

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Jon Leibowitz, Chairman
Edith Ramirez
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright

In the Matter of)
)
COMPETE, INC.,)
a corporation.)
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)
)
_____) DOCKET NO. C-4384

COMPLAINT

The Federal Trade Commission, having reason to believe that Compete, Inc. ("Compete" or "respondent"), a corporation, has violated the Federal Trade Commission Act ("FTC Act"), and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Compete is a Delaware corporation, with its principal place of business at 501 Devon Street, Suite 6101, Boston, Massachusetts.
2. The acts and practices of respondent, as alleged herein, have been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act.

RESPONDENT'S BUSINESS PRACTICES AND REPRESENTATIONS TO CONSUMERS

3. Compete is a market research company that collects data from consumers so that it can, among other things, develop and sell analytical reports about consumer behavior on the Internet.
4. Starting in January 2006, Compete collected data about consumers through two products. The first was the Compete Toolbar ("Toolbar"), which consumers installed to get "instant access" to information about websites as they surfed the Internet, such as the popularity

of the websites they visited. (See Compete Toolbar, Exhibit 1, formerly available from www.compete.com) The second product was the Consumer Input Panel, which allowed consumers to win rewards while expressing their opinions to

When you download Compete software, including the Compete Toolbar, you will be given the option of enabling click-sharing. Should you opt-in to click-sharing you will begin to anonymously share the addresses of the web pages you visit online.

See General Compete Privacy Policy, Exhibit 5.

10. In fact, Compete collected more than browsing behavior or addresses of web pages. It collected extensive information about consumer online activities and transmitted the information in clear readable text to Compete's servers. The data collec

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21. Respondent failed to disclose that its products would also collect and transmit much more extensive information about their internet behavior than focus on consumers' computers, and information consumers provided in secure sessions when interacting with third-party websites, shopping carts, and online accounts – such as credit card and financial account numbers, security codes and expiration dates, and Social Security numbers consumers entered into such web pages. These facts would be material to consumers. Respondent's failure to disclose these facts, in light of the representations made, was and is, a deceptive act or practice.

Count 2

22. Through the means described in Paragraphs 13-14, respondent has represented, expressly or by implication, that it stripped all personal information out of the data it collected before transmitting it from consumers' computers.

23. In truth and in fact, Compete did not strip all personal information out of the data before transmitting it from consumers' computers. As described in Paragraph 15 the consumer-side filters were too narrow and improperly structured to effectively scrub personal data before transmission to Compete's servers. Therefore, the representation set forth in Paragraph 22 was, and is, false or misleading and constitutes a deceptive act or practice.

Count 3

24. Through the means described in Paragraph 16, respondent has represented, expressly or by implication, that it employs reasonable and appropriate measures to protect data obtained from consumers from unauthorized access.

25. In truth and in fact, as described in Paragraphs 10-11, 15 and 17-18 respondent did not implement reasonable and appropriate measures to protect data obtained from consumers from unauthorized access. Therefore, the representation set forth in Paragraph 24 was, and is, false or misleading and constitutes a deceptive act or practice.

Count 4

26. As described in Paragraphs 10-12, 15 and 17-18 respondent's failure to employ reasonable and appropriate measures to protect consumer information – including credit card and financial account numbers, security codes and expiration dates, and Social Security numbers – caused or was likely to cause substantial injury to consumers that was not offset by countervailing benefits to consumers or competition and was not reasonably avoidable by consumers. This practice was, and is, an unfair act or practice.

