

The fake traffic schemes that
are still rotting the Internet.

Part 2

Certified Ad Fraud: Beneficiaries of Fake Media Assets

Audit and
Investigation
by SocialPuncher

December 2019

How ad tech industry reacted to the exposure of simulated local sites

We continue the series of publications "The fake traffic schemes that are still rotting the Internet". Previous report revealed a scheme of 4 simulated media mimicking local sites.

stantondaily.com
cityofedmontonnews.com
albanydailynews.com
laredotribune.com

3 of them (except the first one) were active at that time and had tens of millions of unpaid ad impressions for October. The report was released on November 6, two weeks before the monthly payday. What should the ad industry do after such a report and what happened a month later?

In an ideal world where the ad industry is really struggling with ad fraud, an investigation would begin. First of all, ad systems would identify the beneficiaries of this scheme. After it, they would recalculate the ad impressions and return money to advertisers. A total check should also be started to identify similar sites in order to prevent such schemes further.

In the old world that we all lived until November 6, ads on these sites would be blocked, scheme would be ceased, and this publisher would not receive the regular monthly payment for October 2019.

But we already live in a new reality, where fraudsters continue to receive money even after their schemes are exposed. Google does not consider this traffic as suspicious, and the best brands still advertise on these sites. The publisher was not blocked, the payment for October was received.

Moreover, we found that at the end of November at the City Of Edmonton News and the Albany Daily News, they were updated for the first time since launch. The quality of these articles we have described in detail earlier. Archived articles with rewriting of local news are now rotated on the main page every day, simulating regular updates.

Apparently this is enough for Google to consider this site as real media. But the obvious signs that this is a simulation of a news site have not disappeared. Even more than that, they turned sites into a parody of the real press. A couple of the most obvious examples will be given on the next page.

Why does Google ignore obvious evidence and pay for advertising on these sites? Why does Google continue to work with this publisher, despite the enormous reputation risks? Maybe the key to this inexplicable behavior lies in who the beneficiaries of these sites are?

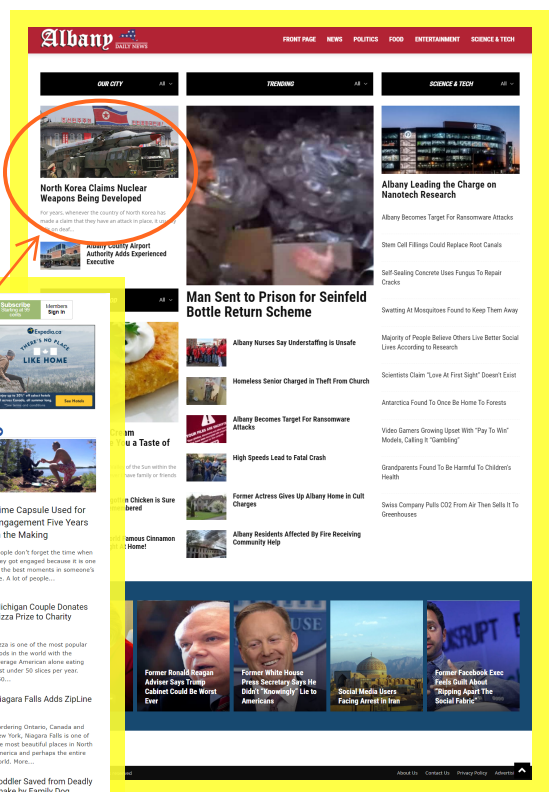
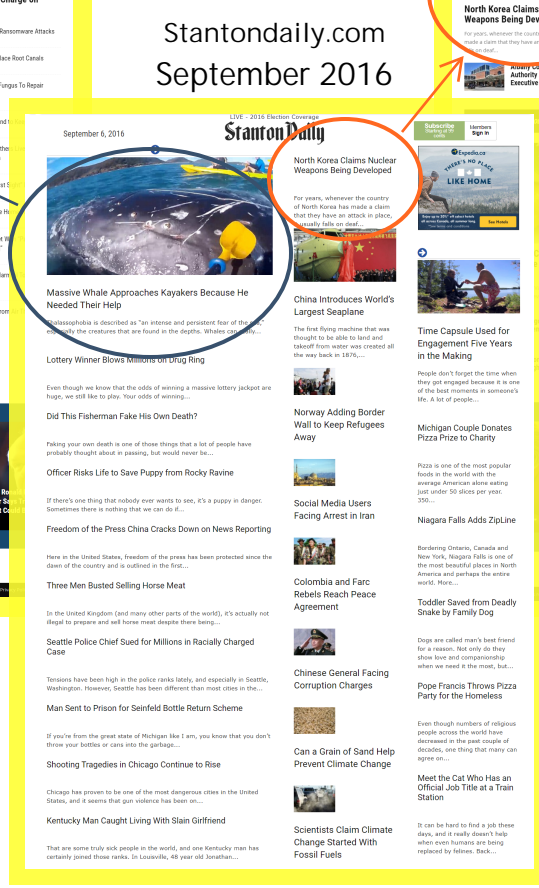
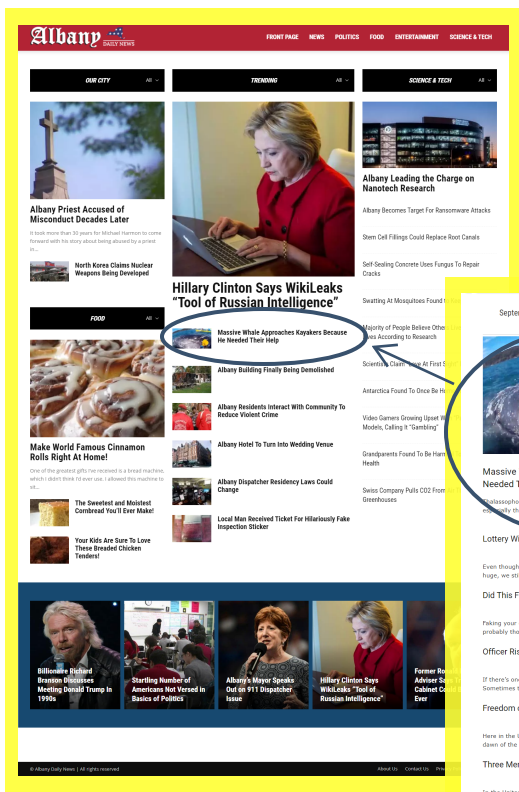
Albany Daily News - Stanton Daily Home page anomalies

