

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

In the Matter of

**JUNO ONLINE SERVICES, INC.,
a corporation.**

DOCKET NO. C-4016

COMPLAINT

The Federal Trade Commission, having reason to believe that Juno Online Services, Inc., a corporation (“respondent”), has 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 Juno Online Services, Inc. is a Delaware corporation with its principal office or place of business at 1540 Broadway, New York, NY 10036.
2. Respondent has developed, advertised, offered for sale, sold and distributed to the public free electronic mail and Internet access services, including Juno Basic electronic mail service and Juno Free Web service, as well as fee-based electronic mail and Internet access products and services, including Juno Gold electronic mail service and Juno Premium Web service. Respondent underwrites the cost of its free and reduced fee products and services by directing third-party advertisements and promotions to its subscribers. Respondent has offered for sale, sold and distributed such products and services through its Internet Web site www.juno.com, a toll-free telephone number and CD-ROM promotional disks distributed to consumers.
3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.
4. Respondent has disseminated or has caused to be disseminated advertisements and promotional materials for its electronic mail and Internet access services, including Juno Basic electronic mail service, Juno Gold electronic mail service, Juno Premium Web service and Juno Free Web service; and also has disseminated or caused to be disseminated advertisements and promotional materials for rebate programs conditioned on subscription to its fee-based Internet access services, which were offered in connection with the promotion and sale of various third party computer and Internet-related products, including, but not limited to, computers, printers, MP3 players and software programs. These advertisements and promotional materials, including, but not limited to, Exhibits A through E,

which were disseminated through various means, including the Internet, electronic mail, toll-free telephone numbers, print, television, radio and direct mail, contain the following statements and depictions:

Advertising and Promotional Materials for “Free” Internet Trial Offers and
“Free” Internet Service

Exhibit A: Full page newspaper advertisement

100% off

[appears in center of ad]

[The following statement appears at the bottom of the page in fine print.]

“Starting now, Juno is offering full Internet access for free. From free Web access to premium dial-up and broadband services, *everybody’s getting it.*” (emphasis in original).

[company name and logo]

www.juno.com

Exhibits B(1) through B(5): Banner ad for respondent’s Premium Web service with click-through display screens. This banner ad was disseminated throughout the World Wide Web and embedded into the top border of electronic mail messages viewed by subscribers of respondent’s electronic mail services. The banner ad consists of several different panels that automatically rotate, each of which, when clicked, leads consumers to a series of promotional and registration screens.

Exhibit B(1): Initial banner ad panel



[hyperlink to Exhibit B(3)]

Exhibit B(2): Next banner ad panel



CLICK HERE! CLICK HERE! CLICK HERE! CLICK HERE!

[[hyperlink to Exhibit B\(3\)](#)]

Exhibit B(3): Banner ad click-through screen displayed by clicking on Exhibits B(1) or B(2)

	150 HOURS	FREE	JUNO WEB
â	<i>It's easy, convenient, and you ALREADY have everything you need.</i>		
ã	<i>There's NO RISK! Cancel and owe nothing during your FREE trial if you're not happy.</i>		
ä	<i>Juno is the company you trust.</i>		
	Sign up today and save! [link to Exhibit B(4)]		YES! I'm Interested!
	Click "More Information" for details.		No Thanks More Information

Exhibit B(4): Banner ad click-through screen displayed by clicking on the "Yes! I'm Interested" link in Exhibit B(3)

Just Complete This Simple Form For 150 FREE Hours of Juno Web!	It's FREE! Sign Up Today!
1. Fill Out Your Credit Card Number and Expiration Date: t t t t t	THE JUNO 100% SATISFACTION GUARANTEE
2. Confirm Your Billing Information: t t t t t [link to Exhibit B(5)]	If you are not completely convinced during your FREE trial that Juno Web is the best way to experience the World Wide Web, you can cancel and owe nothing. That's a guarantee.
3. Click Here To Sign Up Now!	*Terms and Conditions System Requirements
I authorize you to charge me at a rate of \$19.95 per month following my FREE 150 hours in my first month as a Juno Web subscriber.*	No Thanks Back

(Clicking on “Click Here to Sign Up Now!” registers consumers for respondent’s Premium Internet service.)

