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FOR IMMEDIATE RELEASE
MAY 14, 2010
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LAS VEGAS MAN PLEADS GUILTY TO CREATING AND SELLING COOKIE-STUFFING PROGRAM

SAN JOSE, Calif. – Christopher Kennedy pleaded guilty yesterday to one count of conspiracy to commit wire fraud, United States Attorney Joseph P. Russoniello announced.

In pleading guilty, Kennedy, 28, of Las Vegas, Nev., admitted to creating and selling through his Web site, www.saucekit.com, a cookie-stuffing program, known as "saucekit," from January 2009 to November 2009. Cookie-stuffing is the act of depositing a cookie (a text string of code) containing an affiliate Web site's ID onto an individual's computer without that individual having clicked on an advertisement or link.

eBay, Inc. maintains an advertising and promotion program, known as the eBay Partner Network (EPN), through which Web sites that display eBay advertisements are reimbursed for referrals. Under the EPN, eBay pays a referral fee to a Web site when an advertisement directs a Web user to the eBay Web site. When that user accesses the eBay Web site, a cookie is deposited on the user's computer. This cookie contains information identifying the referring Web site (EPN ID) and is used to track whether and when the user returns to the eBay Web site. A subsequent visit to the eBay Web site results in payment of a referral fee when the user engages in a revenue action, which occurs when the user utilizes eBay's auction service. If multiple cookies are present on the user's computer, which may occur if the user has clicked on several different advertisements before engaging in a revenue action, the most recently deposited cookie (and its corresponding affiliate Web site) is credited for any revenue action. Cookie-stuffing occurs when an individual visits an affiliate Web site or Web page, such as an eBay auction page without clicking on an advertisement or link.

According to court documents, the cookie-stuffing program Saucekit created a cookie containing the affiliate Web site's EPN ID and placed it onto the individual's computer. The cookie remained on that individual's computer for a period of time and, if that individual engaged in a revenue action with eBay, eBay credited the affiliate. As a result, eBay payed referral fees to an affiliate, even though the individual who visited the affiliate Web site or Web page had not been referred to eBay by that Web site or Web page. In this way, eBay payed its affiliates fees to which they were not entitled.

An information was filed against Kennedy on Feb. 9, 2010. He was charged with one count of conspiracy to commit wire fraud, in violation of 18 U.S.C. § 371. Under the plea agreement, Kennedy pled guilty to the one-count information.

Kennedy has been released on $50,000 bail and is scheduled to be sentenced Nov. 1, 2010. The maximum statutory penalty for each count of conspiracy to commit wire fraud in violation 18 U.S.C. § 371 is five years imprisonment and a fine of $250,000, plus restitution if appropriate. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the

federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Hanley Chew is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Lauri Gomez. The guilty plea is the result of an investigation by the United States Secret Service.

Further Information:

Case #: CR 10-0082 JW

A copy of this press release may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at https://ecf.cand.uscourts.gov/cgi-bin/login.pl.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by email at Jack.Gillund@usdoj.gov.

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