The story "Massive Whale Approaches Kayakers ..." often appears among the trending news in Albany Daily News in 2019, But it was the unchanged top article of Stanton Daily more than a year since its launch in 2016. But there is an even more egregious example.

The article "North Korea Claims Nuclear Weapons Being Developed" was also on top of the Stanton Daily homepage 3 years ago. It seems that the site editor mixed up Abani and Pyongyang since the article was published in the category "Our city". But the absurdity does not end here.

Albanydailynews.com
November 2019

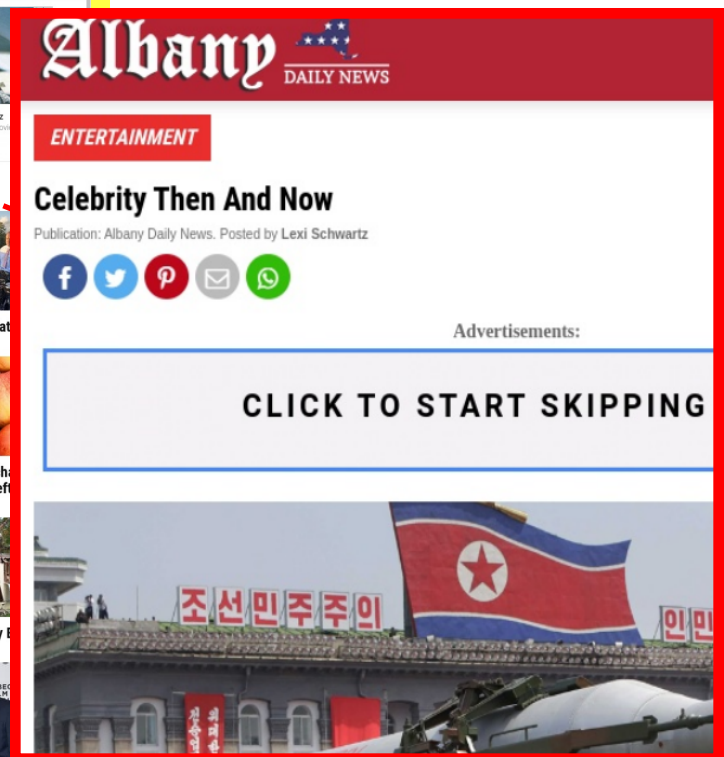
Albanydailynews.com
December 2019



Albany Daily News Home page anomalies

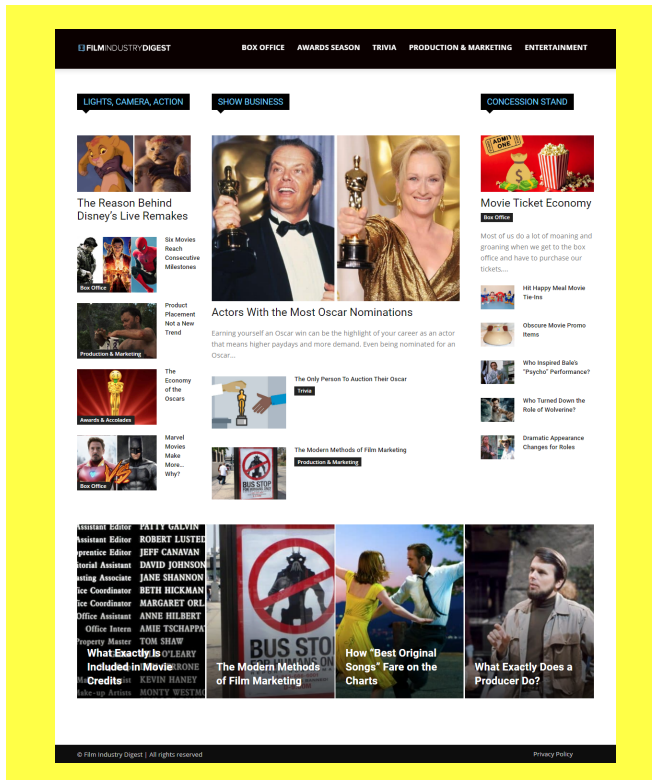
The article "North Korea Claims Nuclear Weapons Being Developed" was published as a "Celebrity then and now" post. Its author is the indispensable Lexi Schwartz, who wrote a thousand articles "Celebrity then and now" for this and other local sites, but now she decided to switch to foreign policy. But according to the editor, this is still very suitable for "Our City".