Exhibit B(5): Pop-up window viewed only if the consumer clicks on the “Terms and Conditions” link in Exhibit B(4) prior to registering for respondent’s Premium Internet service

Juno Web is a personal Internet service. Juno Web is intended for the personal use of individual Juno members (and members of their immediate households), and not for corporate or commercial use, or for use by organizations or other groups of users. Juno Web service is not available outside of the United States. Connections exceeding 10 hours in length are prohibited, as are simultaneous connections by two or more computers through a single Juno account. Local telephone charges may apply. See Juno’s service agreement for additional terms and conditions.

Exhibits C(1) and C(2): Promotional CD-ROM package containing installation software for respondent’s Free Internet access service. The promotional CD-ROM was sent unsolicited or at the request of consumers who called the phone number 1-800-TRY-JUNO or visited respondent’s Internet Web site www.juno.com.

Exhibit C(1): Front cover of promotional CD-ROM package

NO STRINGS ATTACHED

FREE

INTERNET ACCESS!

YES! COMPLETELY

FREE!

NO HIDDEN COSTS!

**GET
ONLINE TODAY ...
COMPLETELY
FREE!**

[company name and logo]

[Consumer address]

Exhibit C(2): Back cover of promotional CD-ROM package, which exposes the front side of a CD-ROM through clear packaging

[top of the package]

Start Exploring The Internet - Completely FREE!

[exposed front side of the promotional CD-ROM, which appears in the center of the package]

[company name and logo]

**YOUR FREE
INTERNET ACCESS
STARTS HERE!**

[The following statement appears along the outer rim of CD-ROM in approximately five point type.]

“[copyright and trademark information.] Local telephone charges may apply. Users of Juno must agree to the terms of Juno’s Service Agreement, which is displayed during account creation.”

Exhibits D(1) and D(2): Two of the screens displayed during installation of respondent’s Premium Internet access software contained on a promotional CD-ROM. After consumers have registered for respondent’s Internet service and have provided credit card and other billing information, the display screens below guide them in selecting telephone access numbers to connect to the Internet. Screens displayed earlier in the installation process require consumers to identify the telephone number from which their computers are calling and to supply respondent with other basic information that is necessary to set up an Internet access connection.

Exhibit D(1): Software installation display screen containing a subset of respondent's available access numbers, which is based on information previously provided by the consumer, such as the telephone number from which his or her computer is calling.

Access Numbers: Web

The box below lists access numbers for connecting to the Web. Please select all of the access numbers that are local to you to use when you want to connect to the World Wide Web. The more numbers you select, the easier it will be to connect to the Web through Juno.

The star symbol indicates a recommended Web number (click "Help" for more details on recommended numbers.)

Web Access Numbers: Web	Modem Support
xxx-xxx-xxxx (town) j	xxxxx

[Subset of access numbers. Respondent places a gold star (**j**) next to those access numbers it recommends that the consumer use.]

' Show all numbers available nationwide

Help Cancel Back

Exhibit D(2): Pop-Up scroll-down window viewed only if the consumer clicks on "Help" in Exhibit D(1) prior to selecting which access number(s) to use when connecting to the Internet.

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A phone number with a star next to it is a recommended number. Juno monitors its network of access numbers on a regular basis to provide the best service possible. We track call volume, performance, and coverage of our access numbers, and take this information into account when making recommendations. ***A star doesn't necessarily indicate that a number is local for you, however.*** If you're not sure whether a phone number is local, please contact your phone company to determine what charges you'd incur for the call.

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(emphasis in original)

Exhibits E(1) through E(3): Web Advertisement for respondent's Free and Premium Internet access services with click-through display windows

Exhibit E(1): Full page advertisement on respondent's Web site www.juno.com

[company logo] **Juno** Everybody's Getting It.
Download your **FREE** software today!

**YOU CHOOSE
OR**

<p>Juno FREE Internet Access Click Here</p> <p>FREE! No Charges No fees.</p> <p>Ž Available nationwide</p> <p>t t t t t</p> <p>? Click here to learn more about Juno FREE Internet Access.</p> <p>YES, I want Juno FREE Internet Access Click Here</p>	<p>Juno Premium Internet Access Click Here</p> <p>Get 150 hours FREE! in your first month, just \$9.95/month thereafter</p> <p>Ž Thousands of access numbers across the U.S.</p> <p>t t t t t</p> <p>? Click here to learn more about Juno Web, our premium Internet access service.</p> <p>YES, I want my FREE trial of Juno Web Click Here</p>
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(Clicking on "Click Here" in Exhibit E(1) triggers the immediate download of either the software for respondent's Free Internet Access service or that for respondent's Premium Internet Access service.)

