parameters of the EM code have changed over time, once the EM code is installed on consumers' computers, it has enabled the EM defendants to: (1) track consumers' Internet activity; (2) change consumers' preferred Internet homepage settings; (3) insert a new toolbar onto consumers' Internet browsers; (4) insert a large side "frame" or "window" onto consumers' browser windows that in turn displays advertisements; and (5) display numerous "pop up" advertisements on consumers' computer screens, even when consumers' Internet browsers are not activated. Once installed on a consumer's computer, the EM code substantially interferes with the functionality of that computer, and it is very difficult for a consumer to uninstall or otherwise remove the EM code.
- 12. In order to lure consumers into downloading and installing the EM code onto their computers, the EM defendants and their affiliates, including defendant Albert, have made numerous material deceptive representations

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Complaint

and omissions in their marketing media.

- First, on their affiliates' websites and other locations, the EM defendants have displayed several different software "installation boxes" that "pop up" and appear on consumers' computer screens. They purport to describe the corresponding software code and prompt consumers to commence the installation process. In these installation boxes, the EM defendants have represented that the EM code is innocuous, free software or "freeware," or other files. For example, in their software installation boxes, the EM defendants have represented, alternatively, that the EM code consists of music files, cell phone ring tones, photographs, and song lyrics. In one particular series of installation boxes, the EM defendants have attempted to exploit consumers' growing alarm over Internet security by disguising the installation boxes as security warning messages, representing that the consumers' Internet browsers are defective, and urging consumers to download, at no cost, a purported browser upgrade or other security patch. The EM defendants do not disclose the true nature and effect of the EM code in their installation boxes or in their other related marketing media.
- 14. Second, the EM defendants have assisted their affiliates in surreptitiously bundling the EM code with various types of "freeware" and other files, including free music files. In one particular bundling scheme, the EM defendants, along with their affiliate, defendant Albert, have capitalized on the growing popularity of "web logs," or "blogs," which are shared online personal journals that are published on the Internet.
- 15. Defendant Albert has operated a website that offers free music files to unsuspecting blog authors (or "bloggers"), as well as to other website operators, ostensibly to play as background music on their blogs or other

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websites. On his music website, defendant Albert has instructed bloggers

- 16. Contrary to the defendants' representations, the EM code is not a free browser upgrade or other security software. Nor is it any other type of innocuous freeware or files, such as free music files, ring tones and the like. Rather, it is code that enables the EM defendants to track online activity, change Internet homepages, insert new toolbars and side frames onto consumers' browser windows, and display pop-up advertisements onto consumers' computers.
- 17. In the course of marketing and distributing the EM code to consumers, both the EM defendants and defendant Albert have made material false and misleading representations and omissions in their marketing media, and accordingly, they have engaged in deceptive acts or practices in violation of Section 5 of the FTC Act. In the course of marketing and distributing the EM code to consumers, the EM defendants have caused substantial consumer injury that is not reasonably avoidably by consumers and is not outweighed by countervailing benefits, and, accordingly, they have engaged in unfair acts or practices in violation of Section 5 of the FTC Act.

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#### The EM Defendants' Affiliate Marketing Program

- Since at least the end of 2004, the Enternet Media ("EM") defendants have 18. created and distributed code that tracks online activity, changes Internet homepages, inserts new toolbars and side frames onto consumers' browser windows, and displays "pop up" advertisements on consumers' computer screens. The EM defendants have also created corresponding marketing media that lure consumers into downloading and installing the EM code.
- The EM defendants distribute their code and marketing media to consumers 19. primarily through their affiliate marketers, which include defendant Albert. The EM defendants' affiliate marketers are often webmasters who operate websites that purport to offer free software, or "freeware," to consumers.
- The EM defendants operate their affiliate program primarily through their 20. affiliate recruiting and support websites, including "www.cash4toolbars.com" and "www.c4tdownload.com." On those websites, the EM defendants provide their affiliates with the EM code, as well as with the marketing media for the affiliates to display on the affiliates' websites in order to induce consumers to download and install the EM code. The EM defendants also assist their affiliates in "bundling" the EM code with other "freeware."