All the attributes of the typical template remain, even the button "Next Celebrity". Despite the many obvious signs of simulated media, Google continues to consider the Albany Daily News as a real news site visited by real people. This is a very good example to show the quality of Google's expertise for the publishers to which it pays millions of dollars.



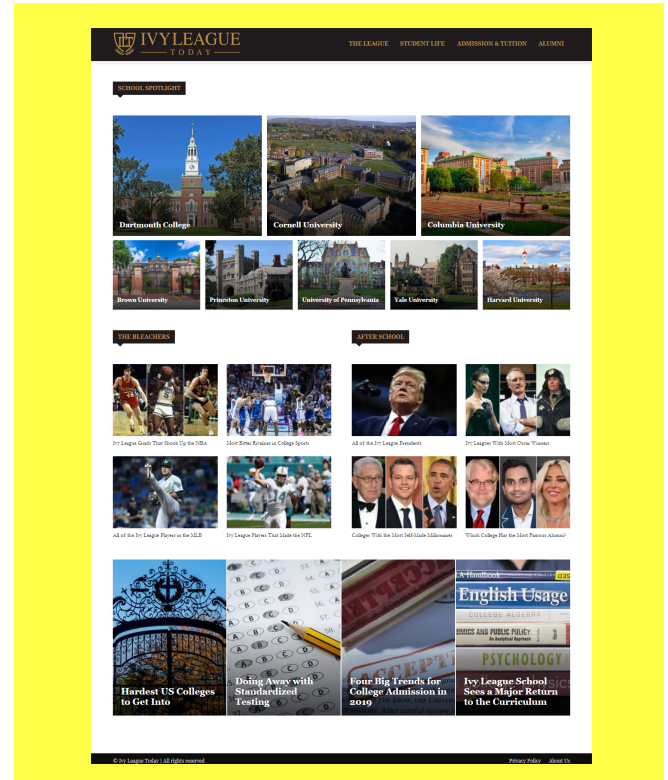
Fresh simulated media assets

Niche sites as a new trend



Filmindustrydigest.com

The fraudulent scheme investigated in the previous report not only continued its activity but also increased the number of its assets. In the fall, two new niche sites were added to three local media. Thousands of daily users suddenly started visiting filmindustridigest.com on October 3. The same traffic was detected on ivyleaguetoday.com since October 21. Their main pages are devoted to movies and universities, but this is only a new package for the old "Celebrity then and now" content.

