

Complaint

IN THE MATTER OF

JUNO ONLINE SERVICES, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

*Docket C-4016; File No. 0023061
Complaint, June 25, 2001--Decision, June 25, 2001*

This consent order addresses representations that Respondent Juno Online Services -- an Internet service provider with approximately 842,000 subscribers to its fee-based services and nearly 4 million total active subscribers -- made for its "free" and fee-based online services. The order, among other things, prohibits the respondent from misrepresenting the price or cost of any electronic mail, Internet or other online service; the ability or terms by which consumers can cancel these Internet services; the amount of time consumers have to use these services during a free trial period before fees are charged; that Internet service is available for purchase, when it is not; or why it requests or collects credit card or any other personal identifying information from consumers. The order also prohibits the respondent from beginning to compute the billing cycle or free trial period for its Internet services before the consumer is able to use these services. In addition, the order requires the respondent to clearly and conspicuously disclose obligations that consumers have -- and the procedures they must follow -- to effectively cancel their Internet service. The order also requires the respondent to maintain adequate customer support to promptly handle requests for cancellation, terminating service before the next billing cycle. In addition, the order requires the respondent to disclose clearly and conspicuously potential toll charges associated with using its services and any cancellation penalties, and to provide consumers with reasonable means to determine the telephone numbers available for accessing its Internet services, and the town or city where these numbers are located. The order also prohibits the respondent from using or disclosing the personal identifying information obtained by the company in connection with its deceptive dry test advertisements.

Participants

For the Commission: *Laura Sullivan, Tara Hurley, Darren A. Bowie, C. Lee Peeler, and Louis Silversin.*

For the Respondent: *James H. Sneed, Amy Hancock, and Thomas B. Ensign, McDermott, Will & Emery, and Alice Lin Geene, Juno Online Services.*

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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

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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