

STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

SubscriberBASE Holdings, Inc.,
SubscriberBASE, Inc., their wholly-
owned subsidiaries, and their d/b/a's,

Defendants.

NO. **08-2-14566-2SEA**

COMPLAINT FOR INJUNCTIVE
AND OTHER RELIEF UNDER THE
CONSUMER PROTECTION ACT,
CHAPTER 19.86 RCW

COMES NOW PLAINTIFF, State of Washington, by and through its attorneys Robert M. McKenna, Attorney General and Paula Selis, Assistant Attorney General, and brings this action against Defendants named herein, alleging on information and belief as follows:

I. JURISDICTION AND VENUE

1.1 This Complaint is filed and these proceedings are instituted under the provisions of the Unfair Business Practices – Consumer Protection Act, Chapter 19.86 RCW.

1.2 The violations alleged in this Complaint have been and are being committed in whole or in part in King County, Washington, by Defendants named herein.

1.3 Authority of the Attorney General to commence this action is conferred by RCW 19.86.080 and RCW 19.86.140.

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1 **II. DEFENDANTS**

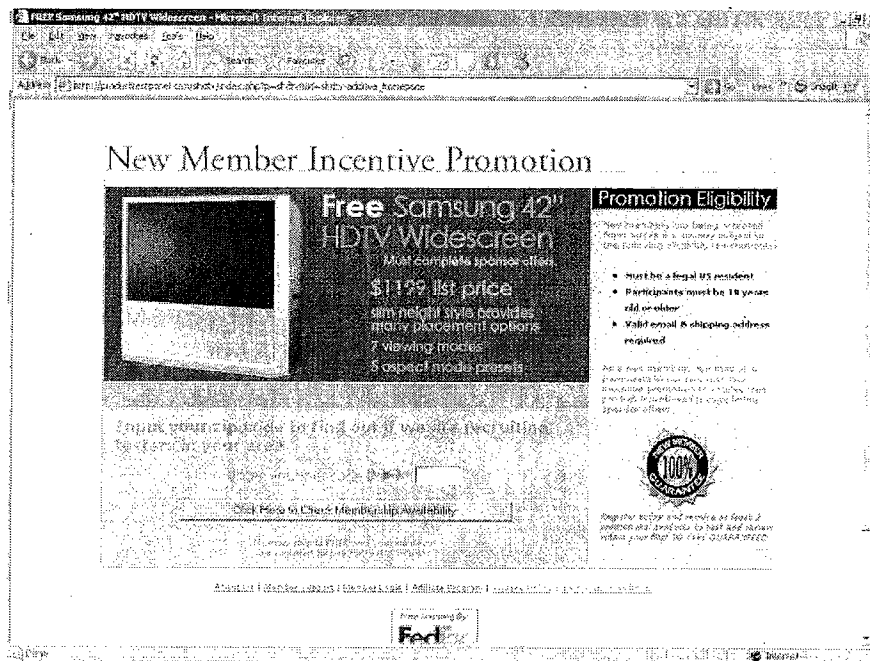
2 **2.1** Defendant SubscriberBASE Holdings, Inc. and SubscriberBase, Inc. are South
3 Carolina, for-profit corporations. Their principal place of business is located at 3830 Forest
4 Drive, Suite 207, Columbia, South Carolina 29204.

5 **III. NATURE OF TRADE OR COMMERCE**

6 **3.1** At all times material to this action, and at least since 2004, SubscriberBASE has
7 offered consumers supposedly free merchandise, such as digital cameras, laptop computers,
8 Apple iPods and widescreen televisions, via email solicitations and Web-based advertising.

9 **3.2** Defendants market their services over the Internet in various ways, both directly
10 through their own Web sites and through third-party marketing companies. One prominent
11 way that Defendants market their services is through offers for “free” products, such as a
12 “free” Canon digital camera, a “free” HP Pavilion laptop computer or a “free” Samsung 42”
13 HDTV Widescreen television with a purported \$1199 list price. See, Figure 1.

14 **Figure 1.**



1 **3.6** Once the required personal information has been entered, Defendants lead the
2 consumer through a series of Web pages containing “survey” questions that seek further
3 consumer and demographic information from the consumer. Consumers are asked to identify
4 interests, activities and buying preferences. The “survey” questions also include links to
5 advertisements for various goods and services from third parties, including such products and
6 services as online degrees, health insurance quotes, debt adjustment counseling, voice mail
7 services and work-at-home opportunities. While many of these products and services appear to
8 be bargains, most obligate the purchaser to some form of future payment, such as an offer for
9 “\$1000 of name brand grocery coupons” that requires the consumer to subscribe to a \$12.95
10 per month voice mail service.

11 **3.7** Once the consumer has completed the “survey” portion of Defendants’
12 promotion, he or she is directed to a Web page that states that in order to “qualify” for the
13 “free” item, the consumer must now select and “participate” in two “Top” offers from third
14 party advertisers. These “Top” offers require the consumer to make payment in some manner
15 for the items or services ordered, either by paying “shipping costs,” “trial” subscription fees, or
16 “processing” fees. The costs and fees are fairly minimal, ranging in one recent offer, from
17 \$3.97 to \$9.99. The consumer is given several “Top” offers from which to choose, from items
18 and services such as Netflix membership, posters and a monthly coffee-buying service, but
19 before he or she can “qualify” for the big-ticket “free” item, at least two of these offers must
20 be accepted. See Figure 4.