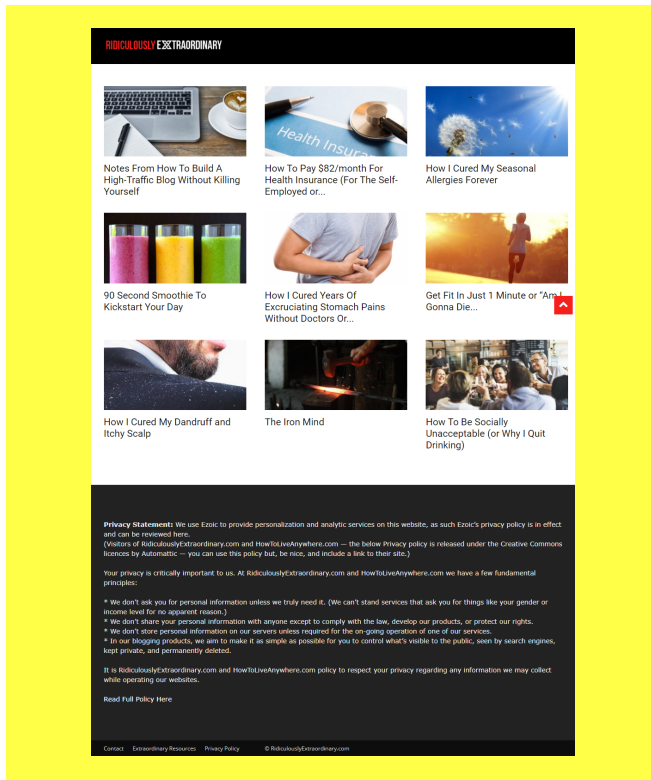


Ivyleaguetoday.com

Film Industry Digest is the only redesigned City of Edmonton News that has inherited all of its errors. For example, the social buttons on the home page link to the slideshow again, but not on the new domain, but still on Edmonton News.

By December 1, 2019, two new sites received about 1.5 million visits with more than 7 average page views. This is about 40 million ad impressions that have already been paid last month or will be paid in December.

Old simulated media assets First sites of the scheme

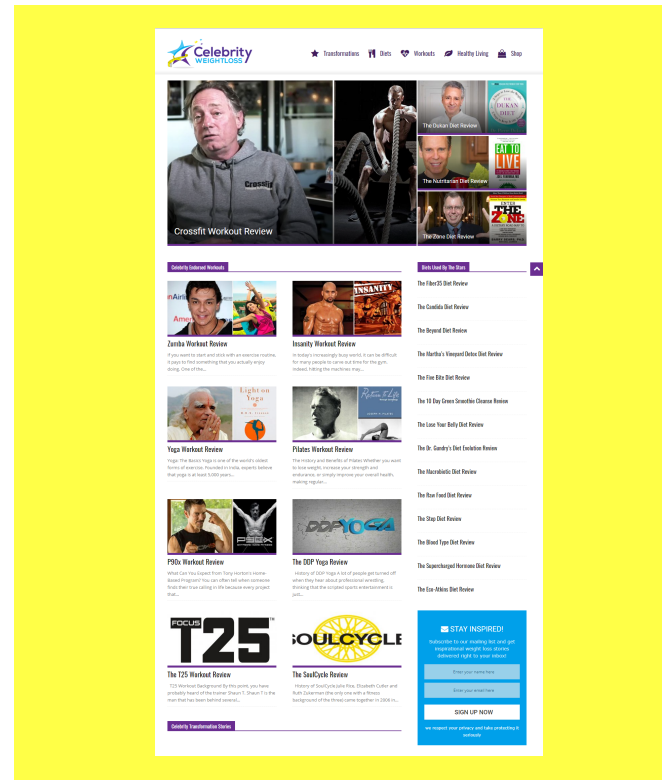


Ridiculouslyextraordinary.com

The earliest asset from the last report, Stanton Daily, was launched in January 2017. But it was not the first asset in this scheme. The shadow content “Celebrity then and now”, known to us on other sites, first appeared on two sites in 2016. These are old domains registered long before their use:

1. Ridiculouslyextraordinary.com
2. Celebrityweightloss.com.

As you can see, at the early stage there was a single asset that really matched the content.



Celebrityweightloss.com

They both had a sharp increase in audience in 2016 and also had fairly high activity in 2017-2018. Celebrity Weightloss lost its audience in the summer of 2018. Traffic to Ridiculously Extraordinary fell sharply in early October 2019. Both sites were deactivated in the last decade of November. In total, we found 8 sites included in this scheme. An analysis of their advertising technical inventory allowed us to conclude that there are two types of beneficiaries of this scheme: a publisher and a key technical partner.

Two types of beneficiaries

Publishers and digital partners

Usually, the publisher is the main beneficiary of ad fraud, but it could be otherwise. Moreover, sometimes it receives a smaller part of the profit.

There are companies that provide services to optimize advertising and monetization of digital assets. There are hundreds of such companies, and their services are quite in demand. In the last 3-4 years, the internal rules for the distribution of advertising and pricing have become very complicated. Large publishers have their own specialists, many owners of small sites are clients of such companies.

There is no chance to survive in the digital ecosystem without it now. Digital publishing has become primarily a technical matter. You can no longer install 1-2 advertising systems on your website and focus on content, optimized media will earn much more.

Each of these monetization consultants has its own technologies, which it calls unique. But in fact, all of them are based on two key methods. The first one is to get more ads at higher prices from ad exchanges. The second way is to increase the audience and raise its engagement in order to display more advertising.

Among these companies, there is an "elite and exclusive group ... selected by Google" (quote from the site of one of them). This is a Google Certified Publishing Partner. Only 41 companies have such status in the world, 18 of them do business in the US.

These are not advertising systems, these are consultants offering technical solutions for publishers recommended by Google. All 8 sites throughout the entire period of their high activity were the clients of the service of such a Certified Google Partner.