Exhibit E(2): Pop-up window with scroll-down screen that is displayed by clicking on the “Click here to learn more about Juno FREE Internet Access service.” link in Exhibit E(1).

Juno FREE Internet Access

[mock banner advertisement]

It's So Easy . . .
When you try Juno's FREE Internet access service, you'll get

- **The Juno Guide!**

t t t t t

- **Fast reliable connections at speeds up to 56K**

t t t t t

Click here to download

Exhibit E(3): Pop-up window displayed by clicking on the “Click here to learn more about Juno Web, our premium Internet access service.” link in Exhibit E(1).

150 Hours FREE!

in your first month

What do I get with Juno Web that I don't get with the free basic service?

- Priority access to thousands of dial-up numbers across the country to help you avoid busy signals
- Toll-free, live customer support with no fees of any sort
- Fewer advertisements while you're online

Plus, you'll enjoy 150 FREE hours during your first month of service - so you can try out Juno Web with no risk at all!

Click here to download

Advertising and Promotional Materials for the "Print the Web" Rebate Program

5. Respondent also has disseminated, or caused to be disseminated, advertisements and promotional materials for its \$200 "Print the Web" rebate program, including, but not limited to, Exhibits F through H. Under this program, purchasers of various jetprinters sold by Lexmark International, Inc. received a \$200 rebate from Juno conditioned on subscription to Juno's fee-based Internet access service for one year at \$19.95 a month. Respondent participated in the preparation and review of all advertisements and promotional materials disseminated by Lexmark for the Print the Web rebate program and had final approval for any rebate coupons and any CD-ROM promotional disks containing installation software, both of which were distributed as part of the offer. Respondent's Internet access installation software was either on a CD-ROM disk provided at the time a Lexmark jetprinter was purchased, or downloaded from respondent's Web site at <http://dl.www.juno.com/get/lexmark>. Advertisements and promotional materials for this program contain the following statements and depictions:

Exhibit F: Juno/Lexmark "Print the Web" rebate coupon distributed at point of sale

[Inside of rebate coupon]

How to get up to a \$200 "Print the Web" Rebate

To Qualify for the Print the Web Rebate Offer, purchase one of the following Lexmark Color JetPrinters: Z11, 3200, Z31, Z51, and sign up for one year of Juno Web @\$19.95/month.

[outlines 3 steps consumer must complete to receive rebate] [the following text appears on the right side of coupon, in approximately seven point type]

