

NJ Man is First to be Charged With Web Name Theft

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(AP) -- A northern New Jersey man is charged with stealing a prime piece of Internet real estate and reselling it to basketball player Mark Madsen in one of the nation's first prosecutions of a suspected domain name thief.

Daniel Goncalves, 25, of Union, hacked into an online account belonging to one of the owners of the P2P.com domain name, New Jersey State Police said Monday. He allegedly shifted ownership to himself and resold the Web site address on eBay to Madsen, a Los Angeles Clippers forward who did not know the name was stolen.

Goncalves, who works for an online research firm, was arrested Thursday on felony charges of theft by unlawful taking or deception, identity theft and computer theft. Julian Castellanos, a state police spokesman, said each of the three counts carries a maximum sentence of 10 years. Goncalves, who did not respond to a reporter's phone calls, is free after posting a \$60,000 cash bail.

Jeremiah Johnston, president of the Washington, D.C.-based Internet Commerce Association, said the criminal prosecution is the first of its kind and should serve as a wake-up call for other law enforcement agencies.

"They're usually a few years behind new technology trends," Johnston said. "That's frustrating when you have domain names selling for seven figures."

The State Police estimate the true worth

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of P2P.com at up to \$200,000 because of its relation to the peer-to-peer, or P2P, file-sharing phenomenon.

Domain names are the addresses used by computers to find Web sites and route e-mail.

Hundreds of registration companies, such as Scottsdale, Ariz.-based Go Daddy Group, sell them for typically less than \$10 apiece. Entrepreneurs, meanwhile, make their living off buying and selling easy-to-remember names like P2P.

Marc Ostrofsky, one of the legitimate owners of P2P.com, estimates that the ownership group spent 30 months and \$500,000 trying to reclaim the domain name. They have a pending civil suit against Goncalves and his brother, Madsen and Go Daddy Group, which runs the system Goncalves allegedly hacked.

Madsen, who did not know P2P.com was stolen when he bought it for \$111,000, retains the domain name to this day. Madsen did not comment in response to a reporter's calls.

"The reason this case is so important is that it brings to light the lack of specific laws protecting domain name owners," Ostrofsky said, insisting that Go Daddy Group was slow to respond to the ownership group's theft report.

Laurie Anderson, Go Daddy Group's disputes manager, said safeguards exist. They include a 60-day waiting period before a transaction is finalized, during which time owners are sent an e-mail informing them of the pending sale.

The owners of P2P.com didn't report its alleged theft in May 2006 for 13 months, she said. That's one month after Goncalves allegedly sold it to Madsen.

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"It does happen," Anderson said of domain name theft. "This is the first arrest that I know of."

Steve Rinehart, a Salt Lake City-based attorney who focuses on domain name disputes, said that estimate is spot on. He's represented five victims of domain name theft - worth a combined \$500,000 - without ever securing a criminal prosecution.

Colonel Rick Fuentes, superintendent of the New Jersey State Police, said part of the problem is the industry's failure to provide domain name owners with deeds. Most have only a system login and password.

Robert Morgester, a deputy attorney general in California, said arrests for domain theft are very rare. He said he's seen a few - mostly spammers who temporarily hijacked Web sites to barrage people with unwanted e-mails - but has never seen a case where a thief kept the domain name and sold it.

P2P.com co-owners include Albert Angel, 52, who said he tried and failed to persuade Florida prosecutors to pursue a case against Goncalves in Florida. The former assistant U.S. attorney, who served the antitrust division in Washington, D.C., from 1979 to 1984, said a victim without his extensive legal background would face an even harder time trying to navigate the legal and law enforcement communities.

"The reality is that this area of the law is unsettled," Angel said.

Det. Sgt. John Gorman, who led the investigation for the New Jersey State Police Cyber Crimes Unit, said Goncalves won the lottery for picking the wrong victim, a former prosecutor.

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