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Attack of the Blogs

Daniel Lyons, 11.14.05

Web logs are the prized platform of an online lynch mob spouting liberty but spewing lies, libel and invective. Their potent allies in this pursuit include Google and Yahoo.

Gregory Halpern knows how to hype. Shares of his publicly held company, Circle Group Holdings, quadrupled in price early last year amid reports that its new fat substitute, Z-Trim, was being tested by Nestlé. As the stock spurted from \$2 to \$8.50, Halpern's 35% stake in the company he founded rose to \$90 million. He put out 56 press releases last year.

Then the bloggers attacked. A supposed crusading journalist launched an online campaign long on invective and wobbly on facts, posting articles on his Web log (blog) calling Halpern "deceitful," "unethical," "incredibly stupid" and "a pathological liar" who had misled investors. The author claimed to be Nick Tracy, a London writer who started his one-man "watchdog" Web site, our-street.com, to expose corporate fraud. He put out press releases saying he had filed complaints against Circle with the Securities & Exchange Commission.

Halpern was an easy target. He is a cocky former judo champion who posts photos of himself online with the famous (including Steve Forbes, editor-in-chief of this magazine). His company is a weird amalgam of fat substitute, anthrax detectors and online mattress sales. Soon he was fielding calls from alarmed investors and assuring them he hadn't been questioned by the SEC. Eerily similar allegations began popping up in anonymous posts on Yahoo, but Yahoo refused Halpern's demand to identify the attackers. "The lawyer for Yahoo basically told me, 'Ha-ha-ha, you're screwed,'" Halpern says. Meanwhile, his tormentor sent letters about Halpern to Nestlé, the American Stock Exchange, the Food & Drug Administration, the Federal Trade Commission and the Brookhaven National Laboratory (involved in Circle's anthrax deal).

But it turns out that scribe Nick Tracy of London was, in fact, a former stockbroker in Oregon named Timothy Miles--and Miles himself faces SEC charges that he took part in a pump-and-dump stock scheme in 2000. He was tried in June and awaits a verdict. No matter: Circle Group stock fell below a dollar in a year of combat with Miles and the anonymous bashers on Yahoo (and after Nestlé dropped Z-Trim). Halpern's stake is down \$75 million, and he blames Miles and his acolytes; he has sued for defamation. "Some of these bloggers have just one goal, and that is to do damage. It's evil," he says.

Blogs started a few years ago as a simple way for people to keep online diaries. Suddenly they are the ultimate vehicle for brand-bashing, personal attacks, political extremism and smear campaigns. It's not easy to fight back: Often a bashing victim can't even figure out who his attacker is. No target is too mighty, or too obscure, for this new and virulent strain of oratory. Microsoft has been hammered by bloggers; so have CBS, CNN and ABC News, two research boutiques that criticized IBM's Notes software, the maker of Kryptonite bike locks, a Virginia congressman outed as a homosexual and dozens of other victims--even a right-wing blogger who dared defend a blog-mob scapegoat.

"Bloggers are more of a threat than people realize, and they are only going to get more toxic. This is the new reality," says Peter Blackshaw, chief marketing officer at Intelliseek, a Cincinnati firm that sifts through millions of blogs to provide watch-your-back service to 75 clients, including Procter & Gamble and Ford. "The potential for brand damage is really high," says Frank Shaw, executive vice president at Microsoft's main public relations firm, Waggener Edstrom. "There is bad information out there in the blog space, and you have only hours to get ahead of it and cut it off, especially if it's juicy."

Some companies now use blogs as a weapon, unleashing swarms of critics on their rivals. "I'd say 50% to 60% of attacks are sponsored by competitors," says Bruce Fischman, a lawyer in Miami for targets of online abuse. He says he represents a high-tech firm thrashed by blogs that were secretly funded by a rival; the parties are in talks to settle out of court. One blog, Groklaw, exists primarily to bash software maker SCO Group in its Linux patent lawsuit against IBM, producing laughably biased, pro-IBM coverage; its origins are a mystery (*see box, p. 136*).

The online haters have formidable allies amplifying their tirades to a potential worldwide audience of 900 million: Google, Yahoo and Microsoft, plus a raft of other blog hosts. Google is the largest player; its Blogger.com site attracts 15 million visitors a month, more than each of the Web sites of the *New York Times*, *USA Today* and the *Washington Post*. An upstart, Six Apart in San Francisco, owns three blogging services--TypePad, LiveJournal and Movable Type--that together run a strong second to Google.

