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Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFOW

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FEDERAL TRADE COMMISSION

Plaintiff,

COMPLAINT FOR INJUNCTIVE) AND OTEIER EQUITABLE RELIEF

V.

CONSUMERn\TFO.COM,

QSPACE INC.
and IFLA~E Mc.

Defendant. I

Plaintiff, the Federal Trade Commission ("FTC" or "Commission") by its I
undersigned attorneys, alleges :

1. The FTC brings thls action under Section 13@) of the Federal Trade I Commission Act ("FTC Act"), 15 U.S.C. 5 53(b), to secure a permanent injunction,

preliminary relief, and other equitable relief against Defendant for deceptive acts or

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practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. 5 45(a).

JURZSDICTION AND VENUE

2. This Court has subject matter jurisdiction over the FTC's claims
pursuant to 15 U.S.C. $5 45(a) and 53@) and 28 U.S.C. $5 l331,1337(a) and 1345.

3. Venue in the Central District

www. fi-eecreditreport. com, and other Internet addresses. Consumers who order their free report are automatically enrolled

• Stay on top of your credit and increase your purchasing power." Another principal advertisement is found at Consumerinfo's website,
www. consumerinfo. corn. One advertisement at that address stated: "FREE! FREE! FREE! Get Your FREE Credit Report Online in
Seconds! ! ! ! Click here to get a FREE copy of your online Credit
Report Instantly* ! [*Pending confirmation of your identity.]
And that's not all ... along with your INSTANT credit report, we'll give you 30 FREE days of the Credit Check Monitoring Service at no obligation.
So sign up today to have your FREE credit report delivered
INSTANTLY online!"
In rauch smalier type, the advertisement continued:
"Sound too good to be true? Well, we're convinced that once you've
tried the Creditcheck Monitoring Service on a FREE trial basis, you'll want to continue with ths vital service for staying on top of your creht. But if you don't, that's okay too-there's no obligation and no
commitment. And your INSTANT credit report is yours to keep for
you! Plus, you can rest assured that your credit rating will NOT be affected when Consumerinfo.Com pulls your FREE creht report for you! "
Benefits of the Credit Check Monitoring Service
Paid membershp includes UNLIMITED FREE CREDIT REPORTS, plus online monitoring alerts that inform you of important changes to your credit file, including:
Derogatory Information
• Inquiries
a Newly opened accounts
rn Several indicators of possible credit fraud
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You'll also receive:
Dispute tips
Creditcheck Newsletters

Free Neighborhood & Homes Sales Reports
Toll-fiee customer service support
So click here to order your instant, free credit report right now!" The following is an example of a Consumerinfo Internet "pop-up" advertisement :
"FREE

you've tried the Creditcheck Monitoring Service on a FREE trial basis,
you won't want to be without it! But if you don't realize the value of
the service, there's no obligation to keep the membershp."
10. Through at least December 2003, none of Consumerinfo's advertisements
for the Credit Check Monitoring Service disclosed the $79.95 annual membershp fee. Instead, Consumerinfo's advertisements stated that "there's no obligation and no commitment. And your FREE credit report is yours to keep."
1 1. All of Consurnerinfo's Internet advertisements and webpages ultimately
link to Consurnerinfo's online order form. The online order form is the only means through whch consumers can request the "fkee" credit reports from Consumerinfo. The form requires consumers to fill in detailed personal mformation, including their names, addresses, e-mail addresses, social security nwnbers, birtln dates, mothersi maiden names, and valid credit card account numbers. The online order form includes several distinct sections, includmg those labeled "Payment Information" and "Privacy Policy Notice." The substance of the order form remained constant from approximately November 2000 to mid-September 2003.
12. Prior to mid-September 2003, the $79.95 annual membershp fee was mentioned on the website only in the "Privacy Policy Notice" section on the second Order page, in very small text. In contrast, the "Payment Information" section simply stated: "Your card will not be charged during the fi-ee trial v

