



Australian
Competition &
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Commission

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NEWS RELEASE

'DESIGNER BRAND OUTLET' WEBSITE SUSPENDED

The Australian Competition and Consumer Commission has acted quickly to freeze the assets and suspend the operations of www.designerbrandoutlet.com following complaints from consumers worldwide.

On Friday 5 September 2008, in the Federal Court, the ACCC obtained *ex-parte* injunctions against the operators of the 'Designer Brand Outlet' website, Mr Bindert Kloosterman (Ben Kloosterman) and Ms Xin Fang Shi (Lucy Shi).

It is alleged that Mr Kloosterman and Ms Shi do not currently reside in Australia and have been operating the website from China for approximately one year.

The ACCC alleges that false, misleading and deceptive representations were made on the website including representations that items of genuine designer label women's clothing were available for consumers to purchase when in fact either no items were supplied at all or the items of clothing supplied were counterfeit copies.

In the *ex-parte* hearing on Friday before Justice Flick in the Federal Court, Sydney, the ACCC obtained interlocutory injunctions restraining Mr Kloosterman and Ms Shi from engaging in conduct of the kind alleged in the proceedings on any website.

Justice Flick also made orders requiring that each be restrained from disposing of, mortgaging, assigning, charging or otherwise dealing with their assets, including removing assets from Australia, other than for specific living, business and legal expenses. The injunctions operate until 5:00 p.m. 16 September 2008.

This matter was initially brought to the ACCC's attention by the US Federal Trade Commission as a result of complaints received through the eConsumer.Gov website, an initiative of the International Consumer Protection Enforcement Network (ICPEN).

The ACCC sought the interlocutory orders after complaints from consumers worldwide about this website trader. The ACCC investigation has been carried out in conjunction with the US FTC and UK Office of Fair Trading.

The ACCC has also received cooperation from a major bank and the domain name registrar in relation to suspending the activities of the online trader, until such time as the court was able to consider the allegations.

NetRegistry Pty Ltd, the Australian domain registrar with which the DBO website is registered, acted quickly when contacted by the ACCC in relation to the consumer complaints about the website and effectively disabled the DBO domain name so that since Friday 29 August 2008, the DBO website has been inaccessible.

In addition, the bank with which DBO holds its credit card merchant facility conducted its own inquiries into DBO's merchant account when advised by the ACCC of the complaints regarding DBO, and made the commercial decision to suspend the merchant facility and settlement account until the situation could be reviewed.

The ACCC will now prepare the matter for final hearing. The ACCC will be seeking orders declaring that Mr Kloosterman and Ms Shi have engaged in contraventions of the *Trade Practices Act 1974* and injunctions restraining Mr Kloosterman and Ms Shi from engaging in similar conduct for a period of five years.

The matter has been stood over to 10:15 a.m. on 16 September 2008 before Justice Flick in the Federal Court, Sydney.

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