

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FreeNet2000, an Internet service provider, has recently withdrawn its reward system for clients following ACCC concern that it contravened the pyramid and referral selling provisions of the Act.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