UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

In the Matter of)	
)	
BONZI SOFTWARE, INC.,)	**DOCKET NO.**
a corporation, and)	
)	
JOE BONZI and JAY BONZI,)	
individually and as)	
officers of said corporation.)	
)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Bonzi Software, Inc., a corporation, and Joe Bonzi and Jay Bonzi, individually and as officers of said corporation ("respondents"), have 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 Bonzi Software, Inc., a Delaware corporation, is a privately owned company with its principal office and place of business located at 3000 Broad Street, Suite 115, San Luis Obispo, California 93401.

Respondents Joe Bonzi and Jay Bonzi are the founders, owners, and officers of the corporate respondent. Individually, or in concert with others, they formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint.

2.   The acts and practices of respondents as alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

3.   Respondents develop, advertise, sell, license, and distribute various software products, including "InternetALERT." InternetALERT is software that monitors Internet traffic entering a consumer's computer and provides alerts when an attacker attempts to access the computer from the Internet without the consumer's knowledge or permission. InternetALERT is offered for sale, sold, distributed, and licensed by respondents primarily through respondents' Web site www.bonzi.com at the price of $49 for a one-year subscription.

4.   Respondents promote InternetALERT software on the Internet through banner, button,

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and pop-up ads, which, when clicked, transfer consumers to one of several Web pages advertising the software. These click-through Web pages, or landing pages, link to the respondents' Web site www.bonzi.com, where consumers can download InternetALERT from the Internet. Respondents also promote the software during the software's installation process.

5.   Respondents have disseminated, or have caused to be disseminated, banner, button, and pop-up advertisements for the InternetALERT software, including, but not limited to, those attached as Exhibits A through C:

Exhibit A

Exhibit A, button ad   located at www.mallbusters.com/internet_alert.htm (as of July 3, 2003).
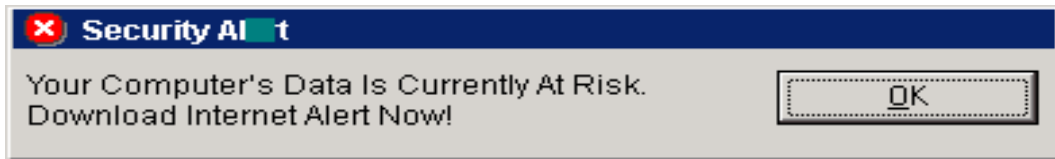
Exhibit B

Exhibit B, banner ad located at www.myconsumerguide.com/internet_alert.htm (as of May 5, 2003).
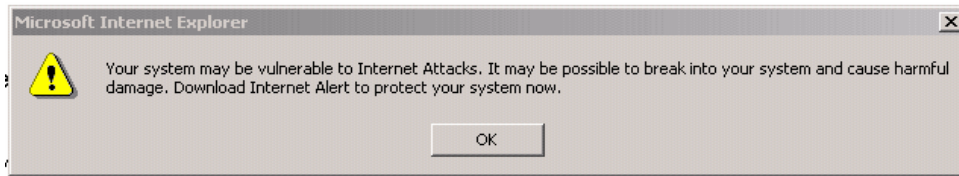
Exhibit C

Exhibit C, pop-up ad located at www.bonzi.com/internetalert/ia99.asp (as of April 1, 2003).

6.   Respondents have disseminated, or have caused to be disseminated, Web pages, including, but not limited to, that attached as Exhibit D, containing, among others, the following statements:

Exhibit D

InternetALERT
Protect Your PC from Internet Attackers!

Your Computer's Data Is At Risk! (SEE BELOW.)

Your computer's address is: [IP Address]. Every time you connect to the Internet, send e-mail, or submit any private information to a web site, you broadcast your computer's unique IP Address over the Internet. With this IP address, someone can immediately begin trying to break into your computer without you even knowing it! Until now, there has been no way of telling if this has happened or any way of stopping it! Well not anymore!

YOUR COMPUTER'S ADDRESS IS: [IP Address]

What Can Happen To Me?

Steal Your Credit Card & Personal Information!

Read Your E-Mail!

Plant a Virus or Worm!

Steal Online Banking Information!

Delete files from your computer!

InternetALERT is an absolute 'MUST' for anyone connecting to the Internet! It will notify

you if someone is breaking into your computer, stop them dead in their tracks, and even build a visual map showing you the Attacker's ISP (Internet Service Provider) location! You can now connect to the Internet with the comfort and security of knowing that no one from the Internet can access your computer without your knowledge or permission!