Google and other services operate with government-sanctioned impunity, protected from any liability for anything posted on the blogs they host. Thus they serve up vitriolic "content" without bearing any legal responsibility for ensuring it is fair or accurate; at times they even sell ads alongside the diatribes. "We don't get involved in adjudicating whether something

is libel or slander," says Jason Goldman, a manager at Google's blogging division. In squabbles between anonymous bloggers and victims Google sides with the attackers, refusing to turn over any information unless a judge orders it to open up. "We'll do it if we believe we are required to by law," he says.

Attack blogs are but a sliver of the rapidly expanding blogosphere. A hundred thousand new blogs are created every day, more than one new blog per second, says Technorati, a firm in San Francisco that tracks the content of 20 million active blogs. Some big blogs attract millions of readers. Weblogs Inc., a Santa Monica, Calif. outfit that just got bought by America Online for a reported \$25 million, publishes 90 blogs and could bring in \$2 million in ad sales this year, says cofounder Jason McCabe Calacanis.

Bash-the-company Web sites emerged in the 1990s; Untied, founded in 1997 to carp at United Airlines, was one of the first. But blogs are more virulent; they spread farther and build on one another's allegations. The first blog is said to have gone up on Dec. 17, 1997 from a techie who wanted to log cool sites on the Web. By 1998 there were 23 known blogs. In 1999 the first tools to automate a site's design came out, making blogging easy for anyone. In 2003 the word "blog" made it into the *Oxford English Dictionary*.

The combination of massive reach and legal invulnerability makes corporate character assassination easy to carry out. Dry treatises on patent law and trade policy don't drive traffic (or ad sales) for bloggers and hosts; blood sport does. Last year consultant Sara Radicati published a negative report about IBM's Notes e-mail product. That led to organized outrage from bloggers who, it turns out, are consultants who make money installing Notes. She says her firm, the Radicati Group in Palo Alto, Calif., was deluged with obscene phone calls and e-mails, a common element when blogs go negative. "They were trying to disable my business," she says. "It was obscene, vile, abusive, offensive stuff. These are a bunch of sickos."

The anti-Radicati bloggers got an endorsement of sorts from an executive at IBM. Ed Brill, an IBMer who works on Notes marketing and publishes his own blog (edbrill.com), responded on July 23 last year to Radicati's bearish Notes report. He questioned whether she had ties to Microsoft and referred readers to two other blogs with far blunter assertions.

Within days bloggers had posted "investigative" articles "exposing" her as corrupt and unethical, claiming she was a "shill" who took bribes from Microsoft. One blogger said she was doing something shady by operating a group that helps small companies find venture funding. Bloggers linked to one another's sites and posted on Brill's blog and elsewhere, creating an echo chamber in which, through repetition, the scandal began to seem genuine. Six days after the attacks began, a Notes consultant in the U.K. gloated on Brill's blog: "The Radicati Group? Their analysis is now meaningless Their name has been blackened, their reputation in tatters."

Radicati fought back by responding on her own Web site, but the smear job hovers online, appearing when you Google her name or start with Brill's mostly diplomatic site and then work your way through its links. One step away is IBM itself, which has a Notes site that once linked into Brill's. That link has since been taken down. Radicati says IBM ignored her pleas to stop Brill from linking to the hate sites. IBM says it has nothing to do with Brill's blog.

A week after that flap IBMer Brill fired up the swarm again, issuing a call to arms against research firm Meta Group for similar sins. "Y'all did such a good job on the last report ... " his blog entry began. Sure enough, soon Meta was being "investigated" by bloggers and "exposed" as Radicati was. Gartner, which now owns Meta, declined to comment.

No wonder companies now live in fear of blogs. "A blogger can go out and make any statement about anybody, and you can't control it. That's a difficult thing," says Steven Down, general manager of bike lock maker Kryptonite, owned by Ingersoll-Rand and based in Canton, Mass.

Last year bloggers posted videos showing how to break open a Kryptonite lock using a ballpoint pen. That much was true. But they also spread bogus information--that *all* Kryptonite models could be cracked with a pen; that it is the only brand with this vulnerability; and that Kryptonite knew about the problem and covered it up. None of these claims is true, but a year later Kryptonite still struggles to set the record straight, while spending millions to replace locks.

