

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

Civil No. _____

PURE MARKETING SOLUTIONS, LLC,
a Florida company, and

INTERNET MATRIX TECHNOLOGY, INC.,
a Louisiana corporation,

Defendants.

_____ /

**COMPLAINT FOR CIVIL PENALTIES, INJUNCTIVE
RELIEF, AND OTHER RELIEF**

Plaintiff, the United States of America, acting upon notification and authorization to the Attorney General by the Federal Trade Commission (“FTC” or “Commission”), pursuant to Section 16(a)(1) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 56(a)(1), for its complaint alleges:

1. Plaintiff brings this action under Sections 5(a), 5(m)(1)(A), 13(b), 16(a), and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), 56(a), and 57b, and under Section 7(a) of the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM” or the “CAN-SPAM Act”), 15 U.S.C. § 7706(a), to secure civil penalties, a permanent injunction, and other equitable relief for Defendants’ violations of Section 5(a) and (d) of CAN-SPAM, 15 U.S.C. § 7704(a) and (d), and the FTC’s Adult Labeling Rule

(the “Adult Labeling Rule” or the “Rule”), 16 C.F.R. Part 316.4.

JURISDICTION AND VENUE

2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§ 45(m)(1)(A), 53(b), 56(a), 57b, and 7706(a), and 28 U.S.C. §§ 1331, 1337(a), 1345, and 1355. This action arises under 15 U.S.C. § 45(a).

3. Venue in the United States District Court for the Middle District of Florida is proper under 15 U.S.C. § 53(b), and 28 U.S.C. §§ 1391(b-c) and 1395(a).

DEFENDANTS

4. Defendant Pure Marketing Solutions, LLC (“Pure Marketing”), is a Florida limited liability company. Its registered address is 2 South Biscayne Boulevard, Suite 2680, Miami, Florida 33131. Pure Marketing’s primary business address is 3514 West Arch Street, Suite 100, Tampa, Florida 33607. Since at least August 17, 2004, Pure Marketing has formulated, directed, controlled, or participated in the acts or practices set forth in this complaint. Pure Marketing transacts business within the Middle District of Florida and throughout the United States.

5. Defendant Internet Matrix Technology, Inc. (“IMT”), is a Louisiana corporation. Its registered address is 650 Poydras Street, Suite 2311, New Orleans, Louisiana 70130. IMT maintains a mailing address at 3959 Van Dyke Road, Suite 246, Lutz, Florida 33558. Since at least August 17, 2004, IMT has formulated, directed, controlled, or participated in the acts or practices set forth in this complaint. IMT transacts business within the Middle District of Florida throughout the United States.

COMMERCE

6. At all times relevant 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.

DEFENDANTS’ BUSINESS PRACTICES

7. Since at least August 17, 2004, and continuing to the present, Defendant Pure Marketing has operated approximately two dozen commercial web sites that sell access to a vast collection of sexually oriented pictures and videos. Pure Marketing promotes these sites through an affiliate program called “PureCash” that pays “webmasters” to steer consumers to Pure Marketing’s sites. Pure Marketing’s affiliate program also provides a number of other services to affiliated webmasters, including promotional tools, such as free content, and banner advertisements, and a “campaign management tool” through which affiliates can monitor the traffic levels generated by each element of their promotional campaign.

8. Many webmasters who participate in Pure Marketing’s affiliate program advertise and promote Pure Marketing’s commercial web sites through widely distributed commercial email messages. These email messages often contain sexually explicit pictures or text that hyperlink to Pure Marketing’s web sites. The hyperlinks in the email messages allow Pure Marketing to identify a particular webmaster as the entity deserving payment when a potential customer clicks through an email to one of Pure Marketing’s sites. Since at least August 17, 2004, numerous email messages that advertise and promote Pure Marketing’s

commercial web sites have been mailed to computers used in interstate or foreign commerce and communication.

9. Defendant IMT is one of the webmasters that participates in Pure Marketing's affiliate program. IMT also participates in other, similar affiliate programs.

10. IMT advertises and promotes Pure Marketing's web sites through widely distributed commercial email messages that contain sexually explicit pictures or text. Since at least August 17, 2004, Defendant IMT has mailed numerous email messages that advertise and promote Pure Marketing's commercial web sites to computers used in interstate or foreign commerce and communication.

