

**Statement of Timothy J. Muris
Chairman, Federal Trade Commission**

FTC v. John Zuccarini, individually and doing business as Cupcake Party
FTC File No. 012-3095

Monday, October 1, 2001

Good afternoon, and thank you for being here. For those of you who haven't been in our Internet lab before today, welcome. We thought it was appropriate that we meet here, because we're announcing a case against a particularly pernicious cyberscam. We tracked that scam in this lab, we built our case in this lab, and last week we filed suit in U.S. District Court and shut the operation down. I'll explain what the scammer did, and then I'll let Marc Groman, our lead attorney on this case, give you a demonstration of how he did it.

This defendant registers Internet domain names that are misspellings of legitimate domain names, trademarks or famous names, or that incorporate transposed or inverted words or phrases. To date, he's registered about 5,500 of them. For example, he registered at least 15 variations of the popular children's cartoon site, cartoon network dot com, and 41 variations of the name of teen pop star, Britney Spears. I think there's a list of some of the variations on cartoon network in your press kits. Surfers looking for a site who misspell its Web address or invert a term - - using "cartoon joe" dot com, for example, rather than "joe cartoon" -- are taken to one of the defendant's sites, instead of the site they were seeking. Then, they're bombarded with a rapid series of windows displaying ads for goods and services ranging from Internet gambling to pornography. Then two things happen. First, they're mousetrapped. When consumers try to use any of the usual means of exiting a Web page, from clicking on the "close" or "back" buttons, to typing in a new URL, a new window will open. They're just trapped. Second, new ads are launched and appear on the task bar more quickly than consumers can shut down the original ones. One of our investigators entered one of the defendant's copycat sites -- a misspelling of the name of tennis star Anna Kournikova -- and 29 browser windows opened automatically. Another staff member closed 32 of 34 separate windows and then clicked on the back button on one of the two remaining windows. Seven new windows erupted on his screen. Finally, this scheme has a stealth feature. It implants a small page under the task bar, so consumers can't see it. The stealth page is a timer, that periodically launches additional pages of ads, automatically.

This scheme prevents consumers from controlling their internet browsers, invades their privacy, robs them of their time, exposes kids to ads for pornography, and violates trademark rights. And this scam, and ones like it, undermine consumer confidence in the Internet. That's why the FTC brought this action.

Schemes that capture consumers and hold them at sites against their will while exposing Internet users, including children, to solicitations for gambling, psychics, lotteries, and pornography must be stopped. In addition to violating the trademark rights of legitimate Web site owners, the defendant may have placed employees in peril by exposing them to sexually explicit sites and gambling sites on the job, in violation of company policies. With more than 63 previous law suits against him for his practices, we believe the FTC suit will shut down the defendant's schemes permanently.

There are some steps we can all take to avoid getting caught in one of these tangled webs, use search engines to locate and take to Web sites you want to visit. They usually screen out misspelled or inverted URLs, and instead take you to the real site you want to visit. Before you go surfing on the Internet, close out other programs you're working on, or save your data, so you don't lose them if you have to shut down or reboot to escape the trap. And if you experience any kind of scam on the Internet, or want more information about how to protect against scams, call us at 1-877-FTC-HELP or go to our Web site, ftc.gov.

Now I'm going to turn this proceeding over to Marc, who will give you a demonstration of how the scheme works. We were able to preserve this material for evidence, and now show it to you, using special screen-recording software. My one regret is that the replay is not in real time, so you won't see how quickly consumers were barraged with this unsolicited and unwanted junk.
