

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
 Pamela Jones Harbour
 Jon Leibowitz
 William E. Kovacic
 J. Thomas Rosch

In the Matter of

**ZANGO, INC. f/k/a 180SOLUTIONS,
INC.,
a corporation,**

**KEITH SMITH,
individually and
as an officer of the corporation, and**

**DANIEL TODD,
individually and
as an officer of the corporation.**

DOCKET NO. C-4186

COMPLAINT

The Federal Trade Commission, having reason to believe that Zango, Inc. f/k/a 180solutions, Inc., a corporation, Keith Smith, individually and as an officer of the corporation, and Daniel Todd, individually and as an officer of the corporation (collectively "Respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Zango, Inc. f/k/a 180solutions, Inc., is a Washington corporation with its principal place of business located at 3600 136th Place SE, Bellevue, Washington 98006. On June 7, 2006, 180solutions merged with New York-based Hotbar, Inc. and changed the combined company's name to Zango, Inc.
2. Respondent Keith Smith is a founder and officer of the corporate respondent. Individually or in concert with others, he formulates, directs, controls, or participates in the policies, acts, or practices of the corporation, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Zango, Inc.

3. Respondent Daniel Todd is a founder and officer of the corporate respondent.
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disabling the display of Respondents' pop-up advertisements would not disable the adware from monitoring and generating logs of the Internet browsing activities of consumers using that machine nor disable Respondents' collection of such information;

- h. Providing an uninstall tool that failed to uninstall the adware in whole or part;
- i. Installing technology on consumers' computers to silently reinstall the adware when consumers have attempted to remove it manually or to remove it using third-party anti-spyware or anti-adware programs; and/or
- j. Reinstalling the adware files on the consumer's computer with randomly generated names to avoid further detection and removal.

15. Respondents' practices forced consumers to invest significant time and effort, often including the expense of purchasing third party anti-spyware applications, to detect and rid their computers of Respondents' unwanted adware.

VIOLATIONS OF THE FTC ACT

Deceptive Failure Adequately to Disclose Adware

16. In numerous instances, as described in Paragraphs 8 through 11, Respondents, through affiliates and sub-affiliates acting on behalf and for the benefit of Respondents, represented to consumers, expressly or by implication, that they would receive lureware (including without limitation Internet browser upgrades, utilities, screen savers, games, peer-to-peer file sharing, and/or entertainment content). In numerous instances, Respondents, through affiliates and sub-affiliates acting on behalf and for the benefit of Respondents, failed to disclose, or failed to disclose adequately, that the lureware was bundled with Respondents' adware that would monitor consumers' Internet use and cause consumers to receive numerous pop-up advertisements based on such use. The bundling of adware would be material to consumers in their decision whether to install the lureware. The failure adequately to disclose this fact, in light of the representations made, was, and is, a deceptive act or practice.

Unfair Installation of Adware

17. In numerous instances, as described in Paragraphs 8 through 15, Respondents, through affiliates and sub-affiliates acting on behalf of and for the benefit of Respondents, installed on consumers' computers, without their knowledge or authorization, adware that could not be reasonably identified, located, or removed by consumers. Consumers thus have had to spend substantial time and/or money to locate and remove this adware from their computers.