11. In connection with the marketing and promotion of Pure Marketing's commercial web sites, Pure Marketing, through its affiliate program, has induced others, by monetary payments and other consideration, to transmit commercial email messages on its behalf. In doing so, Pure Marketing has procured the transmission of such messages and is thereby an initiator, as that term is defined under CAN-SPAM, of the email messages sent by its affiliates that promote and market Pure Marketing's web sites. In addition, because Pure Marketing's web sites are being advertised or promoted by such messages, Pure Marketing is also a sender, as that term is defined under CAN-SPAM, of the email messages that its affiliates are transmitting on Pure Marketing's behalf.

12. Defendant IMT is an initiator, as that term is defined under CAN SPAM, of email messages that promote and market Pure Marketing's web sites.

13. In connection with the marketing and promotion of Pure Marketing's commercial

web sites, Pure Marketing's affiliates, including IMT, have transmitted email messages that fail to include clear and conspicuous notice of a recipient's opportunity to decline to receive future commercial email messages from Pure Marketing at the recipient's email address. For example, in many instances, no opt-out mechanism is displayed in the email message at all. In many other instances, the opt-out mechanism is displayed in a small font at the bottom of the email message after a depiction of people engaged in sexual intercourse, a depiction of a person's genitals or pubic area, or a display of sexually explicit text in a large font.

14. In connection with the marketing and promotion of Pure Marketing's commercial web sites, Pure Marketing's affiliates, including IMT, have transmitted email messages that fail to include a valid physical postal address of Pure Marketing.

15. In connection with the marketing and promotion of Pure Marketing's commercial web sites, Pure Marketing's affiliates, including IMT, have transmitted email messages that contain depictions of sexually explicit conduct and that fail to include the phrase "SEXUALLY-EXPLICIT: " in the subject line of the message.

16. In connection with the marketing and promotion of Pure Marketing's commercial web sites, Pure Marketing's affiliates, including IMT, have transmitted email messages that contain depictions of sexually explicit conduct and that fail to include, in the initially viewable area of the message, the phrase "SEXUALLY-EXPLICIT: ", a functioning opt-out mechanism, or a valid physical postal address of Pure Marketing.

17. In connection with the marketing and promotion of Pure Marketing's commercial web sites, Pure Marketing's affiliates, including IMT, have transmitted email messages that

include sexually oriented materials in the initially viewable area of the message.

18. In numerous instances, recipients of the commercial email messages described in paragraphs 15 through 17 have not given prior affirmative consent to receive such messages.

THE CAN-SPAM ACT

19. The CAN-SPAM Act, 15 U.S.C. § 7701 et seq., became effective on January 1, 2004, and has since remained in full force and effect.

20. Section 3(2) of the CAN-SPAM Act, 15 U.S.C. § 7702(2), defines “commercial electronic mail message” to mean:

any electronic mail message the primary purpose of which is the commercial advertisement or promotion of a commercial product or service (including the content on an Internet website operated for commercial purposes).

21. Section 3(9) of the CAN-SPAM Act, 15 U.S.C. § 7702(9), defines “initiate,” when used with respect to a commercial email message, to mean:

to originate or transmit such message or to procure the origination or transmission of such message.

22. Section 3(12) of the CAN-SPAM Act, 15 U.S.C. § 7702(12), defines “procure,” when used with respect to the initiation of a commercial email message, to mean:

intentionally to pay or provide other consideration to, or induce, another person to initiate such a message on one’s behalf.

23. Section 3(13) of the CAN-SPAM Act, 15 U.S.C. § 7702(13), defines “protected computer” by reference to 18 U.S.C. § 1030(e)(2)(B), which states that a protected computer

is:

a computer which is used in interstate or foreign commerce or communication, including a computer located outside the United States that is used in a manner that affects interstate or foreign commerce or communication of the United States.

24. Section 3(16) of the CAN-SPAM Act, 15 U.S.C. § 7702(16), defines “sender,” when used with respect to a commercial electronic mail message, as:

a person who initiates such a message and whose product, service, or Internet web site is advertised or promoted by the message.

25. Section 5(a)(3) of the CAN-SPAM Act, 15 U.S.C. § 7704(a)(3), states:
It is unlawful for any person to initiate the transmission to a protected computer of a commercial electronic mail message that does not contain a functioning return electronic mail address or other Internet-based mechanism, clearly and conspicuously displayed, that –

(i) a recipient may use to submit, in a manner specified in the message, a reply electronic mail message or other form of Internet-based communication requesting not to receive future commercial electronic mail messages from that sender at the electronic mail address where the message was received; and

(ii) remains capable of receiving such messages or communications for no less than 30 days after the transmission of the original message.

