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VIRTUAL LAND DISPUTE SPILLS OVER INTO REAL WORLD

Lawsuit filed in Pennsylvania seeks to collect damages from gaming company on virtual land purchase

West Chester, PA – On May 1st, 2006, a possible first-of-its-kind lawsuit was filed in local district justice court to seek remedy for a virtual land deal gone sour. The suit seeks financial damages in the thousands, in part for a breach of a virtual land auction contract and for violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law. This suit is unique because the land doesn't actually exist.

Marc Woebegone, known in the real world as Marc Bragg, has filed suit in the local district justice court in West Chester, Pennsylvania, a small town located 25 miles west of Philadelphia, PA. Bragg purchased virtual land, known in Second Life as "sims", using real US currency. Bragg learned of a way to purchase virtual land significantly below market values, and invested thousands of US dollars purchasing land in an attempt to resell this land at a profit. Bragg claims that employees of Linden Research, Inc., the company who creates, manages and maintains this online world, allowed the auction to be created, and after Bragg paid US dollars for the land, terminated Bragg's account, without explanation, without citing any violation of community policy, and have since refused offer a credit or a refund. Bragg's calls to customer service and Linden Lab's legal counsel have gone unanswered. Bragg's final option? Seek relief in a real world court.

Second Life is one of the many real-life Internet gaming phenomena to hit the market in recent years. This game allows players to gamble, have adult encounters, and buy and sell real estate, all inside a virtual world. Some players have turned their virtual endeavors into real-world incomes by creating virtual clothing stores, dance bars, adult night clubs. It has been speculated that there are in-world players who are collecting six-figure real-world incomes from their virtual entrepreneurial efforts.

"This is probably the first dispute of its kind", says Bragg, an attorney licensed in Pennsylvania, New Jersey, and California. "This suit challenges the legitimacy of a virtual intangible purchase of an asset." Bragg notes that this lawsuit brings to light some of the issues that have not been addressed in the real world about these popular sites. Because this Internet game uses real U.S. currency and its in game currency can be converted back to US currency, Bragg questions how items like gambling revenues, income from virtual land sales, and other legal issues surrounding virtual purchases will be addressed by Linden Lab and other companies like it who establish and control these gaming web sites.

Second Life's creator, Linden Lab (Linden Research, Inc.), a San Francisco, CA based company, was founded in 1999 to create a revolutionary new form of shared 3D experience. Second Life has since grown with a population of over 165,000 residents

with an economy worth over US \$60m per year. Today, with approximately 206,000 residents, the game facilitates an average of \$250,000 US dollars daily from its users that are used for purchases of virtual items like cars, homes, clothing, and land. These monies are converted into Lindens, the Second Life form of currency, which operates on its own exchange. The company has attracted over \$11m in venture capital, and has backing from some high profile players like Jeff Bezos, founder of Amazon.com.

Bragg hopes that this dispute will be resolved quickly so he can go back to his real-world life. “These games are like the virtual Wild West,” Bragg states, “but Linden Lab is still obligated to honor real-world contract law and consumer law, even if their world doesn’t really exist.”

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Linden Labs & Second Life:

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