

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Timothy J. Muris, Chairman**
 Mozelle W. Thompson
 Orson Swindle
 Thomas B. Leary
 Pamela Jones Harbour

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In the Matter of)	
)	
AMERICA ONLINE, INC. and)	DOCKET NO. C-4105
COMPUSERVE INTERACTIVE)	
SERVICES, INC., corporations.)	
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)	

COMPLAINT

The Federal Trade Commission, having reason to believe that America Online, Inc. ("respondent AOL"), and CompuServe Interactive Services, Inc. ("respondent CompuServe"), corporations (collectively, "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 America Online, Inc. is a Delaware corporation with its principal office or place of business at 22000 AOL Way, Dulles, Virginia 20166.
2. Respondent CompuServe Interactive Services, Inc. is a Delaware corporation and a wholly owned subsidiary of America Online, Inc., with its principal office or place of business at 5000 Arlington Centre Boulevard, Columbus, Ohio 43220. America Online, Inc. controls the acts and practices of its subsidiary CompuServe Interactive Services, Inc.
3. Respondents have developed, advertised, promoted, offered for sale, sold, and distributed to the public Internet access services, including America Online Internet service ("AOL Internet Service") and CompuServe Internet service ("CompuServe Internet Service").
4. The acts and practices of respondents alleged in this complaint have been in or affecting

commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

5. Respondent AOL has offered various subscription plans for its AOL Internet Service, including, but not limited to, month-to-month subscription plans that entail automatically charging consumers monthly subscription fees until the consumers cancel their Internet service accounts.

6. During the AOL Internet Service registration process, a series of screens are displayed to consumers, including a screen that contains the America Online Member Agreement ("Agreement"). The Agreement, portions of which are attached hereto as Exhibit A, includes the following statements:

Exhibit A: America Online Member Agreement

The America Online Member Agreement is a legal document that details your rights and obligations as an AOL member. You cannot become an AOL member until you have accepted the terms of the Member Agreement.

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You can cancel your membership by delivering notice to AOL's Customer Service Department at 1-888-265-8008, by sending your cancellation request via US mail to: AOL, PO Box 1600, Ogden UT 84401, or by fax at 1-801-622-7969. Cancellation will take effect within 72 hours of receipt of your request, and AOL will send you written confirmation.

7. Most AOL subscribers who wanted to cancel their Internet service called AOL's customer service department. The responsibilities of AOL's customer service representatives included trying to retain subscribers who requested cancellation of their Internet service. AOL failed to implement appropriate measures to ensure that all customers' requests for cancellation were properly executed. As a result, in numerous instances, subscribers who requested cancellation were not cancelled and continued to be charged monthly service fees.

8. Respondent AOL's practice described in Paragraph 7 has caused substantial injury to consumers, which was not outweighed by any countervailing benefits to consumers or competition and was not reasonably avoidable by consumers.

9. Respondents AOL and CompuServe developed the "CompuServe \$400 Rebate program" whereby consumers received a \$400 cash rebate toward the purchase of any eligible computer, if they contracted for three years of CompuServe Internet Service at a cost of \$21.95 per month, or for a total cost of \$790.20. In connection with the CompuServe \$400 rebate program, respondents promised to provide rebate checks within 8-10 weeks, and in some cases, 45 days.

10. After receiving rebate requests in conformance with Paragraph 9, respondents failed to

deliver the rebates to consumers within the promised time period. Respondents extended the time period in which they would deliver the rebates to consumers without consumers agreeing to this extension of time.

11. Respondents' practice described in Paragraphs 9 and 10 has caused substantial injury to consumers, which was not outweighed by any countervailing benefits to consumers or competition and was not reasonably avoidable by consumers.

12. The acts and practices of respondents as alleged in this complaint constitute unfair 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 twenty-eighth day of January, 2004, has issued this complaint against respondents.

By the Commission.

Donald S. Clark
Secretary