Analyzing the technical base of these sites in the first report, we noted that the ads on them are optimized as much as possible: only banners of the best brands and a large number of advertising impressions per visit. This is a merit of the Ezoic company.

Their ad tech inventory fully controls the ad display on 5 active sites of this scheme right now.



Key digital ad partner of the simulated media assets

Ezoic was founded by Dwayne Lafleur in 2010. Since 2014 it is a Certified AdSense Partner, and since 2015 it is Google Certified Publishing Partner.

There is no doubt that it is responsible for all advertising on all these sites. In addition to the technical elements of the site, there are also simple signs of this publisher's cooperation with Ezoic that any user can check. For example, all these sites have a typical Ezoic Privacy policy. Here is a small piece of it, which is most important to us.

AUTOMATIC COLLECTION OF INFORMATION

Ezoic records data about the individuals and the traffic to this website. Ezoic is this website's limited agent (and data controller in the EU context) for the purpose of providing Internet data and optimization services. Ezoic may use this data to improve its service or enable other services (e.g., using visitor traffic logs or data posted through the service to improve the optimization of other websites).

The most obvious example of Ezoic's partnership with these sites is the fact that all the ad slots are marked with the Ezoic logo in the lower left corner.

The screenshot shows a news article titled "Celebrity Then And Now" from City of Edmonton News, posted by Lexi Schwartz. Below the article is an advertisement for a MINI car. The ad text reads: "THE 2015 MINI 5 DOOR CERTIFIED PRE-OWNED. Finance rates from 1.99% 60 Months + UNLIMITED KM WARRANTY". A blue button labeled "VIEW INVENTORY" is present. In the bottom left corner of the ad, there is a "FINE PRINT" label and the Ezoic logo, which is highlighted with a red box and an arrow. The MINI logo is in the bottom right corner of the ad. A "report this ad" link is also visible in the bottom right corner of the ad area.

Ezoic's business model and value of simulated media scheme

Is it possible to assume that none of the Ezoic employees are aware of this scheme and did not notice the obvious publisher's anomalies? To answer this question, we need to understand how large this customer is for Ezoic.

According to the Similar Tech, a total of Ezoic's ad inventory has been detected on approximately 6,000 domains. Albanydailynews.com, with nearly 10 million visits in August, was second on the list of the largest sites that use Ezoic technology. Moreover, it lacked only 10% of the traffic to the first place, and the activity of its audience was about 6 times higher than the activity of the largest partner site.

Albany Daily News had the largest number of page views and ad impressions. That means it was the most profitable site partnering with Ezoic in August. City of Edmonton News also hit the top 10 largest sites during the summer of 2019. These facts allow us to conclude that it was one of the largest, or even the largest publisher using Ezoic in 2019.

At least several employees, and even the CEO, Dwayne Lafleur, should be aware of this. It is impossible to have a successful business and not know anything about the main sources of your income.

There are many different case studies on the Ezoic website, usually about small publishers who show a large increase in revenue from using Ezoic. For example, in a report released in February 2019 about 50 sites that used Ezoic during 2018, 35 sites had monthly incomes of less than \$1,000 (data from the report), and only 2 sites had revenue of more than \$10,000. The domain names of these sites are hidden. But the scale of these sites is clearly insufficient to play an important role in the Ezoic business.

Among the 6,000 customer domains, most are not in the top 1,000,000 of Alexa, that is, it has a traffic of about 1,000 visits per day or less (sometimes significantly less). In addition, most customers use ad optimization service for free. For this, Ezoic receives the right to place one pinned banner on the client's website.

In February 2018, a case study about Local Media Publishers was released. As we already know, the most profitable "local media" in 2017 among Ezoic's customers was Stanton Daily, but the report only mentioned San Angelo Live and My News LA, whose programmatic revenues are significantly lower. Ezoic avoids the disclosure of large sites that generate the main income and consistently hides the connection with some publishers.

Common IDs in Ads.txt files and Celebrity Weightloss owner

Despite the fact that Ezoic carefully hides its partner who owns these 8 simulated media, information about the owners of some sites can still be found. But first of all, we need to get evidence that all of these sites belong exactly to a single publisher, and not to a group of people who create identical sites. Shared content, traffic common to all, and even advertising optimization through Ezoic are just indirect evidence of a single beneficiary. The main question is who receives money from advertising systems for impressions on each site. That is, we need to compare information about the publisher ID on all of these sites.

In 2017, a new standard was set in the ad industry, all sites should have an Ads.txt file. It contains information about the advertising systems installed on the site and unique publisher IDs that profit from this asset. All IDs are anonymous, but if the set of IDs on different sites is identical, then we can say for sure that they have the same beneficiary, since many different systems transfer money to the same account.

