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10	Attorneys for Plaintiff	
11	UNITED STATES DISTRICT COURT DISTRICT OF NEVADA	
12	Endough Tundo Commission	
13	Federal Trade Commission,	
14	Plaintiff,	
15	v.	
16	ERG Ventures, LLC and d/b/a ERG Ventures, LLC2, Media Motor, Joysticksavers.com, and	3:06-CV-00578-LRH-VPC
17	PrivateinPublic.com; Elliott S. Cameron, individually and d/b/a ERG Ventures, LLC2,	e e contraction de la contra
18	Media Motor, Joysticksavers.com, and PrivateinPublic.com; Robert A. Davidson, II,	
19 20.	individually and d/b/a ERG Ventures, LLC2, Media Motor, Joysticksavers.com, and	
21	PrivateinPublic.com; Garry E. Hill, individually and d/b/a ERG Ventures, LLC2,	
22	Media Motor, Joysticksavers.com, and PrivateinPublic.com; and Timothy P. Taylor,	
23	individually and d/b/a Team Taylor Made, Defendants.	
24	Defendants.	
25	Complaint for Injunctive and Other Equitable Relief	
26	Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its complaint	
27	alleges as follows:	
28	Page 1 of 16	

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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.
- Venue in the United States District Court for the District of Nevada 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, codified at 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).

DEFENDANTS

Defendant ERG Ventures, LLC ("ERG") is a limited liability company registered in Nevada. Its registered agent is located at 4231 Dant Blvd., Reno, NV 89509, and its management company is located at 237 Tramway Drive, Stateline, NV 89449. Defendant ERG does or has done business as "ERG Ventures, LLC2," "ERG," "www.media-

motor.com," "www.media-motor.net," "Media Motor," "www.joysticksavers.com," and "www.privateinpublic.com." Defendant ERG transacts or has transacted business in this District.

- Defendant Elliott S. Cameron ("Cameron") is or has been an officer and/or director of ERG. Individually or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of ERG, including the acts and practices set forth in this complaint, and has done so at all times pertinent to this action. Defendant Cameron does or has done business as "ERG Ventures, LLC2," "ERG," "www.media-motor.com," "www.media-motor.net," "Media Motor," "www.joysticksavers.com," and "www.privateinpublic.com." Defendant Cameron resides or has resided and transacts or has transacted business in this District.
- 7. Defendant Robert A. Davidson, II ("Davidson") is or has been an officer and/or director of ERG. Individually or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of ERG, including the acts and practices set forth in this complaint, and has done so at all times pertinent to this action. Defendant Davidson does or has done business as "ERG Ventures, LLC2," "ERG," "www.media-motor.com," "www.media-motor.net," "Media Motor," "www.joysticksavers.com," and "www.privateinpublic.com." Defendant Davidson resides or has resided in Arkansas and transacts or has transacted business in this District.
- 8. Defendant Garry E. Hill ("Hill") is or has been an officer and/or director of ERG.

 Individually or in concert with others, he has formulated, directed, controlled, or
 participated in the acts and practices of ERG, including the acts and practices set forth in
 this complaint, and has done so at all times pertinent to this action. Defendant Hill does
 or has done business as "ERG Ventures, LLC2," "ERG," "www.media-motor.com,"
 "www.media-motor.net," "Media Motor," "www.joysticksavers.com," and
 "www.privateinpublic.com." Defendant Hill resides or has resided in California and

transacts or has transacted business in this District.

9. Defendant Timothy P. Taylor ("Taylor"), individually or in concert with others, has formulated, directed, controlled, or participated in the acts and practices set forth in this complaint, and has done so at all times pertinent to this action. Defendant Taylor does or has done business as "www.teamtaylormade.com" and "Team Taylor Made." Defendant Taylor resides or has resided in Tennessee and transacts or has transacted business in this District.

COMMERCE

10. At all times relevant to this complaint, the defendants have maintained a substantial course of trade in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

COMMON ENTERPRISE

11. Defendant ERG and individual defendants Cameron, Davidson, and Hill have operated as a common enterprise while engaging in the deceptive acts and practices alleged herein.

