

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

RECEIVED
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MILWAUKEE, WISCONSIN
NORTHERN U.S. DISTRICT COURT

FEDERAL TRADE COMMISSION,)
)
)
Plaintiff,)
)
v.)
)
TLD NETWORK LTD., QUANTUM)
MANAGEMENT (GB) LTD., TBS)
INDUSTRIES LTD., THOMAS GOOLNIK, and)
EDWARD HARRIS GOOLNIK, individually,)
and as officers of the above companies.)
)
Defendants.)

Case No.
020 1475
JUDGE HOLDERMAN
MAGISTRATE JUDGE ASHMAN

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC" or "the Commission") for its Complaint alleges as follows:

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure temporary, preliminary, and permanent injunctive relief, restitution, rescission of contracts, disgorgement and other equitable relief for Defendants' deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. This Court has jurisdiction over this matter pursuant to 15 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§ 1331, 1337(a) and 1345.

3. Venue in the United States District Court for the Northern District of Illinois is proper under 15 U.S.C. § 53(b), and 28 U.S.C. §§ 1391(b), (c) & (d).

PARTIES

4. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers. 15 U.S.C. § 53(b).

5. Defendant TLD Network Limited (“TLD”) is a private limited company organized under the laws of the United Kingdom. TLD’s principal place of business is located at 843 Finchley Road, London, England NW11 8NA.

6. Defendant Quantum Management (GB) Limited (“Quantum”) is a private limited company organized under the laws of the United Kingdom. Quantum’s principle place of business is located at 843 Finchley Road, London, England NW11 8NA.

7. Defendant TBS Industries (“TBS”) is a private limited company organized under the laws of the United Kingdom. TBS’s principal place of business is located at 843 Finchley Road, London, England NW11 8NA.

8. Defendant Thomas Goolnik is a British citizen. Thomas Goolnik is a director of TLD and the sole director of Quantum and TBS. At all times material to this Complaint, acting alone or in concert with others, Thomas Goolnik has formulated, directed, controlled or participated in the acts and practices set forth in this Complaint.

9. Defendant Edward Harris Goolnik is a British citizen. Edward Harris Goolnik is a director and secretary of TLD and the secretary of Quantum and TBS. At all times material to this Complaint, acting alone or in concert with others, Edward Harris Goolnik has formulated, directed, controlled or participated in the acts and practices set forth in this Complaint.

10. The foregoing Defendants operate together as part of a common business enterprise.

COMMERCE

11. At all times material to this Complaint, 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.

DEFINITIONS

12. “World Wide Web” or “Web” means a system used on the Internet for cross-referencing and retrieving information. A “Web site” is a set of electronic documents, usually a home page and subordinate pages, readily viewable on a computer by anyone with access to the Web, standard software, and knowledge of the Web site's location or address.

13. “Domain name” means the familiar, easy to remember names for computers on the Internet (such as “whatever.com”). Domain names correspond to a series of numbers (called Internet Protocol numbers) that serve as routing addresses on the Internet. Domain names are used generally as a convenient way of locating information and reaching others on the Internet.

DEFENDANTS' BUSINESS ACTIVITIES

14. Since approximately June 2001, Defendants have sold domain names ending in suffixes such as “.sex,” “.bet,” “.brit,” and “.scot.”

15. Since approximately October 2001, Defendants have sold domain names ending in the suffix “.usa.”

16. Defendants send, or authorize others to send on their behalf, unsolicited commercial email to consumers, including consumers in the United States, advertising the availability of their domain names. The email sent to consumers generally states:

The latest domain name extension has arrived .USA!!! It's the fresh, new, exciting web address that is taking the world by storm. Who wants to be .com when you can now be .USA. Register your .USA domain name today exclusively at: <http://www.dotusa.com>

17. Defendants advertise their domain names on Internet Web sites, including www.dotusa.com, www.dotsex.com, www.dotbrit.com, www.dotscot.com, www.dotbet.com, and www.dotsexregistrar.com. Defendants sell their domain names for \$59 each. Consumers may purchase Defendants' domain names from Defendants' Web sites by providing a credit card or debit card. Many consumers, including consumers in the United States, have purchased such domain names.

18. Defendants represent that their domain names are, or soon will be, usable over the Internet like domain names with the “.com” top level extension.

19. In order for a domain name to be readily accessible over the Internet, whether by its address or through indexing by a search engine, the name must be recognized and registered under protocols developed by the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN currently does not recognize any of the domain names being sold by Defendants, and has no plans to introduce domain names with the suffixes sold by Defendants.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

20. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce.

21. As set forth below, Defendants, individually or in concert with others, have violated Section 5(a) of the FTC Act in connection with the advertising, offering for sale, or selling of services over the Internet.

COUNT I – MISREPRESENTATION

22. Defendants send, or authorize others to send on their behalf, unsolicited commercial email to consumers that represent, expressly or by implication, that domain names they sell are usable over the Internet like domain names with the “.com” extension.

23. In truth and in fact, the domain names for sale by Defendants are not usable over the Internet like domain names with the “.com” extension.

24. Therefore, Defendants’ representation, as set forth in paragraph 22, above, is false and deceptive, in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT II – FAILURE TO DISCLOSE

25. Defendants represent, expressly or by implication, that consumers can register domain names on Defendants’ Internet Web sites.

26. Defendants have failed to disclose, clearly and conspicuously, that the domain names they sell are not, and will not soon be, usable over the Internet like domain names with the “.com” extension.

27. In light of Defendants’ representation that consumers can register domain names on Defendants’ Web sites, Defendants’ failure to disclose, clearly and conspicuously, material

information, as set forth in paragraph 26, is deceptive, in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

CONSUMER INJURY

28. Defendants' violations of Section 5(a) of the FTC Act have injured, and will continue to injure consumers. As a result of Defendants' unfair or deceptive acts or practices, consumers throughout the United States have suffered substantial monetary loss and disclosed sensitive personal information. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

29. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b) empower this Court to grant injunctive and other relief to prevent and remedy any violations of the FTC Act, and in the exercise of its equitable jurisdiction this Court may award redress to remedy the injury to consumers, order disgorgement of monies resulting from Defendants' unlawful acts or practices, and order other ancillary equitable relief.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff 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 equitable powers:

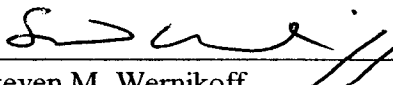
1. Enjoin Defendants preliminarily and permanently from violating Section 5(a) of the FTC Act;
2. Award such relief as the Court finds necessary to redress injury to consumers caused by Defendants' violations of the FTC Act, including, but not limited to, the refund of monies paid, and the disgorgement of ill-gotten gains; and

3. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: February 28, 2002

Respectfully submitted,

William E. Kovacic
General Counsel


Steven M. Wernikoff
Federal Trade Commission
55 East Monroe, Suite 1860
Chicago, IL 60603
(312) 960-5634
Facsimile: (312) 960-5600