U.S. files first suit against Internet 'spy ware'
WASHINGTON
CNN
(Reuters)

The U.S. government has sued a New Hampshire man in its first attempt to crack down on Internet "spy ware" that seizes control of a user's computer without permission. The U.S. Federal Trade Commission on Thursday asked a federal court to shut down an operation that it said disables users' computers in an attempt to bully them into buying anti-spy ware products. Internet users unwittingly download the software when they visit Web sites that contain certain banner ads, the FTC said. The software exploits a hole in Microsoft Corp.'s Internet Explorer Web browser to work its way onto computers without users' knowledge, according to the lawsuit. A Washington consumer group, the Center for Democracy and Technology, had demonstrated the software to Reuters before it filed a complaint with the FTC in February. The software hijacks Web browsers, causes CD-ROM trays to mysteriously slide open and slows down computers or causes them to cease working altogether. A torrent of "pop up" messages urges consumers to buy programs called Spy Wiper or Spy Deleter to clean up the mess. The FTC has taken action against companies that redirect browsers before but has never sued a company for secretly installing software. Spy ware comes in many forms -- from keystroke loggers that can capture passwords, credit-card numbers and other sensitive data to relatively harmless programs that deliver pop-up ads. Currently there are no national anti-spy ware laws on the books, though several states have them. The House of Representatives passed two anti-spy ware bills this week and another is pending in the Senate. The FTC used deceptive-business laws to go after New Hampshire resident Sanford Wallace and his two companies, Seismic Entertainment Productions Inc. and SmartBot.Net Inc. The FTC asked the court to shut down Wallace's operations and force him to return any money he has made. Wallace could not be reached for comment. "We're glad to see that they've taken some action; it was a really egregious case," Center for Democracy's Associate Director Ari Schwartz said. The FTC was expected to discuss its suit at a press conference on Tuesday. An FTC spokeswoman declined to comment.


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