### **Deceptive Software Installation Practices**

The EM defendants provide marketing media to their affiliates, including a 21. variety of different "pop up" "installation boxes," that the affiliates then display on consumers' computers to prompt consumers to download the EM code. These installation boxes contain text that purports to describe the software and prompts the consumer to install it by clicking on a "Yes" or

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Complaint 28

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"OK" button contained within the boxes. For example, the EM defendants display a series of three installation boxes that disguise the EM code as an Internet Explorer browser upgrade or security patch. In the first of their three "pop up" installation boxes, which is labeled "Security Warning," the EM defendants state: "YOU have an OUT OF DATE browser which can cause you to get infected with viruses, spam and spyware. To prevent this press YES now." (Emphasis in original).

- If a consumer clicks on the "No" or "X" buttons, the EM defendants then 22. display a second and third installation box on the consumer's computer. In their second installation box, the EM defendants, who have no affiliation with Microsoft, label their "pop up" as "Microsoft Internet Explorer," and state: "Click YES to upgrade your Microsoft Internet Explorer Now!"
- In their third installation box, the EM defendants again label their 23. installation box as "Microsoft Internet Explorer" and state that "We STRONGLY recommend you upgrade your Microsoft Internet Explorer Browser . . . Click YES Now!"
- In other installation boxes, the EM defendants represent that a consumer can 24. "click Yes" in order to download a variety of other types of free software or files, including "clicking Yes" to: "download todays [sic] 1423 free icons," "start [Jennys Live Webcam and Nikki's Live Webcam] session," "download our whole collection of Screan [sic] Savers," "installs [sic] hundrets [sic] of free smilies," "download our complete database of lyrics," "download this [computer game] crack," to "view [computer game] cheat codes," "see my picture," "download all 1318 free ringtones avaliable [sic]," "download the FREE CD covers," and "download windows wallpapers." In connection with these installation boxes, if a consumer clicks on the

designated "Yes" or "OK" button, the EM defendants then immediately cause the EM code to be downloaded and installed onto the consumer's computer. The EM defendants do not disclose the nature of the EM code in their installation boxes or in their other related marketing media.

- 26. The EM defendants not only provide their affiliates with the EM code and the installation boxes, but they also assist them in bundling the EM code with other software. Defendant Albert provides an example of such affiliate bundling.
- 27. Defendant Albert operates a website, www.iwebtunes.com, that ostensibly offers free music files to "bloggers" and other website operators. But unbeknownst to the bloggers, defendant Albert has surreptitiously bundled those music files with the EM code. Defendant Albert has, in turn, co-opted the blogs once bloggers insert the music file codes onto their blogs. Defendant Albert does not disclose the existence of the EM code on his music website or in his other related marketing media.
- 28. As a result, when a consumer visits the co-opted blogs, the EM defendants display the EM installation boxes that, as described above in Paragraphs 21-23, are disguised as security warnings that prompt the consumer to download and install a purported browser upgrade or other security software.
- 29. The defendants' representations that the software code is a free music file, browser upgrade, or other innocuous "freeware" or files are false and misleading. In fact, it is the EM code that, as described in more detail below, tracks online activity, changes Internet homepages, inserts new toolbars and side frames onto consumers' browser windows, and serves up

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"pop up" advertisements onto consumers' computers. Consumers do not have knowledge of and have not consented to the installation of the EM code.

## The EM Defendants' Software Code's Internet Tracking, New Homepages, Toolbars, Side Windows, and Pop Ups

- The software code that EM and its affiliates distribute to consumers has 30. several pertinent features that interfere with the functionality of consumers' computers. Furthermore, consumers have no reason to suspect that following defendants' prompts will result in installing the code. Nor can consumers reasonably uninstall or otherwise remove the code once it is installed on their computers. The exact parameters of the EM code change somewhat over time. However, the cumulative effects of the code remain essentially unchanged.
- First, the EM defendants track consumers' Internet activity. They track 31. consumers' Internet browsing behavior and then display advertisements on consumers' computers that correspond to that behavior. In some cases, the EM defendants displayed advertisements corresponding to search terms typed into a search bar.
- 32. Second, the EM defendants change consumers' preferred or default homepage settings, often to their own website, www.searchmiracle.com.
- 33. Third, the EM defendants insert a new toolbar onto consumers' Internet browser windows. Over time, they have inserted several variations of toolbars, which bear various different monikers, including the "EliteBar," the "Enternet Media" or "EM" toolbar, and the "searchmiracle bar." The toolbars contain buttons labeled "Premium sites," "Online dating," "Online

casinos," "Online drugs," and "Virus Scan." If a consumer clicks on any of these buttons, the EM defendants cause the consumer's browser to be directed to various websites. Typically, the toolbars apparently also purport to function as a "search bar" and contain a window labeled "Search."

