

# Internet — new territory for enforcement

Ever been page-jacked or mousetrapped? If you have, you know what we're talking about. If not, you need to know. Both are techniques used in Internet scams — page-jacking takes users to unrequested sites, often pornographic, and mousetrapping prevents them from leaving.

It's new territory for law enforcement agencies and the ACCC is developing strategies within the e-commerce environment to identify and prevent conduct which might contravene the Trade Practices Act.

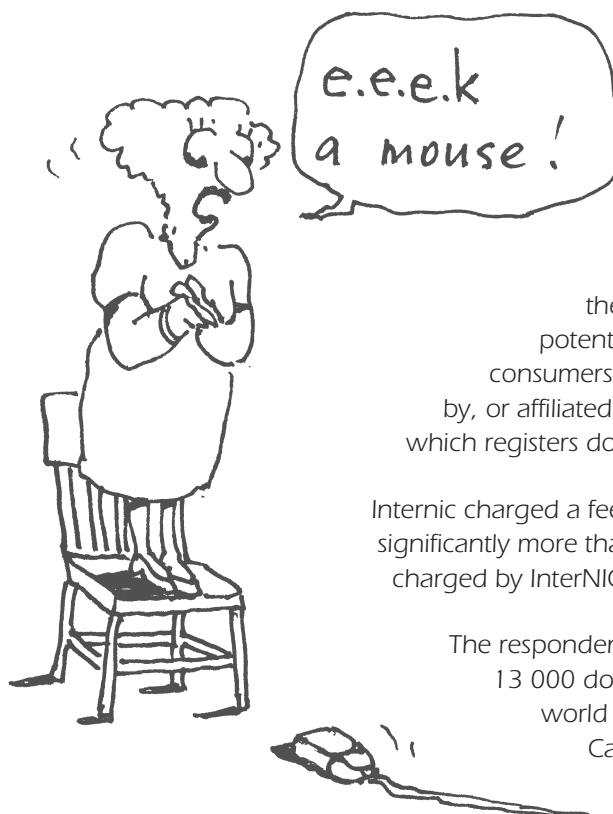
The ACCC's immediate plans are:

- ♦ to work with domestic and overseas government agencies on individual enforcement matters, as well as developing broader strategies;
- ♦ to increase its computer forensic, Internet tracking and electronic evidence expertise; and
- ♦ to educate consumers and businesses about trading on the Internet.

This work is being carried out under the ACCC's Internet commerce and competition project which aims to protect consumers and promote fair trading. It's a new project to encourage consumer confidence and participation in e-commerce.

Australians have traditionally been quick to take up new technology and e-commerce is no exception. The National Office for the Information Economy estimates it will add 2.7 per cent to our GDP by 2007, with e-commerce revenue estimated to grow to over \$10 billion.

But as with any commercial environment, the charlatans and sharks are out there. This issue of ACCC update will help new players — both businesses and consumers — be aware of the traps.



## Recent ACCC investigations

### Page-jacked and paralysed

Recently the Commission worked with the US Federal Trade Commission to break a global Internet scam which took unsuspecting users to pornographic sites and then prevented them from quitting.

The process started when, using a search engine to find specific sites, users were page-jacked onto a webpage offering explicit pornographic material. The site then mousetrapped them — the scam disabled the users' Internet browser so that when the users tried to quit, more pornographic websites were shown. This mousetrapping process occurred up to 20 times before they could shut down the browser.

Working closely with the FTC, the Commission has provided information on the Australian end of these operations.

### Consumers are Internicked

The Commission recently secured refunds for thousands of consumers who had been misled in registering their Internet domain names.

An Australian company called Internic Technology was registering domain names through a website with the URL 'internic.com'. The US Federal Trade Commission had received complaints that the *internic.com* site was potentially misleading because consumers may believe it was operated by, or affiliated with, the official authority which registers domain names, InterNIC.

Internic charged a fee of \$US220 and \$US250, significantly more than the \$US70 and \$US100 charged by InterNIC.

The respondents registered about 13 000 domain names from all over the world including Australia, the US, Canada, France, Norway, Spain, the UK, Switzerland and Germany, before May 1998.

## Internet — new territory for enforcement cont.

The FTC alerted the ACCC which instituted court proceedings against Internic Technology and its director Mr Peter Zmijewski.

Internic Technology and Mr Zmijewski undertook to no longer use the name 'Internic' or any similar name and to place \$250 000 in a trust fund to refund consumers. Anyone who registered a domain name at the internic.com site before May 1998 was emailed a notice setting out the procedure for claiming a refund and monies have now been distributed between all consumers making a claim.

### FreeNet2000 stops reward scheme

FreeNet2000, an Internet service provider, has recently withdrawn its reward system for clients following ACCC concern that it contravened the pyramid and referral selling provisions of the Act.

It had been rewarding clients by giving them bonuses in the form of credit against their accounts or cash when they referred new members to the scheme.

Once the ACCC drew its concerns to the company's attention, Mr Alan Tame, the proprietor of FreeNet2000, quickly stopped advertising the income generation scheme. He also agreed to offer refunds to subscribers should they choose to discontinue subscription to FreeNet2000's Internet service.

(For more information about referral and pyramid selling schemes, see p.12.)

## Sweep Day reveals gaps in consumer protection

The 1999 Internet Sweep Day, an annual event to promote consumer protection on the Net, showed that there is still room for improvement in the disclosure of essential consumer information on e-commerce sites.

Unlike previous sweep days which targeted Internet scams, last year's assessed e-commerce websites according to a number of consumer protection principles. Consumer protection agencies around the world examined e-commerce websites and completed a checklist of 10 questions about what sort of information could be easily accessed before entering into a transaction.

Some notable findings were:

- ♦ 62 per cent of sites had no information about refunds or exchanges;
- ♦ 75 per cent of sites had no statement about how they would handle a consumer's personal information; and
- ♦ 56 per cent of sites had no information regarding the security of its online payment mechanism.

Internet Sweep Day, run by the International Marketing Supervision Network, was started in 1997. The first targeted 'get rich quick' schemes and the second swept the Internet for sites promoting miracle cures and other potentially misleading health claims.

The consumer protection principles which were the focus of the 1999 Internet Sweep Day, were partially based on the draft OECD guidelines for consumer protection in the context of e-commerce. Australia has been closely involved in drafting the guidelines.

The ACCC will again coordinate the international 2000 Internet Sweep Day later this year.

### Degrees offered over the Net

The ACCC took action against The Australasian Institute (TAI) because of misleading claims it had made on its website. TAI wrongly implied that the degrees it offered over the Internet were approved, sponsored or endorsed by other universities, including the University of Ballarat and the University of Newcastle.

As a result of the ACCC's actions, TAI offered refunds to students and took out corrective advertising.