DEFENDANTS' BUSINESS PRACTICES

Overview

- 12. Since at least April 2004, defendants ERG, Cameron, Davidson and Hill (collectively the "ERG defendants") have surreptitiously distributed and installed exploitive software programs onto consumers' computers through a sophisticated and expansive network of affiliates.
- 13. Operating under the name "Media Motor," the ERG defendants assemble a package of exploitive software programs from other software developers. These developers pay the ERG defendants to install their software onto consumers' computers.
- 14. In order to maximize the number of installations and their resulting profits the ERG defendants utilize deception to trick consumers into downloading and installing the package of exploitive software programs they have assembled.

- 15. The ERG defendants operate websites that offer consumers "free" software, such as screensavers and video files, to induce consumers into downloading the package of exploitive software programs. Hidden within this purportedly free software is code (the "Media Motor Application") that, once installed, silently activates itself on the consumer's computer and proceeds covertly to download and install the package of exploitive software programs assembled and generally maintained by the ERG defendants.
- 16. The ERG defendants also utilize an expansive affiliate network to trick consumers into downloading the Media Motor Application. Affiliates are typically webmasters who operate websites that offer free content to consumers. These affiliates, including defendant Timothy P. Taylor, hide the Media Motor Application within the "free" software they offer the public in return for a commission from the ERG defendants.
- 17. Although the malicious programs retrieved by the Media Motor Application may vary depending on the date and source of the download, the effects of the programs are generally consistent. These effects include, inter alia: 1) changing consumers' default home pages; 2) adding a difficult—to—remove toolbar to consumers' Internet browser that displays advertising; 3) tracking consumers' Internet activity; 4) generating repeated and occasionally pornographic pop up advertising; 5) adding advertising icons to consumers' desktops; 6) altering consumers' Internet browser settings; 7) degrading computer performance; and 8) attacking and disabling consumers' anti-spyware software. By design, these exploitive software programs are extremely difficult for consumers to uninstall.

The ERG Defendants' Deceptive Distribution Practices

18. The ERG defendants utilize two primary vehicles for the distribution of the Media Motor Application. First, the ERG defendants maintain and operate a series of websites that offer consumers "free" software such as screensavers, icons, movie files, and the like.

- These websites trick consumers into downloading the Media Motor Application that is hidden within the purportedly free software offered by the ERG defendants.
- 19. For example, the ERG defendants operate Joysticksavers.com, a website that purports to offer consumers innocuous free screensavers. In numerous instances, the screensavers offered by the ERG defendants' Joysticksavers.com website are surreptitiously bundled with the exploitive Media Motor Application. Once consumers download and open the screensaver they receive from Joysticksavers.com, consumers are instantly infected with the Media Motor Application that immediately and covertly installs the bundle of exploitive software programs assembled by the ERG defendants.
- 20. In numerous instances, Joysticksavers.com makes no disclosure of any kind that its screensavers are bundled with additional exploitive code, nor does Joysticksavers.com display an End User License Agreement ("EULA") or other types of terms and conditions during the installation process. Consumers simply click a button to download a screensaver, open the downloaded file, and are instantly infected with the Media Motor Application.
- 21. In some instances, Joysticksavers.com does display a EULA. Although the EULA purports to give consumers the option to accept or reject the terms, the choice is illusory. In fact, consumers are infected with the Media Motor Application as soon as the ERG defendants' software is opened and the EULA is displayed to the consumer to review. Clicking on the button, "Cancel" on the Joysticksavers.com EULA does not remove or otherwise prevent the Media Motor Application and the resulting infection from being silently downloaded and installed onto the consumer's computer.
- 22. Another example of the ERG defendants' deceptive distribution practices is

 Privateinpublic.com, a website operated by the ERG defendants. The

 Privateinpublic.com website purports to offer free adult videos featuring hidden camera
 footage of women changing clothes in private dressing rooms. Consumers who attempt