26. Sections 5(a)(5)(A)(ii) and (iii) of the CAN-SPAM Act, 15 U.S.C. §§ 7704(a)(5)(A) (ii) and (iii), state:

(A) It is unlawful for any person to initiate the transmission of any commercial electronic mail message to a protected computer unless the message provides –

(ii) clear and conspicuous notice of the opportunity under paragraph (3) to decline to receive further commercial electronic mail messages from the sender; and

(iii) a valid physical postal address of the sender.

27. The Commission promulgated the Adult Labeling Rule pursuant to Sections 5(d)(3) and 13(a) of the CAN-SPAM Act, 15 U.S.C. §§ 7704(d)(3) and 7711(a). The Rule became effective on May 19, 2004, and sets forth marks and notices to be included in commercial email messages that contain sexually oriented material.

28. Section 5(d)(4) of the CAN-SPAM Act, 15 U.S.C. § 7704(d)(4), defines “sexually oriented material” as:

any material that depicts sexually explicit conduct (as that term is defined in section 2256 of title 18, United States Code), unless the depiction constitutes a small and insignificant part of the whole, the remainder of which is not primarily devoted to sexual matters.

29. The CAN-SPAM Act and the Adult Labeling Rule both prohibit any person from initiating the transmission, to a protected computer, of any commercial email message that includes sexually oriented material and fails to include the phrase “SEXUALLY-EXPLICIT:” as the first nineteen (19) characters at the beginning of the subject line. 15 U.S.C. § 7704(d)(1)(A); 16 C.F.R. § 316.4(a)(1).

30. The CAN-SPAM Act and the Adult Labeling Rule also require that any message that includes sexually oriented material place only the following information within the content of the message that is initially viewable by the recipient, when the message is opened by the recipient and absent any further action by the recipient (“initially viewable content”):

A. the phrase “SEXUALLY-EXPLICIT:” in a clear and conspicuous manner, 15 U.S.C. § 7704(d)(1)(B)(i); 16 C.F.R. § 316.4(a)(2)(i);

- B. clear and conspicuous identification that the message is an advertisement or solicitation, 15 U.S.C. § 7704(d)(1)(B)(ii); 16 C.F.R. § 316.4(a)(2)(ii);
- C. clear and conspicuous notice of the opportunity of a recipient to decline to receive further commercial email messages from the sender, 15 U.S.C. § 7704(d)(1)(B)(ii); 16 C.F.R. § 316.4(a)(2)(iii);
- D. a functioning return email address or other Internet-based mechanism, clearly and conspicuously displayed, that a recipient may use to submit, in a manner specified in the message, a reply email message or other form of Internet-based communication requesting not to receive future commercial email messages from that sender at the email address where the message was received; and that remains capable of receiving such messages or communications for no less than 30 days after the transmission of the original message, 16 C.F.R. § 316.4(a)(2)(iv);
- E. clear and conspicuous display of a valid physical postal address of the sender, 15 U.S.C. § 7704(d)(1)(B)(ii); 16 C.F.R. § 316.4(a)(2)(v); and
- F. any needed instructions on how to access, or activate a mechanism to access, the sexually oriented material,

15 U.S.C. § 7704(d)(1)(B)(iii); 16 C.F.R. § 316.4(a)(2)(vi).

31. The labeling and placement requirements of the CAN-SPAM Act and the Adult Labeling Rule set forth in paragraphs 27 and 28 do not apply if the recipient has given prior affirmative consent to receipt of the message. 15 U.S.C. § 7704(d)(2); 16 C.F.R. § 316.4(b).

32. Section 7(a) of the CAN-SPAM Act, 15 U.S.C. § 7706(a), states:

[T]his Act shall be enforced by the [FTC] as if the violation of this Act were an unfair or deceptive act or practice proscribed under section 18(a)(1)(B) of the [FTC Act] (15 U.S.C. 57a(a)(1)(B)).

