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US Federal News
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August 10, 2010

FTC HALTS CROSS BORDER DOMAIN NAME REGISTRATION SCAM

WASHINGTON, Aug. 9 -- The Federal Trade Commission issued the following press release:

The Federal Trade Commission has permanently halted the operations of Canadian con artists who allegedly posed as domain name registrars and convinced thousands of U.S. consumers, small businesses and non-profit organizations to pay bogus bills by leading them to believe they would lose their Web site addresses unless they paid. Settlement and default judgment orders signed by the court will bar the deceptive practices in the future.

In June 2008, the **FTC** charged Toronto-based Internet Listing Service with sending fake invoices to small businesses and others, listing the existing domain name of the consumer's Web site or a slight variation on the domain name, such as substituting ".org" for ".com." The invoices appeared to come from the businesses' existing domain name registrar and instructed them to pay for an annual "WEBSITE ADDRESS LISTING." The invoices also claimed to include a search engine optimization service. Most consumers who received the "invoices" were led to believe that they had to pay them to maintain their registrations of domain names. Other consumers were induced to pay based on Internet Listing Service's claims that its "Search Optimization" service would "direct mass traffic" to their sites and that their "proven search engine listing service" would result in "a substantial increase in traffic."

The **FTC's** complaint charged that most consumers who paid the defendants' invoices did not receive any domain name registration services and that the "search optimization" service did not result in increased traffic to the consumers' Web sites.

A federal district court judge in Chicago, Robert M. Dow, Jr., ordered a temporary halt to the deceptive claims and froze the defendants' assets, pending trial. The settlement and default judgment orders announced today end that litigation.

The orders bar the defendants from misrepresenting: that they have a preexisting business relationship with consumers; that consumers owe them money; that they will provide domain name registration; and that they will provide "search optimization services" that will substantially increase traffic to consumers' Web sites. The defendants are also required to disclose any material restrictions or aspects of any goods or services they provide.

The settlement order, entered against defendants Isaac Benloio, Kirk Mulveney, Pearl Keslassy, and 1646153 Ontario Inc., includes a suspended judgment of \$4,261,876, the total amount of consumer injury caused by the illegal activities. Based on the inability of the settling defendants to pay, they will turn over \$10,000 to satisfy the judgment. The default judgment order was entered against defendant Steven E. Dale and includes a judgment in the amount of \$4,261,876.

Charges against Ari Balabanian and **Data Business Solutions** were dismissed by the court at the **FTC's** request.

NOTE: Stipulated orders are for settlement purposes only and do not necessarily constitute an admission by the defendants of a law violation. Stipulated orders have the full force of law when signed by the judge.

The Federal Trade Commission works for the consumer to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, click <http://www.ftccomplaintassistant.gov> or call 1-877-382-4357. The **FTC** enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to more than 1,800 civil and criminal law enforcement agencies in the



...ing, online database available to more than 1,000 civil and criminal law enforcement agencies in the U.S. and abroad. For free information on a variety of consumer topics, click <http://www.ftc.gov/bcp/consumer.shtml>. For any query with respect to this article or any other content requirement, please contact Editor at htsyndication@hindustantimes.com

---- INDEX REFERENCES ----

COMPANY: ONTARIO INC

NEWS SUBJECT: (Non-Profit Organizations (1NO22); Social Issues (1SO05); Criminal Law (1CR79); Legal (1LE33); Products Liability (1PR53); Liability (1LI55); Fraud (1FR30); Technology Law (1TE30); Crime (1CR87); Regulatory Affairs (1RE51))

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LANGUAGE: EN

OTHER INDEXING: (FEDERAL TRADE COMMISSION; INTERNET; INTERNET LISTING SERVICE; ONTARIO INC) (Ari Balabanian; FTC; FTC HALTS CROSS BORDER DOMAIN; Isaac Benfelo; Kirk Mulveney; Pearl Keslassy; REGISTRATION SCAM; Robert M. Dow; Steven E. Dale; Stipulated)

Word Count: 596

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