- to download the free videos promised by Privateinpublic.com do not receive the videos they anticipated, but rather are silently infected with the Media Motor Application.
- 23. While Privateinpublic.com does display a EULA, in numerous instances, the EULA does not disclose that consumers will receive the Media Motor Application or the accompanying exploitive programs. Furthermore, the EULA falsely indicates that consumers will receive the IM Giant browser and IM Giant Instant Messenger service owned and operated by the ERG defendants.
- 24. The ERG defendants also distribute the Media Motor Application through their affiliate program that is advertised on their www.media-motor.com website. Through this website, the ERG defendants provide their registered affiliates, including, but not limited to, defendant Taylor, with the means to infect consumers with the Media Motor Application, including providing affiliates with code that can be inserted directly into any Internet webpage.
- 25. In numerous instances, once inserted, the code created by the ERG defendants causes an installation box automatically to "pop up" as soon as a consumer lands on the affiliate webpage. The ERG defendants' installation box requests that the consumer agree to install a free ActiveX control that purportedly will provide the consumer with free icons and allow the consumer to view the webpage for free. Consumers who agree to install the free ActiveX control receive only the Media Motor Application.
- 26. In numerous instances, depending on the consumer's computer security settings, the ERG defendants do not display a EULA, let alone require a consumer to view it and agree to it, and do not indicate that there are terms and conditions for a consumer to review within the installation box described in Paragraph 24.

Defendant Taylor's Deceptive Distribution Practices

27. Defendant Taylor is an example of an ERG affiliate. Taylor operates a website, www.teamtaylormade.com, that offers "free" software such as screensavers and computer

- games. Much of the purportedly free software offered by defendant Taylor is covertly bundled with the Media Motor Application.
- 28. When a consumer downloads and opens the free software from defendant Taylor, a
 EULA is displayed. In some instances this EULA states that his software includes "free
 utilities." In other instances the EULA states that consumers will receive "free utilities"
 from "Motor-Media."
- 29. In numerous instances, although defendant Taylor displays a EULA and the EULA purports to give consumers the option to accept or reject his terms, the choice is illusory. In fact, consumers are infected with the Media Motor Application as soon as defendant Taylor's software is opened and the EULA is displayed to the consumer to review. Clicking on the button, "I do not agree to the terms of this license agreement," on the Team Taylor Made EULA does not remove or otherwise prevent the Media Motor Application and the resulting infection from being silently downloaded and installed onto the consumer's computer.

The Impact Of The Media Motor Application

- 30. Once installed, the Media Motor Application covertly retrieves and installs the bundle of exploitive software programs assembled and primarily maintained by the ERG defendants. These exploitive software programs interfere with the functionality of consumers' computers. Although the bundle of exploitive software programs varies somewhat depending on the date and source of the download, the disruptive and damaging impact of these programs has remained essentially unchanged.
- 31. First, the exploitive software programs change consumers' preferred or default homepages opened by their Internet browser, sometimes to the ERG defendants' own advertising website.
- 32. Second, the exploitive software programs insert a new advertising toolbar. For example, in some instances, an exploitive software program installs the "Mirar toolbar" onto

- consumers' Internet browser. This toolbar contains text along the entire bar, and when a consumer rolls over the toolbar with a mouse, the toolbar displays advertising pop up boxes that stay open for several seconds, block a portion of the consumer's browser window, and cannot be closed by consumers.
- 33. Third, the exploitive software programs track consumers' Internet activity. Consumers' Internet browsing behavior is monitored, and repeated advertisements corresponding to search terms typed into a search bar are displayed.
- 34. Fourth, the exploitive software programs display pop up advertisements that advertise various products, including, but not limited to, online pharmacies, cellphones, ringtones, screensavers, and gambling, as well as sexually explicit advertisements for pornography. These pop up advertisements appear on consumers' computers even when their Internet browsers are not activated. The pop up advertising also includes a pop up generated by a website operated by the ERG defendants that does not display on its face any means to close the pop up. A consumer is forced to scroll through the pop up several pages to the right in order to find an "X" to click on to close the pop up.
- 35. Fifth, the exploitive software programs insert advertising icons onto consumers' Windows desktops.
- 36. Sixth, the exploitive software programs alter Internet Explorer browser settings, including but not limited to, adding websites that are controlled by or associated with the ERG defendants to the computers' "trusted zone" thereby creating a security hole within Internet Explorer that permits the ERG defendants greater access to the consumer's infected computer.
- 37. Seventh, the exploitive software programs degrade the infected computer's performance such that other programs cannot function and will not respond to user commands. For example, in numerous instances, consumers' computers "freeze," and they are unable to activate and use existing programs.