Ads.txt is not a mandatory standard, but is highly recommended for large publishers. However, the Laredo Tribune, despite traffic of 3 million visitors in October and an estimated revenue of more than \$100,000, does not have Ads.txt.

Each of the remaining 7 sites have of 246 to 280 unique IDs in Ads.txt. 245 of them are common to all sites, and another 21 IDs are found on 5 or 6 sites. Overlap publisher ID when comparing Ads.txt is 95% -99%. Now we are sure that the assets belong exactly to the same owner.

In order to identify the beneficiary of the scheme, it is enough to find the owner of any one of these sites. The last 6 sites does not have the information about its publisher or domain owner, which clearly shows the true level of transparency of the advertising industry. But there are some data on the two oldest sites of this scheme.

6 sites were registered shortly before their launch specifically for use in this scheme. But Celebrityweightloss.com is a very old domain. In contrast, it was created in 2004 (and it was already a re-registration of this domain, the first owner abandoned it). For 12 years it had the status of "for sale" until it was bought by a new owner in. Oddly enough, but the owner of this site indicated himself.

It can be found in the footer of each page, this is Lexicon Canada Media Group. Moreover, this company has an active site, Lexicon.ca.

Lexicon Canada Media Group



About our Company

Lexicon Canada is a Digital Publishing Company with it's main corporate head quarters located in the Province of Alberta's Capital Edmonton. Lexicon Canada is proud of its diverse management team that oversee the day to day operations of the companies core divisions; Social Optimization Team, Content Management Team, UX Optimization Team, Ad Operations Team.

Career Opportunities

We are currently looking for quick-learning, bright and adaptable people in the following positions for our Edmonton offices:

- VP of Sales (Ad ops)
- Senior Editor of Content
- Junior Office Associates
- GO (GOLANG) Developer

We look forward to hearing from you!

Your Name (required)

Your Email (required)

Position: (required)

Resume: (required) No file chosen

Contact Lexicon Canada

Your Name (required)

Your Email (required)

Subject

Your Message



The site Lexicon.ca was launched simultaneously with Celebrity Weightloss, and has not changed since then. Information about the owners, director and any other employees on the site is missing. But there is an address in Edmonton. The problem is that is an apartment house and not an office building.

An interesting fact is that the Stanton Daily also had an address in Edmonton. It was a different address, but it was also in a residential building. Obviously, the choice of the city for the City of Edmonton News website was not random, and the beneficiary (or one of the beneficiaries) is somehow connected with this city or province of Alberta.

The Lexicon website also has information about 4 vacancies, which has not changed since the launch.

We are currently looking for quick-learning, bright and adaptable people in the following positions for our Edmonton offices: VP of Sales (Ad ops), Senior Editor of Content, Junior Office Associates, GO (GOLANG) Developer.

Obviously, this is the same fake company as its media assets. There is no information about the official owners, but we have another site to investigate.

The most extraordinary asset in the scheme

This site has a long and interesting history. The fact is that unlike other domains purchased or created specifically for this scheme, Ridiculously Extraordinary was at first a real blog for real people, and even gathered a small friendly community 10 years ago.

The domain was created in June 2009 by Karol Gajda. It was a personal blog with original content, a pronounced atoric position and even an altruistic goal of "to Help One Hundred People Achieve Ridiculously Extraordinary Freedom". Its audience was never large, but they were regular visitors and, most importantly, real people. This was not the only Karol's project, and 2.5 years later he sold the site. In January 2012, Karol published his last post.

"I Quit. Or I moved. <http://karol.gajda.com> You'll have to subscribe there to get updates. Thanks for 2+ years and 1.2 million views. You were awesome. Ridiculously extraordinary even. :) Lots of fun stuff coming. Hope to keep in touch. -Karol"

This post remained in the top on the main page for another 4.5 years. The new owner did not delete it and did not add new posts. The About page remained the same even longer, more than 6 years.

Until the spring of 2018, it contained a biography of Karol Gajda and the story of the creation of the site, written by himself. The Contact page still has nothing about the new owner, only a short message:

"This site is no longer owned by Karol."

But the URL of this page is still the same as 10 years ago:

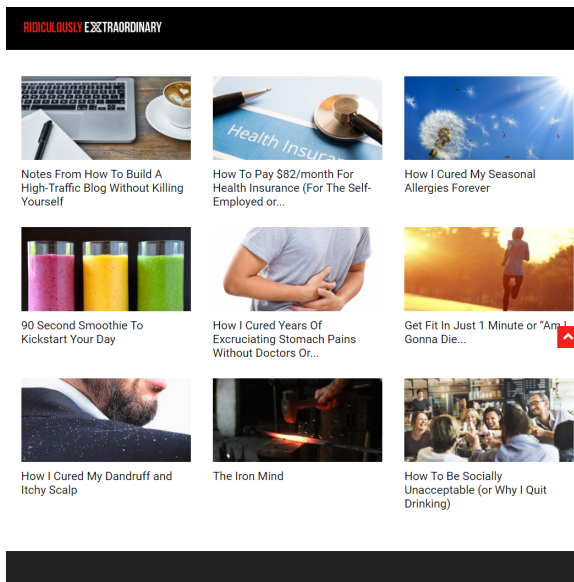
ridiculouslyextraordinary.com/contact-karol