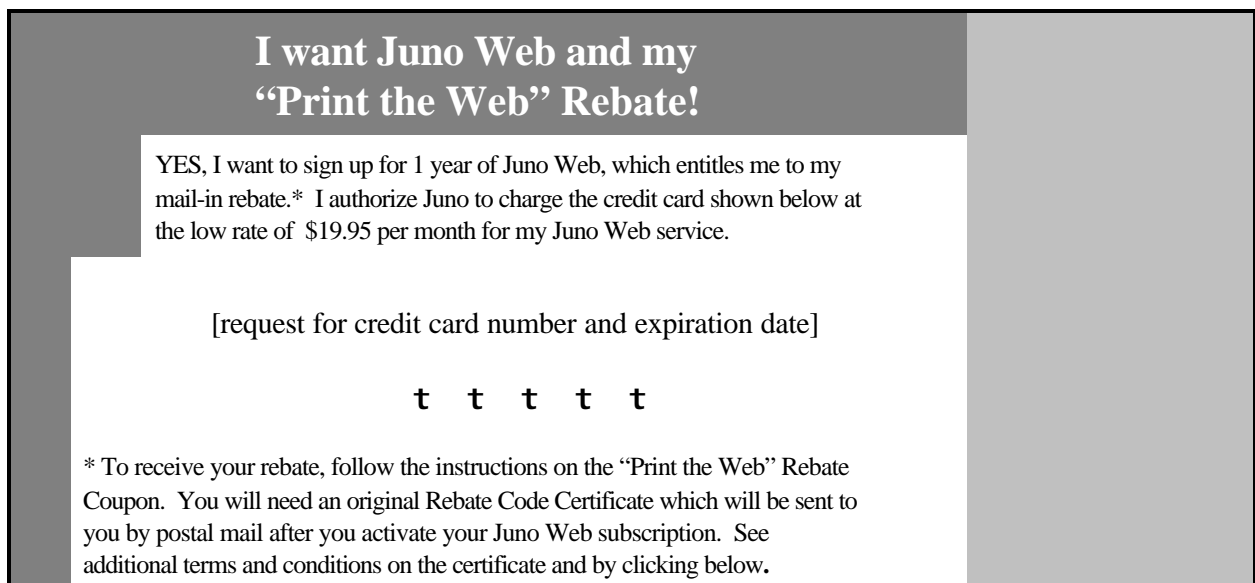
t t t t t

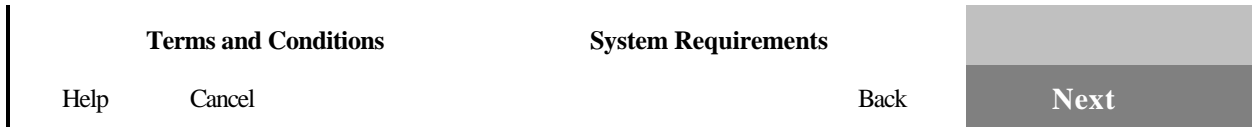
Terms and conditions: Offer subject to credit approval and your acceptance of Juno’s Service Agreement. Requires minimum commitment of 1 year (12 months) to Juno Web at a monthly rate of \$19.95. Cancellation of Juno Web service prior to the end of the commitment terms will result in your credit card being charged the full amount of the rebate plus a \$50 cancellation fee. You must be 18 years or older. Offer valid only to new Juno Web subscribers. A major credit card is required. Local telephone charges may apply. Availability of access to Juno may be limited, especially during peak times.

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Exhibit G(1) through G(3): Three of the screens displayed during installation of respondent’s Internet access software from the CD-ROM that was distributed as part of the Juno/Lexmark “Print the Web” rebate program.

Exhibit G(1): Initial Registration Screen





(Clicking on the “Terms and Conditions” link in Exhibit G(1) displays a general statement, similar to the statement cited in Exhibit B(5), about respondent’s Premium Internet service. Clicking on the “Next” link in Exhibit G(1) registers consumers for respondent’s Premium Internet service and leads them to a series of additional screens, including Exhibits G(2) and G(3) cited below.)

Exhibit G(2): Screen with scroll-down window displaying initial paragraphs of respondent’s Service Agreement, which is non-printable. Consumers must use the scroll bar at the right of the window to move through the text of the agreement