- 39. For example, in numerous instances, after being infected with the exploitive software programs, when a consumer attempts to run Ad-Aware, the computer shuts down prior to completion of the Ad-Aware scan. As a result, a consumer is unable to fully execute the Ad-Aware spyware scan, and consequently cannot use Ad-Aware as a tool to remove any of the exploitive software programs on the computer.
- 40. Similarly, when a consumer attempts to run Microsoft's Windows Defender, some of the exploitive software programs installed on consumers' computers are added to the "Allow" list. As a result, Windows Defender ignores those files while scanning for adware and spyware.
- 41. The effects of the exploitive software programs on an infected computer constitute substantial harm.

The Harm Is Not Reasonably Avoidable

- 42. The substantial harm caused by the Media Motor Application cannot be reasonably avoided by consumers.
- 43. First, consumers do not know that the Media Motor application is bundled with the "free" software they download or its effects.
- 44. For example, in numerous instances, the ERG defendants' affiliated websites do not display a EULA or other terms and conditions for consumers to view, and consumers never have to agree to anything prior to downloading the Media Motor Application.
- 45. In some instances, the ERG defendants' affiliated websites do display a EULA, but the Media Motor Application installs itself regardless of whether a consumer accepts or declines the terms of the EULA.
- 46. In other instances, depending on the computer's security settings, the ERG defendants'

EULA is buried in highlighted text that does not always display that there are terms and conditions for a consumer to review. Furthermore, the ERG defendants do not require, let alone encourage, consumers to review the EULA prior to downloading and installing the Media Motor Application. For example, when a consumer clicks "Yes" on the ERG defendants' installation box, the Media Motor Application is automatically installed, with no requirement that a consumer agree to any terms and conditions.

- 47. Second, consumers, having installed the Media Motor Application, cannot reasonably avoid its effects by uninstalling or removing it. Some of the exploitive software programs installed by the Media Motor Application do not appear anywhere in the Windows operating system Add/Remove utility. Other exploitive software programs, although listed in Add/Remove, are listed under names that disingenuously resemble core operating system software or applications or that do not otherwise adequately describe the software program. Often, all or some of the programs installed by the Media Motor Application remain on consumers' computers even after attempts to uninstall them.
- 48. The Media Motor Application and its accompanying exploitive software programs offer no benefit to consumers or competition.

VIOLATIONS OF THE FTC ACT

COUNT ONE

AS TO THE ERG DEFENDANTS

(Defendants ERG Ventures, LLC, Cameron, Davidson, and Hill)

Failure to Disclose the Presence and Nature of Bundled Exploitive Software

- 49. In numerous instances, in connection with marketing and distributing code, files, or content to consumers, the ERG defendants have represented, expressly or by implication, that the code, files, or content function as standalone innocuous free programs, including, but not limited to, screensavers or icons.
- 50. In numerous instances, the ERG defendants have failed to disclose that their code, files,

or content contain additional code, files, or content that, among other things, cause a stream of multiple advertisements to appear on consumers' computers, track consumers' Internet activity, alter browser settings, and alter existing software products.

- 51. This additional information, described in Paragraph 48, would be material to consumers in deciding to download and install the code, files, or content that the ERG defendants distribute.
- 52. The ERG defendants' failure to disclose the material information described in Paragraph 50, above, in light of the representations described in Paragraph 49, above, 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 ERG DEFENDANTS