However, some changes did occur. In February 2016, the first page of "Celebrity then and now" appeared on the site and several dozen pages of similar content after that. At the same time, traffic on the site began to inexplicably increase. In August, it peaks at nearly a million visits by highly engaged users. We remind you that the last post on the main page was still "I Quit. Or I moved ..." Karol Gajda. In the fall of 2016, a superactive audience disappeared, and traffic fell to its previous low level.

The new owner redesigned the homepage in September 2016, posting on it a set of random old articles written by Karol. The site editor periodically added new viral content, but since no one had created a new author's account, all the articles were signed by Karol, who had not been related to this site for many years. A new account was added only in the spring of 2018.

It would be Ridiculously if not for Extraordinary profits

In the fall of 2018, the last change occurred, and the site took its last look (it has not changed for more than a year). All viral content went to the shadow part of the site, which was not connected to the archive that was created before 2012. The main page consisted of 9 old articles written by Karol Gajda but posted by Ryan Neal.



After a long activity in 2016, there was another short traffic spike in 2017. Since January 2018, the site has had a stable average monthly audience of several hundred thousand visitors with 10-20 page views per visit. On October 1, 2019, site activity sharply decreased. Over the next week, traffic almost disappeared, it fell 8 times in relation to the average daily visits for the previous months. In the end of November the site was deactivated.

According to a rough estimate of Social Puncher, the site had a 5-digit income for at least 30 months (with two breaks) since the beginning of 2016. A conservative estimate of total income amounts to at least \$1,000,000.

It is unlikely that Karol Gajda suggested that 4 years after the sale, his site would become such a profitable media asset, and after almost 8 years it would be deleted, earning more than \$1,000,000. In contrast, the buyer was a professional with vast experience who knew how the ad industry works and how to use this site. Often an old domain with a real human audience is bought in order to use it later for ad fraud. Such domains have already been whitelisted by ad systems and have a reputation as a reliable media assets.

Now, in the era of Open RTB, when global ad exchange is a giant black box, you can register a domain, install ad slots in a few days and immediately make a profit. This is exactly what happened with simulated local sites in 2019. But this was not always the case. In 2012, the old domain allowed you to rely on a much greater profit than the new one. Now buying old domains with traffic history allows ad fraudsters to use them in long-term schemes.

The official owner of Ridiculouslyextraordinary.com

In October 2012 Karol Gajda wrote in detail about the sale of the site, you can find his post here: karol.gajda.com/sellout. Karol disclosed the price for which he sold the domain, "It's's on the lower end of \$ XX, XXX," that is, between approximately \$10,000 and \$20,000.

But the most interesting, he called the buyer of RidiculouslyExtraordinary.com. It was Dwayne Lafleur, CEO and founder of Ezoic.

Karol described in detail how Dwayne wrote him the first letter with an offer to sell, how the negotiations went, how he doubted and why he made such a decision.

According to registration data, all this time the domain is owned by Ezoic Inc., its representative is Dwayne Lafleur.

The scheme was started in February 2016 with Ridiculously Extraordinary. Shadow content area behind the not updated main page appeared there for the first time. A unique set of publisher IDs in Ads.txt was discovered there for the first time too. This site was the first of them to be optimized by Ezoic to maximize ad revenue. All other sites were just a copy of the first successful project.

A TRUSTED PARTNER

At Ezoic, we're passionate about building a better web. We spend every moment of every day working on our platform to help publishers and website owners improve their digital properties.

Ezoic is proud to be a Google Certified Publishing Partner and someone that publishers can come to for help with Google products like AdSense and DoubleClick for Publishers (now Google Ad Manager).

Ezoic is also a member of the Coalition for Better Ads and dedicated to helping the industry research and better understand how ads affect visitor experiences and ad-blocking rates worldwide.

Lastly, Ezoic is a **certified partner of Cloudflare, JW Player, and the Flippa** website exchange. These brands trust Ezoic as an expert to help their publishers and partners.

EXECUTIVE TEAM



DWAYNE LAFLEUR (FOUNDER & CEO)

Dwayne Lafleur is an entrepreneur, hands-on technologist, founder, and CEO of venture-backed startup, Ezoic Inc. Previously, Dwayne founded Cubics, the first display ad network for Facebook app developers. The ad network was unique because it used anonymous demographic data to target advertising to Facebook app users and launched prior to Facebook's own ad targeting system. After selling Cubics to Adknowledge Inc in 2007, the social display division grew to serve more than 500 million ads per day. Dwayne continued to innovate within the company, spearheading the use of cloud computing architecture to handle the large volume of ads being served within Facebook apps and becoming Amazon's biggest AWS customer at the time.