<p align="center">*   *   *</p>

InternetALERT is easy-to-use! Once installed, you can go about your work without a worry. It runs silently in the background protecting you. Every time you turn on your computer, **InternetALERT** starts working automatically, only leaping into action when suspicious connection attempts are made to your computer.

<p align="center">*   *   *</p>

Download & Protect Yourself Against Internet Attackers Now - $49 (1 Year Subscription)

For a limited time, you may now download and start protecting yourself against Internet Attackers for only $49 per year!

<p align="center">*   *   *</p>

<p align="center">You're now minutes away from protecting yourself!"</p>

Exhibit D: Web pages advertising InternetALERT entitled
"Protect Yourself From Internet Intruders!," located at
www.deals-and-links.com/internetalert.htm (as of July 3, 2003). See also
www.bonzi.com/internetalert/ia99.asp (as of April 29, 2003); www.bonzi.com/defaultbody.htm;
www.internet-alert-pc-protection.com/index.asp?Campaign=2000 (as of July 3, 2003).

7.   Respondents have disseminated, or have caused to be disseminated, various statements on their Web site www.bonzi.com during the InternetALERT software's download process, and through a message alert during the software's uninstall process, including, but not limited to, those shown in Exhibits E and F:

<u>Exhibit E</u>

<p align="center">**InternetALERT® Download**</p>

<p align="center">**Make Your Computer Safe & Secure In 5 Minutes . . .**</p>

<p align="center">*   *   *</p>

You're now minutes away from protecting your system against malicious attackers! Simply complete the secure form below and then press the 'Protect' button. You will be granted

<p align="center">4</p>

immediate access to the full version of Internet**ALERT** and in minutes make your computer safe and secure against Internet attackers!

<p style="text-align:center">*　　*　　*</p>

Protect My System Against Attackers – Download Now!"

Exhibit E: Form entitled "InternetALERT Secure Order Form" that initiates the download process for InternetALERT software, located at https://secure.bonzi.com/secure/securedownloadia9sub.asp (as of July 3, 2003).

      Exhibit F

InternetAlert - WARNING

> WARNING: Your (sic) are about to Disable InternetAlert. Your computer will no longer be protected against outside harmful attacks. Are you sure you want to disable InternetAlert?

<p style="text-align:center">[Yes]   [No]"</p>

Exhibit F: Message displayed during the uninstall process for the InternetALERT software (as of July 3, 2003).

8.　　　Data enter and exit a computer connected to the Internet by using gateways known as communications ports. These ports enable a computer to establish connections to other computers and to exchange data and are used to handle common network services, such as Web browser or email client services. Ports that are being used are "open" and "listening" for communications, for different periods of time, depending on the type of service they are handling at the time. Internet attackers seek to identify which ports are open on a computer through "port scanning" or other techniques, and may be able to enter a computer from the Internet by using one of a computer's open ports.

9.　　　InternetALERT monitors and provides alerts to consumers on certain communications ports concerning attempts to gain unauthorized access into computers. Prior to October 2003, InternetALERT automatically monitored up to eleven communications ports. Since October 2003, it has automatically monitored up to twenty-one communications ports. Consumers also may be able to manually select additional ports for monitoring by InternetALERT.

10.　　If an automatically selected port or manually selected port is closed at the time that InternetALERT is installed, the software will open the closed port to monitor it and provide alerts.

11.　　If an automatically selected port or manually selected port is open at the time that InternetALERT is installed, InternetALERT will not monitor it.

<p style="text-align:center">5</p>

12.   Through the means described in Paragraphs 5 through 7, respondents have represented, expressly or by implication, that InternetALERT significantly reduces the risk of unauthorized access into computers and the data stored in them.

13.   In truth and in fact, InternetALERT does not significantly reduce the risk of unauthorized access into computers and the data stored in them. InternetALERT does not significantly reduce the risk of unauthorized access into computers because it provides only limited protection against intrusion into computers, as described in Paragraphs 9 through 11 above. Moreover, InternetALERT does not provide other security features that can significantly reduce the risk to data stored in computers, such as features that prevent personally identifiable information stored in a computer from being sent over the Internet without a consumer's knowledge or consent, or that provide computer virus protection.

14.   The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this   day of   , 2004, has issued this complaint against respondents.

        By the Commission.

                        Donald S. Clark
                        Secretary