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Secretary of the Commission, Donald S. Clark  
Federal Trade Commission  
Room H-159  
600 Pennsylvania Avenue, N.W.  
Washington, DC 20580

Before the  
Federal Trade Commission  
Washington, DC  
Children's Online Privacy Protection Rule

Comments of  
Nikolai.com Inc.

July 20, 1999

Nikolai.com Inc. respectfully submits the following comments on the Notice of Proposed Rulemaking to implement the Children's Online Privacy Protection Act of 1998.

Nikolai.com Inc. publishes entertaining, engaging, and most of all, safe online content for children. We feel very strongly that the Internet can be the medium for learning, fun and community building for kids and parents, and are pleased with the efforts of the Commission to ensure that a child's right to online privacy are protected. We are concerned however, with the Commission's requirement that web sites obtain "verifiable parental consent."

In addition to our premiere destination site, [www.nikolai.com](http://www.nikolai.com), Nikolai.com Inc. is also the exclusive developer of the children's site for one of America's largest television networks. Our web sites feature a popular clubhouse for kid's aged 4 to 12. The clubhouse includes games, activities, jokes, an opportunity to post high-scores for games, send in stories, poetry, book reviews and news articles. Upon signing up for clubhouse membership, kids are asked for a nickname or screen name, their email address, and their parents email address. The parents are then sent an automatic notification of their child's registration, and given the opportunity to immediately remove their child's email from our list. The notification describes in detail the features of the clubhouse, and the use of the email to send club members who request it, updates about the site. To date, we have only received compliments from parents about our privacy policy and notification methods.

By having access to the parent's email, we are able to notify them if we perceive unacceptable or unsafe behavior on the part of their child. We are certain that if a child is denied immediate entry to our site pending a faxed or mailed parent permission slip, they will decide to visit a site targeted for teens or adults, where the level of safety may not be as high as a responsible children's site. Children have become accustomed to the immediacy of the Internet, and their attention span is substantially shorter than that of adults. It is much easier to click away to a less stringent site, than to print a form, get mom or dad's signature, find a stamp and remember to put it in the mailbox. By the time our staff receives the form and enters the child in our clubhouse database, the child won't even remember visiting the site.

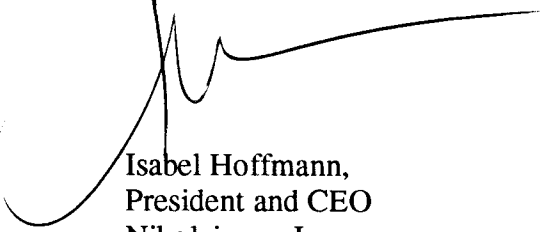
The Commission should be cognizant of the fact that children's publishers have been, for the most part, extremely proactive, concerned and cooperative about kids' safety. The proposed legislation makes it difficult for independent publishers to survive. If children's publishers disappear, children will have a difficult time finding age-appropriate, family-oriented content in the context of a safe online environment.

Furthermore, we find it contradictory that the Commission should be so concerned with the issue of verifiable consent, and yet not propose mandatory monitoring for children's chat rooms. Children are most attracted to community-building tools such as chat and message boards, but these tools are also the most susceptible to inappropriate content, language, or strangers posing as children.

In conclusion, we applaud the Commission's efforts to protect the safety and privacy of children online. At the same time, we would like to stress the important role of children's publishers for providing kids with engaging and wholesome content. As an industry, children's publishers remember what it was like to be a kid, and we care about their safety. We believe that the proposed legislation requiring "verifiable parental consent" should endorse email consent. Any other method would seriously impede publishers from creating community, building traffic for their site, and ultimately sustaining their publishing efforts. Children would continue to surf, but the choices would be limited to teen or adult sites that do not make children's safety and privacy their primary concern.

Nikolai.com Inc. would like to extend our thanks to the Commission for inviting comments on this matter.

Sincerely,



Isabel Hoffmann,  
President and CEO  
Nikolai.com Inc.