- 34. Fourth, the EM defendants insert an obtrusive, large-scale side "window" or "frame" onto consumers' browser windows that displays various advertisements. It appears as a vertical window that is positioned along the left-hand side of the consumers' browser windows and fills approximately one-third of their computer screens. The side window sometimes displays a purported search-engine results page. The window is entitled "Recent Searches," and it contains a list of approximately two dozen items.
- 35. Consistent with the EM defendants' Internet tracking behavior, the content of these purported "search results" is often cued to the search terms that are entered into a legitimate search engine search bar. The side window sometimes displays "pop up"-like advertisements rather than purported search results.
- 36. Fifth, the EM defendants display "pop up" advertisements on consumers' computers that advertise various products, including botox treatments, auto insurance, and the like. These "pop ups" appear on consumers' computers even when their Internet browsers are not activated.
- 37. The effects of the EM code substantially interfere with consumers' use of their computers. Furthermore, consumers cannot reasonably avoid this interference. They cannot reasonably avoid it, before the fact, by relying on disclosures made in an End User License Agreement ("EULA") or in other relevant marketing media. Nor can they reasonably avoid it, after the fact, having installed it, by then uninstalling or otherwise removing the code.

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Although the EM defendants do have a EULA, they do not require, let alone encourage, consumers to review it prior to downloading and installing the EM code. The EM defendants' installation boxes, when clicked on, automatically install the EM code, with no requirement that a consumer agree to terms and conditions. There is nothing labeled "EULA," "Terms and Conditions," "More Information" or the like that then links to the EULA page. In any case, the EM EULA, even if it were readily available, by its terms is so broad and over-reaching that it does not convey adequate information to consumers.

Nor can a consumer, having installed the EM code, reasonably avoid its effects by uninstalling or removing it. In most cases, the EM defendants' own instructions do not remove all of the EM code, and the EM code does not appear in the Add/Remove feature of the Windows operating system. Often, all or some of the EM code remains on consumers' computers even after repeated attempts to uninstall the code.

## VIOLATIONS OF THE FTC ACT COUNT ONE

#### AS TO THE ENTERNET MEDIA DEFENDANTS

(Defendants Rohbani, Hakimi, Enternet Media, Inc., and Conspy & Co., Inc.) Deceptive Representations Regarding Software Code

40. In numerous instances, in connection with marketing and distributing software code to consumers, the Enternet Media defendants have represented in their marketing media, expressly or by implication, that the software code functions as an innocuous free software code or file, including but not limited to, an Internet browser upgrade or other computer security software, or a music file, a song lyric, or a cell phone ring tone.

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- In truth and in fact, in numerous instances, the software code does not function as an innocuous free software code or file, including but not limited to, an Internet browser upgrade or other computer security software, or a music file, a song lyric, or a cell phone ring tone. Rather, the software code causes a stream of multiple advertisements to appear on consumers' computers and, in some cases, also tracks consumers' Internet activity.
- 42. Therefore, the EM defendants' representations, as described in Paragraph 40 above, are false and misleading, and the making of those representations constitutes a deceptive act or practice in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

#### **COUNT TWO**

#### AS TO THE ENTERNET MEDIA DEFENDANTS

# (Defendants Rohbani, Hakimi, Enternet Media, Inc., Conspy & Co., Inc.) Unfair Installation of Software Code

In numerous instances, in connection with marketing and distributing software code to consumers, the Enternet Media defendants have downloaded and installed, or cause to be downloaded and installed, software code that causes a stream of multiple advertisements to appear on consumers' computers and, in some cases, also tracks consumers' Internet activity. When the software code is installed on consumers' computers, in some cases, it will: (1) track consumers' Internet activity; (2) change consumers' preferred Internet homepage settings; (3) insert a new toolbar onto consumers' Internet browsers; (4) insert a large side "frame" or "window" onto consumers' browser windows that in turn displays advertisements; and (5) display numerous "pop up" advertisements on consumers' computer screens, even when consumers' Internet browsers are

closed.

