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## Technology & Science

### X10 files for Chapter 11

By Paul Festa



Oct. 22 — **The company that only last year billed itself as the world's largest online advertiser has filed for Chapter 11 bankruptcy protection.**

X10 Wireless Technology, which marketed its Net cameras through a vast campaign of Web pop-under advertisements, made the filing on Tuesday in the U.S. Bankruptcy Court for the Western District of Washington.

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The filing came one day before the company faced a hearing in Orange County Superior Court for punitive damages following its loss to a tiny ad start-up called Advertisement Banners.com, based in Anaheim, Calif. That company had alleged that X10 had stolen its method of serving pop-under ads, or ads that show up beneath a Web page and remain on the screen once the window is closed.

On Oct. 7, the jury in the case awarded Advertisement Banners \$4.3 million in compensatory damages, according to court records. The judge issued a gag order Tuesday in the case that will last until the jury is dismissed.

X10 and its bankruptcy attorney did not return calls. Attorneys for Advertisement Banners cited the gag order in declining to comment.

Under Chapter 11 bankruptcy protection, a company typically continues to operate, shielded from creditors, while it reorganizes its finances.

Court documents revealed that at Wednesday's punitive damages hearing, X10 told the court it had filed for bankruptcy protection, and the court put off the punitive damages hearing until Nov. 18.

The filing reveals some financial details of a company that had made itself known throughout the Web for its ubiquitous pop-under campaign and yet remained secretive about its operations.

The privately held firm, based in Kent, Wash., estimated its assets at between \$1 million and \$10 million, and its debts at between \$10 million and \$50 million.

Advertisement Banners is by far the company's largest creditor, to the tune of \$3.9 million, according to the filing. X10 owes Los Angeles law firm Sheppard Mullin Richter Ham \$667,412; Microsoft \$459,264; Yahoo \$346,128; Google \$69,984; and America Online \$55,413. It also owes \$95,047 to Overture Services, which was recently acquired by Yahoo.

X10 filed what the bankruptcy court termed a "deficient" filing, meaning that it lacked a statement of its financial affairs. The court set a 15-day deadline for the completion of the filing, or X10 risks a dismissal.

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