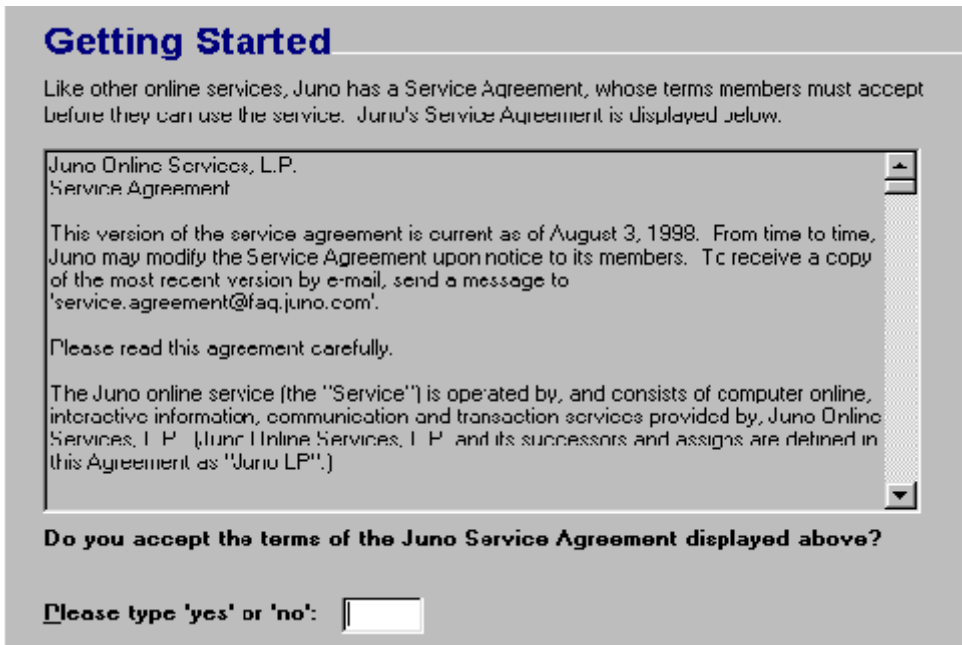


Exhibit G(3): Screen with scroll-down window displaying Section 5.3 of respondent's Service Agreement appears scrolling numerous text.

, which only after through lines of

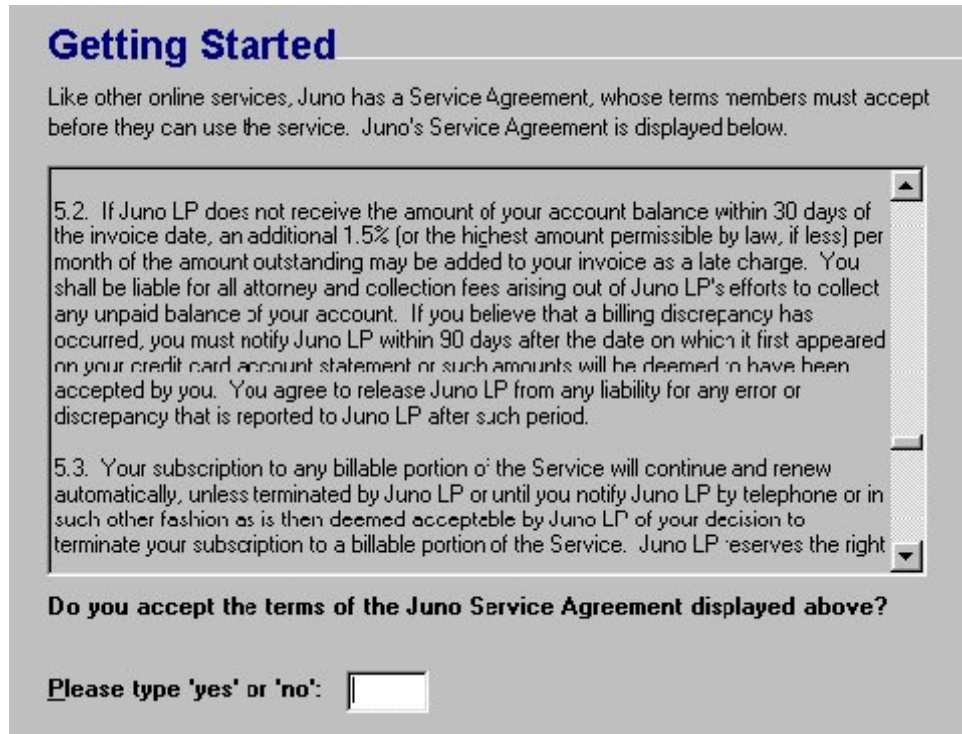


Exhibit H: Full page advertisement on respondent's Web site www.juno.com

Get Juno What is Juno? What is Juno Web? Questions (FAQ) System Requirements Download Instructions Bundling Juno	SIGN UP FOR JUNO WEB AND GET UP TO \$200 WITH YOUR "PRINT THE WEB" REBATE! t t t t t Ž Fast, reliable access nationwide	DOWNLOAD NOW!
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(None of the hyperlinks in Exhibit H provides further details about the rebate offer. Clicking on "Download Now" in Exhibit H triggers the immediate download of the software for respondent's Premium Internet service.)

"Dry Test" Marketing Advertisements

6. In the fall of 1999, on numerous occasions, respondent disseminated advertisements and promotional materials, including, but not limited to, Exhibit I, to subscribers of its electronic mail services, offering its Premium Internet service at the price of 3 cents per minute, as well as similar advertisements and promotional materials offering the service at various other prices, including the price of 5 cents per minute and another price of \$4.95 a month. These advertisements and promotional materials contain the following statements and depictions:

Exhibit I: Banner ad embedded in electronic mail

NEW from Juno! Get on the World Wide Web for only . . .