Deceptive Representations Regarding the End User License Agreement

- 53. In numerous instances, in connection with marketing and distributing code, files, or content to consumers, the ERG defendants have represented, expressly or by implication, that the code, files, or content include third party software ("the ERG defendants' software package"), and that consumers have the option to decline the terms and conditions of their End User License Agreement ("EULA") and thereby prevent the installation of their code, files, or content.
- 54. In truth and in fact, in numerous instances, consumers cannot prevent the installation of the ERG defendants' software package. Rather, even if consumers reject the terms of the EULA, the ERG defendants' software package including their bundle of additional code, files, or content is downloaded and installed onto consumers' computers. This additional code, file, or content, among other things, causes a stream of multiple advertisements to appear on consumers' computers, tracks consumers' Internet activity, alters browser settings, and alters existing software products.
- 55. Therefore, the ERG defendants' representations, as described in Paragraph 53, above, are

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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 THREE

AS TO THE ERG DENDANTS

(Defendants ERG Ventures, LLC, Cameron, Davidson, and Hill)

Unfair Installation of Exploitive Software

- In numerous instances, in connection with marketing and distributing code, files, or content to consumers, the ERG defendants have downloaded and installed, or caused to be downloaded and installed additional code, files, or content that, among other things, cause a stream of multiple advertisements to appear on consumers' computers, track consumers' Internet activity, alter browser settings, and alter existing software products. When this additional code, file, or content is installed on consumers' computers, in some cases, it: 1) changes consumers' default home pages; 2) adds a difficult—to—remove toolbar to consumers' Internet browser that displays advertising; 3) tracks consumers' Internet activity; 4) generates repeated and occasionally pornographic pop up advertising; 5) adds advertising icons to consumers' Windows desktop; 6) alters consumers' Internet browser settings; 7) degrades computer performance; or 8) attacks and disables consumers' anti-spyware software.
- 57. The ERG defendants' actions are likely to cause substantial injury to consumers that cannot be reasonably avoided and are not outweighed by countervailing benefits to consumers or competition.
- 58. Therefore, the ERG defendants' actions, as described in Paragraph 56, above, constitute an unfair act or practice in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

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COUNT FOUR

AS TO DEFENDANT TAYLOR

Deceptive Representations Regarding the End User License Agreement

- In numerous instances, in connection with marketing and distributing code, files, or content to consumers, defendant Taylor has represented, expressly or by implication, that the code, files, or content include "free utilities" or "free utilities from Motor Media," ("defendant Taylor's software package"), and that consumers have the option to decline the terms and conditions of his End User License Agreement ("EULA") and thereby prevent the installation of defendant Taylor's software package.
- In truth and in fact, in numerous instances, consumers cannot prevent the installation of defendant Taylor's software package. Rather, even if consumers reject the terms of the EULA, defendant Taylor's software package including the ERG defendants' bundle of additional code, files, or content is downloaded and installed onto consumers' computers. This additional code, file, or content, among other things, causes a stream of multiple advertisements to appear on consumers' computers, tracks consumers' Internet activity, alters browser settings, and alters existing software products.
- 61. Therefore, defendant Taylor's representations, as described in Paragraph 59, 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 FIVE

AS TO DEFENDANT TAYLOR

Failure to Disclose the Presence and Nature of Bundled Exploitive Software

In numerous instances, in connection with marketing and distributing code, files, or content to consumers, defendant Taylor has represented, expressly or by implication, that the code, files, or content function as standalone innocuous free programs including, but not limited to, screensavers or computer games.

of multiple advertisements to appear on consumers' computers, track consumers' Internet activity, alter browser settings, and alter existing software products. This additional information, described in Paragraph 63, would be material to consumers in deciding to download and install the code, files, or content that defendant Taylor Defendant Taylor's failure to disclose the material information described in Paragraph 63, above, in light of the representations described in Paragraph 62, above, constitutes a deceptive act or practice in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a). 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 THIS COURT'S POWER TO GRANT RELIEF Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to 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 FTC. 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 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, including, but not limited to, temporary and

preliminary injunctions, an order freezing assets, and a financial accounting;

- 2. Enter a permanent injunction to prevent future violations of the FTC Act by defendants;
- 3. Award such relief as the Court finds necessary to redress injury to 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 ill-gotten monies; and
- 4. Award Plaintiff the costs of bringing this action, as well as any other equitable relief that the Court may determine to be just and proper.

Dated: October 27, 2006

Respectfully submitted: WILLIAM BLUMENTHAL General Counsel

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