14. Through at least December 2003, Consumerinfo assessed the $79.95
annually renewing fee against consumers who did not contact Consumerinfo and
cancel their trial membershp with the 30-day period. who Thinst th43(to(th41Tm [(tir)]TJ -0.0168

c o n s u m b e r whoho 30s,wi36(but(tir))Tj ET /Suspect <</BB106.8028.415 6798.143.5189 425 7798.197]>>BDC BT /T1_0 1 70530168 Tc 14.875 0 0 14.106.8028.415 6798.002 wm (rshp)Tj ET EDC BT /T1_0 1 Tf -0.03361Tc 14.875 0 0 14.148.318.3415 6798.002 180(not)Tj -0.0168 Tc8 .453 0 (30s.hect)Tj -0.0252 T452.388 0 Cd (consumber)Tj -0.01684T437.469 0 Twd (w-15 d [(calsessir)]TJ -0.02525 774.566 0 Tftcembd.)Tj -0.0084 T9 1.436 0 Td (the 0252 42.436 0 first(who)Tj -0.0252 T872.388 0[180(n68 (30sssir)]25 831.203 -1.592 receivsessed 00168 T351.436 0 n (who)Tj -0.0168 T194.469 0(refund.mbd.)Tj -0.00843.173.469 0CAl (oughmbd.)Tj -0.03363.851.436 0 many(and)Tj -0.0252)Tj 2.227 0 Td (consumber)Tj -0.0084 T21.436 0 havemers)Tj -0.01682T091.517 0 avoid dmbd. statemensio76Twdensir $798.435 601.644c -8.3197]>>BDC BT /T1_0 1 Tf -0.0168 Tc 14.875 0 0 14.38 T0828.439.19939002 Tmce"ilsessed ey(and)Tj -0.0252 T82.985 0 wer (the 02522T091.517 0 first(who)Tj -0.0168 T772.985 0[(bialsess23 receivsessir)]TJ -0.03365 824.436 0 n (who)31f 59.252 -1.608(refund(not)Tj -0.01682T61.469 0Twdatsoevcembd.)Tj -0.0252 T52.95 0 ofmbd.)Tj -0.0168 .98 0[(m [(t)31 tharges,wiir)]TJ -0.0252Tc192.388 0[Tc 14.875 03252onsum0.00842T694.469 0(refund 14.219 65 i).5 3b2501682Tc 3.469 0Ctd (consumber)Tj -0.0252 T252.985 0 wavemers f2.43875 030252 refund(not)Tj 4201685 772.985 0 ofmbd. isssho the trial refund.mbd. and consumber who

trial membership witlun 30 days after requesting their free credit report.
17. In light of the representation set forth in Paragraph 16, Defendant's
failure to disclose adequately the need for consumers to cancel the Credit Check Monitoring Service memberslap with 30 days to avoid being charged was, and is, a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. 5 45(a).

22. The FTC issued its final rule as required by Section 21 1 of the FACT
Act on June 4,2004,16 C.F.R. Part 610. The FTC's rule provided for a structured roll-out of the availability of the free credit reports, beginning Fn the western states on December 1,2004, and culminating in the Eastern states on September 1,2005. The rule sets forth the requirements for establishing a centralized source, including a dedicated website through which consumers could order their

Eastern s595 684.7196]>>BDC BT /T509 28BT1_0Th Td [(of)7(the)]TJ0168 Tc 1168 Tc 1 0 Td (the)Tj -0.0084 0j -0.008.1201 T1 Tm (610.)Tj -0.033233 BT /T509 28B25598]>>B19

CONSUMER INJURY
27. Defendant's violations of Section 5 of the FTC Act as set forth above,
have caused and continue to cause substantial injury to consumers. Absent injunctive relief by ths Court, Defendant is likely to continue to injure consumers. THIS COURT'S POWER TO GRANT RELIEF

28. Section 13(b) of the FTC Act, 15 U.S.C. 5 53(b), empowers ths Court to grant injunctive and other ancillary relief, including consumer redress, disgorgement and restitution, to prevent and remedy any violations of any provisions of law enforced by the Federal Trade Commission.
PRAYER FOR RELIEF WHEREFORE relief,

Dated Ays4 15,2005 Respectfully submitted,
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Federal Trade Comrmssion

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