As founder and CEO of Ezoic, Dwayne has established a business that is technically interesting, a first of its kind, and able to scale to a large online market. He is originally from Alberta, Canada and now lives with his family in San Diego, CA.

<https://www.ezoic.com/about/>

Ezoic Media and its 400 unknown assets

Ezoic, however, is still a big publisher. It has a subsidiary with more than 400 websites. Its corporate site was created only in 2015 and has not been updated since. According to About Us on ezoicmedia.com, it is the same age as its parent company.

"Ezoic Media was founded in 2010 with a very simple goal - to not just preserve the world's best web content - but to improve the accessibility and usability of that information so that more people can benefit from it. Today, more than 30,000,000 people around the world benefit from our efforts."

The site does not have a list of all 400 properties, only 8 examples of favorites. They have a 90s style design and pretty low traffic. These are very old domains, but none of them are officially owned by Ezoic. According to the Whoisology service, Ezoic Inc. owns only 10 domains now. It owned 28 domains in 2016-2017, this was the maximum for the last 6 years.

The first owner of the domain ezoicmedia.com was Dwayne Lafleur. On November 17, 2019, the site owner hid his name behind REDACTED FOR PRIVACY. The site is currently down. It was deactivated at the last decade of November, at the same time as Ridiculously Extraordinary and Celebrity Weightloss.

The screenshot displays three sections of the Ezoic Media website:

- About Us:** States the company was founded in 2010 with a goal to improve content accessibility and usability for over 30 million people. Contact info includes phone (+760 550 9655), address (2542 Gateway Road, Carlsbad CA), and email (support@ezoicmedia.com).
- What We Do:** Features three icons: Usability (laptop), Publishing (speech bubble), and Advertising (magnifying glass). Each has a brief description of their services.
- Our Properties:** Shows a grid of eight website thumbnails, including 'CUMMINGS STUDY GUIDE', 'INTERNETSLANG.COM', and others.

"Ezoic Media Inc. is a subsidiary of Ezoic Inc. Ezoic is a website testing platform for informational websites. While Ezoic Media is a subsidiary, it is in no way involved with the Ezoic testing service. Ezoic Media operates more than 400 websites independent of the Ezoic testing platform". /ezoicmedia.com/

The importance of this case for the financial industry

We come to a key part of our investigation: what is the Ezoic's benefit from this scheme. We have already estimated approximately the income of these 8 sites, these are millions of dollars. But there is a source from which it received multiple times more than from ad tech companies. Ezoic twice raised investment from venture capital funds.

The first time it raised \$5,600,000 in 2013 from Balderton Capital (Lead Investor), Silicon Valley Bank, and New Amsterdam Capital. The second time Ezoic raised \$33,000,000. The news about this appeared on August 6, 2019, but apparently the deal took place in May. The sole investor was Sageview Capital. This is not a large fund that makes targeted investments, carefully selects companies and thoroughly checks them before the deal.

The problem is that assessment standards in the digital industry have not met reality for a long time. The audit of media assets is carried out primarily on financial indicators. No one checks this to use shadow schemes or illegal techniques. There are at least two reasons why. First, it's difficult to verify 6,000 domains. Secondly, why should an investor do this if Google had to do it before? But it turned out that according to Google's methodology, the Albany Daily News is a reliable media asset with a real audience.

The investor believes that the company's reputation in the digital industry is indeed a significant capital. And Ezoic really has an excellent reputation.

Ezoic won Google's Business Innovation Award for its ad testing application in 2016.

Ezoic is a member of several industry associations, first of all, Coalition for Better Ads. It also a long tail member of Interactive Advertising Bureau (IAB).

The executive team consists of industry veterans with extensive experience. John Cole (Chief Customer Officer) and Dan O'Bryan (Chief Technology Officer) as well as Dwayne Lafleur worked for Adknowledge. Ohad Tzur (VP of Global Partnerships) prior to Ezoic served as Global Head of Channel Partnerships at Google.

The basis of Ezoic's reputation is a long-term cooperation with Google. Certified Partner Status and Business Innovation Award do not allow to doubt the legality and transparency of this business. But, as we saw from this investigation, inside Ezoic for at least 4 years there is a shadow part of the company that makes profit from optimizing ads for simulated media with artificial traffic. Moreover, Ezoic owns at least one of these assets.

Social Puncher

Media asset audit
and verification

Audit of ad cost
effectiveness

Digital
investigations

Vlad Shevtsov
The director of investigations
for Social Puncher

Signal: +79529425246
Stopadfraud@socialpuncher.com

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