- The Enternet Media defendants' actions are likely to cause substantial injury 44. to consumers that cannot be reasonably avoided and is not outweighed by countervailing benefits to consumers or competition.
- Therefore, the Enternet Media defendants' engaging in the practices, as 45. described in Paragraph 43 above, constitutes an unfair act or practice in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

#### **COUNT THREE**

#### AS TO THE ENTERNET MEDIA DEFENDANTS

(Defendants Rohbani, Hakimi, Enternet Media, Inc., Conspy & Co., Inc.) Means and Instrumentalities Count

- In numerous instances, the Enternet Media defendants have furnished 46. others, including but not limited to their affiliate marketers, with software code that substantially interferes with consumers' use of their computers, as well as with corresponding marketing media that contains false and misleading representations regarding that software code. By furnishing others with the materials to engage in the deceptive and unfair practices described in Paragraphs 40 and 43 above, the Enternet Media defendants have provided the means and instrumentalities for the commission of deceptive and unfair acts and practices.
- Therefore, the Enternet Media defendants' conduct, as described in Paragraph 46, constitutes a deceptive and unfair act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

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28 Complaint Page 15 of 18

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28 Complaint

#### **COUNT FOUR**

#### AS TO DEFENDANT ALBERT

#### Failure to Disclose the Presence and Nature of Bundled Software Code

- 48. In numerous instances, in connection with marketing and distributing software code to consumers, defendant Albert has represented, expressly or by implication, that the software code functions as a music file that, when incorporated into consumers' web logs or other websites, will enable consumers to play music on their web logs or other websites.
- 49. In numerous instances, defendant Albert has failed to disclose that the software code contains additional code that delivers advertisements to consumers' computers. He has failed to disclose that, when the software code is incorporated into consumers' web logs or other websites, it will display on those web logs or other websites advertisements from the Enternet Media defendants that represent, expressly or by implication, that their software code functions as an Internet browser upgrade or other computer security software and prompts consumers to download it.
- 50. This additional information, described in Paragraph 49, would be material to consumers in deciding to download and install the software code that defendant Albert distributes.
- 51. Defendant Albert's failure to disclose the material information described in Paragraph 49, above, in light of the representations described in Paragraph 48 above, constitutes a deceptive act or practice in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

#### **CONSUMER INJURY**

52. The defendants' violations of Section 5 of the FTC Act, 15 U.S.C. § 45(a), as set forth above, have caused and continue to cause substantial injury to

consumers. Absent injunctive relief by this Court, the defendants are likely to continue to injure consumers and harm the public interest.

#### THIS COURT'S POWER TO GRANT RELIEF

Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to 53. grant injunctive and other ancillary relief, including consumer redress, disgorgement and restitution, to prevent and remedy any violations of any provision of law enforced by the Federal Trade Commission.

#### PRAYER FOR RELIEF

WHEREFORE, plaintiff, the Federal Trade Commission, requests that this Court, as authorized by Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and pursuant to its own equitable powers:

- Award plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief.
- Permanently enjoin the defendants from violating Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), as alleged in this complaint.
- Award such relief as the Court finds necessary to redress injury to 3. consumers resulting from the defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), including, but not limited to, rescission of contracts, restitution, the refund of monies paid, and the disgorgement of illgotten monies.

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1	4. Award the Commission the costs of bringing this action, as well as any
2	other equitable relief that the Court may determine to be just and proper.
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4	Dated: October , 2005
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6	Respectfully submitted: WILLIAM BLUMENTHAL
7	General Counsel
8	Mail 1
9	MWall
10	Mona Sedky Spivack, DC #447968
11	J. Ronald Brooke, Jr., MD #0202280002  Federal Trade Commission
12 13	600 Pennsylvania Ave., NW, Room 238 Washington, D.C. 20580
14	Mona Sedky Spivack, DC #447968 Colleen B. Robbins, NY #2882710 J. Ronald Brooke, Jr., MD #0202280002 Federal Trade Commission 600 Pennsylvania Ave., NW, Room 238 Washington, D.C. 20580 (202) 326-3795 (Spivack) (202) 326-2548 (Robbins) (202) 326-3484 (Brooke) (202) 326-3395facsimile
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