3

¢ a minute
Now is the best time to try Juno Web.
At only 3¢ per minute, you're in control of how much - or how little - you spend.

- ⌋ No monthly fee
- ⌋ No minimum spending requirement
- ⌋ A one-time setup fee of just \$25

[Close](#) [Tell me more](#)

Click Here to Get Started!

(Clicking on “Click Here to Get Started!” leads consumers to a screen requiring consumers to provide credit card and other personal identifying information, including name, address and telephone number, in order to register for the advertised Internet service.)

Deceptive Practices Related to “Free” Internet Trial Offers

7. Through the means described in Paragraph 4, including, but not limited to, Exhibits B and E, respondent has represented, expressly or by implication, that consumers who participate in its free trial offers for its Premium Web service can cancel at any time before a free trial period expires and incur no monthly charges or fees.

8. In truth and in fact, in numerous instances, despite reasonable efforts to do so, consumers were unable to cancel the service before the free trial period expired and incurred monthly charges or fees. Respondent did not permit consumers to cancel its Internet access service through any means other than calling the telephone number 1-888-811-5866. Respondent did not disclose this phone number to consumers, however, until they attempted to cancel the service through other means, such as respondent’s numerous other published toll-free phone numbers, electronic mail or regular mail. Consumers who contacted respondent to cancel their Internet access service through one of respondent’s other toll-free phone numbers were told that no one at that number was authorized to

cancel the service and that they must call 1-888-811-5866. Consumers who requested cancellation of their Internet access service through electronic mail received an electronic mail response four to eight days later stating that respondent did not accept cancellations received via electronic mail for security reasons and that consumers must call 1-888-811-5866 to cancel their Internet access service. Furthermore, in numerous instances, when consumers called the 1-888-811-5866 cancellation number they were unable to reach a customer representative for periods of 20 minutes or longer. As a result, many consumers discontinued their efforts to cancel their Internet service before the free trial period expired and incurred monthly charges or fees. Therefore, the representation set forth in Paragraph 7 was, and is, false or misleading.

9. Through the means described in Paragraph 4, including, but not limited to, Exhibits B and E, respondent has represented that a reasonable means of cancellation is available to consumers who participate in its free trial offers for Premium Web service and, thus, participating consumers can cancel before incurring any monthly charges or fees. Respondent has failed to disclose or has failed to disclose adequately the procedures consumers must follow to cancel respondent's Premium Web service. This fact would be material to consumers in deciding whether to participate in respondent's free trial offers for Premium Web service and in their use of the service. The failure to adequately disclose these facts, in light of the representation made, was, and is, a deceptive practice.

10. Through the means described in Paragraph 4, including, but not limited to, Exhibit B, respondent has represented that consumers who participate in its free trial offer for its Premium Web service have 150 hours to use its service without incurring any monthly charges or fees. Respondent has failed to disclose or has failed to disclose adequately that consumers must use the 150 hours of free service within one month to avoid incurring charges of \$19.95 a month. This fact would be material to consumers in participating in respondent's free trial offer for its Premium Web service. The failure to adequately disclose this fact, in light of the representation made, was, and is, a deceptive practice.

11. Through the means described in Paragraph 4, including, but not limited to, Exhibit E, respondent has represented, expressly or by implication, that consumers who participate in its free trial offers for Premium Web service have one month to use its service for up to 150 hours without incurring any monthly charges or fees.

12. In truth and in fact, in numerous instances, consumers had substantially less than one month to use respondent's Premium Web service for up to 150 hours without incurring any monthly charges or fees. Consumers who wanted to participate in the offer were required to order from respondent a CD-ROM containing installation software for respondent's Premium Web service. Consumers who requested the CD-ROM through respondent's toll-free telephone number (1-800-TRY-JUNO), electronic mail or other means were unable to register and use the service until they first installed the software from the CD-ROM onto their computers. The free trial period, however, began to run from the time consumers made their initial request for the installation CD-ROM, and not from the time they installed the software and registered to use the service. In numerous instances, consumers did not receive the installation

CD-ROM until 10 to 14 days after they requested it, substantially shortening their one month free trial period. Unaware of the shortened trial period, these consumers continued to use respondent's Internet service for up to one month from the time they installed the CD-ROM. As a result, many consumers incurred monthly charges or fees without having a full 30 days to use respondent's Internet service for free. Therefore, the representation set forth in Paragraph 11 was, and is, false or misleading.