COUNT I

33. In numerous instances, including but not limited to the practices set forth in this complaint, Defendants have initiated the transmission, to protected computers, of commercial email messages that include sexually oriented material and that:

- A. fail to include the phrase “SEXUALLY-EXPLICIT:” as the first nineteen (19) characters at the beginning of the subject line;
- B. fail to include, within the initially viewable content of the message, a second instance of the phrase “SEXUALLY-EXPLICIT:”;
- C. fail to include, within the initially viewable content of the message, clear and conspicuous notice of the opportunity of a recipient to decline to receive further commercial email messages from Pure Marketing;
- D. fail to include, within the initially viewable content of the

message, clear and conspicuous display of a valid physical postal address of Pure Marketing; or

- E. include sexually oriented material within the initially viewable content of the message.

34. Therefore, Defendants' acts or practices, as described in paragraph 33, violate Section 5(d) of the CAN-SPAM Act, 15 U.S.C. § 7704(d), and the Adult Labeling Rule, 16 C.F.R. § 316.4(a)(1).

COUNT II

35. In numerous instances, including but not limited to the practices set forth in this complaint, Defendants have initiated the transmission, to protected computers, of commercial email messages that advertised or promoted Pure Marketing's Internet web sites and failed to include clear and conspicuous notice of the recipient's opportunity to decline to receive further commercial email messages from Pure Marketing at the recipient's email address.

36. Therefore, Defendants' acts or practices, as described in paragraph 35, violate Section 5(a)(5)(A)(ii) or Section 5(a)(3) of the CAN-SPAM Act, 15 U.S.C. §§ 7704(a)(5)(A)(ii) or 7704(a)(3).

COUNT III

37. In numerous instances, including but not limited to the practices set forth in this complaint, Defendants have initiated the transmission, to protected computers, of commercial email messages that advertised or promoted Pure Marketing's Internet web sites

and failed to include Pure Marketing's valid physical postal address.

38. Therefore, Defendants' acts or practices, as described in paragraph 37, violate Section 5(a)(5)(A)(iii) of the CAN-SPAM Act, 15 U.S.C. § 7704(a)(5)(A)(iii).

INDIVIDUAL AND BUSINESS INJURY

39. Individuals and businesses throughout the United States have suffered, and continue to suffer, substantial injury as a result of Defendants' unlawful acts or practices. In addition, Defendants have been unjustly enriched as a result of their unlawful practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

40. Section 7(a) of the CAN-SPAM Act, 15 U.S.C. § 7706(a), provides that “[CAN-SPAM] shall be enforced by the [FTC] as if the violation of this Act were an unfair or deceptive act or practice proscribed under section 18(a)(1)(B) of the [FTC Act] (15 U.S.C. § 57a(a)(1)(B)).” Accordingly, violations of the CAN-SPAM Act, including sections of the CAN-SPAM Act that are interpreted by the Adult Labeling Rule, shall be enforced as if the violation were an unfair or deceptive act or practice proscribed under section 18(a)(1)(B) of the FTC Act (15 U.S.C. § 57a(a)(1)(B)), that is, these provisions shall be enforced as if the violation had been a violation of an FTC trade regulation rule. Furthermore, Section 18(d)(3) of the FTC Act provides that “[w]hen any rule under subsection (a)(1)(B) of [Section 18] takes effect a subsequent violation thereof shall constitute an unfair or deceptive act or practice in violation of section 45(a)(1) of this title[.]” 15 U.S.C. § 57a(d)(3).

41. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified by Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, as amended, and as implemented by 16 C.F.R. § 1.98(d) (1997), authorizes this Court to award monetary civil penalties of not more than \$11,000 for each violation of CAN-SPAM, including those sections of the CAN-SPAM Act that are interpreted by the Adult Labeling Rule. Defendants' violations of CAN-SPAM and the Adult Labeling Rule were committed with the knowledge required by Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A).

42. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief to prevent and remedy any violation of any provision of law enforced by the FTC.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court, as authorized by Sections 5(a), 5(m)(1)(A), 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b) and 57b, and pursuant to its own equitable powers:

1. Enter judgment against Defendants and in favor of Plaintiff for each violation alleged in this complaint;
2. Award plaintiff monetary civil penalties from Defendants for every violation of the CAN-SPAM Act, including those sections of the CAN-SPAM Act that are interpreted by the Adult Labeling Rule;
3. Permanently enjoin Defendants from violating CAN-SPAM and the Adult Labeling Rule;
4. Order Defendants to pay the costs of this action; and
5. Award Plaintiff such other preliminary and permanent equitable relief as the Court may determine to be just and proper.

Respectfully submitted,

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