Even mighty Microsoft, for all its billions, dares not defy the blogosphere. In April gay bloggers attacked Microsoft over its failure to support a gay-rights bill in Washington State (the company is based near Seattle). "Dear Microsoft, You messed with the wrong faggots," wrote John Aravosis, publisher of AmericaBlog, which threatened to oppose Microsoft's plans for a big campus expansion unless the company caved in. Microsoft reversed itself two weeks later, saying it supports gay-rights legislation after all. It says pressure from its own employees, not from bloggers, caused the change of heart.

Microsoft's p.r. people have added blog-monitoring to their list of duties. The company also fields its own blog posse. Some 2,000 Microsofties publish individual blogs, adding a Microsoft voice to the town square. The company also treats some bloggers like bona fide journalists, giving Gizmodo.com and Engadget.com interviews with Bill Gates.

But if blogging is journalism, then some of its practitioners seem to have learned the trade from Jayson Blair. Many repeat things without bothering to check on whether they are true, a penchant political operatives have been quick to exploit. "Campaigns understand that there are some stories that regular reporters won't print. So they'll give those stories to the blogs," says Christian Grantham, a Democratic consultant in Washington who also blogs. He cites the phony John Kerry/secret girlfriend story spread by bloggers in the 2004 primaries. The story was bogus, but no blogger got fired for printing the lie. "It's not like journalism, where your reputation is ruined if you get something wrong. In the blogosphere

people just move on. It's scurrilous," Grantham says.

And though they have First Amendment protection and posture as patriotic muckrakers in the solemn pursuit of truth, the blog mob isn't democratic at all. They are inclined to crush dissent with the "delete" key. When consultant Nick Wreden criticized credit card banking giant MBNA on his blog, a reader responded in support of MBNA. Wreden zapped the comment. "I just thought: 'This has to be a plant,'" he says.

"It almost takes on the feeling of a crusade," says Jeffrey Schneider, a vice president at Walt Disney Co.'s ABCnetwork. "They put out a call to arms: 'We're going to take these guys down, and we won't stop blogging until someone loses their head.'" ABC News correspondent Linda Douglass came under attack from rampaging bloggers last March in covering the Terri Schiavo right-to-die case. She had cited a controversial memo written by a Republican staffer. Right-wing bloggers using such pen names as Right Pundit and Mr. Right (the latter hosted by Google) claimed she had fallen for a fake; the memo was real.

In that case the bloggers slinked away. In the case of a CNN executive they didn't stop until they had claimed a casualty. Eason Jordan, chief news executive at CNN, noted at an off-the-record conference in January that journalists had been killed by U.S. troops. He used a touchy word: "targeted." A blogger present, Rony Abovitz, ignored the off-the-record ground rule and posted an account. Other bloggers soon piled on. One created a site solely devoted to the topic, easongate.com.

Jordan instantly and repeatedly denied the assertions, but the blog hordes kept wailing away. Jordan resigned in February, engulfed by a concocted controversy. Blogger Michelle Malkin crowed online, praising nine other bloggers and "legions of smaller" ones in the hunt. She wrote that the mainstream media "calls it a lynch mob. I call it a truth squad" and included a warning: "Cue the Carpenters music: 'We've Only Just Begun.'"

Even some bloggers see the harm they can pose. "Some people in the blogosphere are too smug about free speech. They'll say it's okay if people get slandered or if people make up fake stuff because in the end the truth wins out," says John Hinderaker, a lawyer in Minneapolis, Minn. who helps run a right-wing blog, Power Line, which hounded CNN's Jordan and CBS anchor Dan Rather. "But I don't think that excuses it."

When Hinderaker published an item saying left-wing bloggers should stop assaulting a White House reporter alleged to have worked as a gay prostitute, his blog brethren went on the assault, publishing his phone number at work and prompting a deluge of harassing phone calls and e-mails. "My secretary was crying" because callers kept swearing at her, he says. "Then we started getting calls at the house. My wife wanted to hire a bodyguard."

Google and other carriers shut down purveyors of child porn, spam and viruses, and they help police track down offenders. So why don't they delete material that defames individuals? Why don't they help victims identify their attackers? Because they are protected by the Communications Decency Act of 1996, which frees a neutral carrier of Internet content from any liability for anything said online.

"Blogging is still in its infancy. Imposing regulations would create a chilling effect," says Annalee Newitz, until recently a policy analyst at the Electronic Frontier Foundation, a nonprofit that defends anonymous attackers. The anonymous assault has a long tradition in American political discourse, recognized by a U.S. Supreme Court ruling in *McIntyre v. Ohio Elections Commission* in 1995 and in a recent decision by the Delaware Supreme Court refusing to force an Internet service provider to disclose who called a small-town politician inept.

But even the Constitution doesn't give a citizen the right to unjustly call his neighbor a child molester. Google and the like argue they bear no more responsibility for content than a phone company does for slander over its wires. But Google's blog business looks less like a phone company and more like a mix of reality TV and an online magazine. Bloggers provide the fare, and Google maintains it for them free of charge, sometimes selling ads.

Google says ad revenue isn't the point. The real aim is "to let users embrace the Web as a medium of self-expression," a spokesman says. Google lets them run wild. Yet Google edits and censors blog content all the time--to protect its own interests. The company, whose portentous corporate ethos includes the mantra "Don't be evil," snuffs out blogs that engage in "phishing" (tricking people into revealing confidential information) and "spam blogs" that skew Google's search results. Bloggers who sign up for its ad program (Google passes along 79% of sales, on average) must follow firm Google guidelines that limit references to drugs, alcohol, tobacco, gambling and even "excessive profanity."

Once blogger attacks begin, victims can resort to libel and defamation lawsuits, but "filing a libel lawsuit, the way you would against a newspaper, is like using 18th-century battlefield tactics to counter guerrilla warfare," says David Potts, a Toronto lawyer who is writing a book on cyberlibel. "You'll accomplish nothing and just get more ridicule." He tells clients to find a third party to bash the bloggers.

Gregory Halpern at Circle Group, in Mundelein, Ill., used this approach against his nemesis, Nick Tracy, a.k.a. Timothy Miles. After the first attack Halpern contacted the blogger's lawyer but got nowhere. He demanded a correction, only to get mocked: Miles posted on his blog an audio file of a perturbed message Halpern had left on his voice mail.

Halpern had better luck, however, when he allied with Gayle Essary, who runs the FinancialWire online news service and had tangled with Miles, too. Halpern dug up details on Miles (his photo and Oregon driver's license; his links to a litany of

questionable companies; his claim to be an ordained minister; his Web site that describes a mysterious crystal that contains a message from God) and fed them to Essary. Essary did 15 articles on Miles without citing Halpern as a source, and when Halpern heard from people asking about Miles' allegations against Circle Group, he referred them to FinancialWire, saying it had "exposed this guy a long time ago."

Halpern also used a new law, the Digital Millennium Copyright Act, which requires hosts to take down copyrighted material used without permission. He confronted Miles' service provider and threatened to sue for copyright infringement and libel; the ISP pulled the plug. But our-street.com emerged days later at a second service. In three months Halpern pursued Miles through nine ISPs, finally giving up and filing a libel suit in state circuit court in Cook County, Ill. in June 2004. He accuses the blogger of orchestrating a short-seller scheme to send Circle stock plunging. Miles insists he never sold short or acted on behalf of short-sellers.

Miles, who says he misrepresented himself as Nick Tracy because "I wanted to be discreet," has abandoned our-street.com and moved from Oregon to Slovenia. He claims he is outside the Illinois court's jurisdiction. The judge disagrees. Miles says he plans to appeal. He has set up a new site, scamspotting.com, and insists he is a bona fide investigative journalist: "I tell the truth, and it's never pretty." This drives Halpern nuts: "It's amazing that an anonymous guy can put out a report full of lies and then be so self-righteous."

After anonymous attacks spread to Yahoo, Halpern moved in court to force Yahoo to reveal who was behind the sniping. In September a state judge in Illinois ordered Yahoo to reveal the names. A lawyer for the secret posters is trying to settle without turning over their names, Halpern says. Yahoo declines to comment on the case, but Halpern argues that Yahoo and other carriers should step up: "They make money selling ads on these message boards, and the controversial material generates the most traffic. So they're benefiting from this garbage. I think they should take responsibility for it."

Halpern has had less luck getting anyone in Congress to listen to his plaint. He says that may change if a few politicians get a taste of what he has gone through. "Wait until the next election rolls around and these bloggers start smearing people who are up for reelection," Halpern says. "Maybe then things will start to happen."

Sidebars

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