Deceptive Practices Related to Undisclosed Toll Charges

13. Through the means described in Paragraph 4, including, but not limited to, Exhibit C, respondent has represented, expressly or by implication, that consumers using respondent's free Internet service will incur no costs.

14. In truth and fact, consumers do incur costs in using respondent's free Internet service. In numerous instances, consumers lack a local access telephone number to connect to respondent's free Internet service and must pay long distance telephone charges. Therefore, the representation set forth in Paragraph 13 was, and is, false or misleading.

15. Through the means described in Paragraph 4, including, but not limited to, Exhibits A through E, respondent has represented:

- A. that the total cost to consumers of using respondent's fee-based Internet services is \$19.95 or \$9.95 a month;
- B. that the total cost to consumers of using respondent's free Internet services and of participating in respondent's free trial period offers is zero; and
- C. in certain advertisements, that its Premium Web service has thousands of access numbers available nationwide.

Respondent has failed to disclose or failed to disclose adequately that many consumers lack local access telephone numbers and must pay long distance charges to access respondent's services, and that the telephone numbers respondent provides to consumers and/or recommends that consumers use to access its services, including telephone numbers marked with a gold star, are in some cases long distance numbers. These facts would be material to consumers who subscribe to respondent's services. The failure to disclose these facts, in light of the representations made, was, and is, a deceptive practice.

Deceptive Practices Related to the "Print the Web" Rebate Program

16. Through the means described in Paragraph 5, including, but not limited to, Exhibits F through H, respondent has represented that consumers who purchase certain jetprinters sold by Lexmark

International, Inc. and register for respondent's Premium Web Internet service for one year will receive a rebate of up to \$200. In these advertisements, respondent has failed to disclose or has failed to disclose adequately:

- A. that consumers who cancel their Premium Web Internet service within one year must repay the entire rebate received and pay a \$50 cancellation fee;
- B. that respondent does not provide local access telephone numbers in all areas, and therefore that many consumers must pay long distance telephone charges to access respondent's Premium Web Internet service; and
- C. that respondent automatically renews all subscriptions for its Premium Web Service after the one year period has ended, unless consumers contact respondent and affirmatively cancel respondent's service.

These facts would be material to consumers in their purchase or use of the products or services. The failure to disclose these facts, in light of the representation made, was, and is, a deceptive practice.

17. By preparing, reviewing and having final approval of the advertising and promotional materials disseminated by Lexmark in connection with the Juno/Lexmark "Print the Web" rebate offer, referred to in Paragraph 5, including, but not limited to, Exhibits F and G, and by providing Lexmark with such advertising and promotional materials, respondent has furnished the means and instrumentalities to Lexmark to engage in deceptive acts and practices in violation of Section 5(a) of the Federal Trade Commission Act.

Deceptive Practices Related to "Dry Test" Marketing

18. Through the means described in Paragraph 6, including, but not limited to, Exhibit I, respondent has represented, expressly or by implication, that at the time it disseminated such advertisements:

- A. it was offering Internet access service at the price of 3 or 5 cents per minute, and at the price of \$4.95 a month; and
- B. it was requesting consumer credit card and other personally identifying information to register consumers for its Internet access service at such advertised prices.

19. In truth and in fact, at the time respondent disseminated such advertisements:

- A. it did not provide any consumer with Internet access at the advertised price of 3 or 5 cents per minute or at the price of \$4.95 a month; and
- B. it did not request consumer credit card and other personally identifying information to register consumers for its Internet access service at such advertised prices.

Respondent informed consumers who registered for these services that it only disseminated such

advertisements and promotions to test market demand for its Internet access service at the prices advertised. In fact, its Internet access service was never offered to consumers for the prices advertised. Therefore, the representations set forth in Paragraph 18 were, and are, false or misleading.

20. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this twenty-fifth day of June, 2001, has issued this complaint against respondent.

By the Commission, Chairman Muris not participating.

Donald S. Clark
Secretary

SEAL: