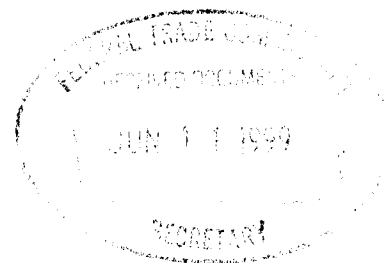


Children's Online Privacy Protection Rule – Comment, P994504.

To:
Secretary
Federal Trade Commission
Room H-159
600 Pennsylvania Avenue, NW
Washington, D.C. 20580



From:
Steven Damron
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COMMENTS ON FTC PROPOSED RULES FOR IMPLEMENTING THE CHILDREN'S
ONLINE PRIVACY PROTECTION ACT OF 1998

Thank you for the opportunity to comment on the proposed rules for children's web sites. I respectfully submit the following comments on the proposed rules. A copy of these comments is available in electronic format at the following URL: <http://www.kidsonline.com/pub/ftc.html>

Comments on Section 312.4 (b) (2) (v), regarding the means by which a child may be influenced to provide personal information. KidsOnLine.com believes that children should be encouraged to have accounts at children's web sites and to reveal the personal information required to establish such an account. The cost of setting up an account for a child is that the child has to reveal personal information. At a minimum, setting up an account requires the child's name and email address to establish identity for the child's account as well as verification and permission from the child's parent. The benefit of setting up accounts for children is that the service provider can assure its community of users that it has a *bona fide* relationship with members of the community. The significance of this benefit is clear when something inappropriate takes place at the web site. All children's web sites should make best efforts to prevent inappropriate behavior at their site. However, in spite of all efforts, inappropriate behavior may take place. Without accountability, the operator has little recourse. With accountability, the operator can take steps to assure the behavior does not

reoccur and protect its community. While anonymous users at a site avoid the cost of revealing personal information, they become a cost to the entire community in their lack of accountability. Therefore, KidsOnLine.com believes that conditioning a child's participation in community activities on the child's disclosure of personal information for the purpose of establishing an account with the operator is beneficial for the community of users at children's web site and outweighs the cost of revealing this personal information. As long as parents can review privacy policies of children's sites and decide whether the use of the child's personal information is acceptable, an appropriate check-and-balance exists to assure children's personal information is not abused.

Also, this rule presents some practical problems to site operators. For instance, for contests, often the operator needs user contact information to provide a prize. In the case that children are allowed to participate in contests anonymously, the operator faces a customer satisfaction dilemma and potential legal issue. To contact a winning anonymous user by, for instance, posting the winners on its site, the operator further encourages the user to disclose personal information, something the operator is not supposed to do under the rule. By not contacting the anonymous user and failing to disclose all the winners, the site may break laws and certainly loses credibility regarding prize disclosure. It would be better for the child and parent to have decided whether the child can participate in a contest beforehand. The alternative is to prohibit prizes at children's sites, an alternative that mitigates potential benefits to children using the site.

KidsOnLine.com believes the benefits of encouraging kids to have accounts at children's sites outweigh the costs of having a child reveal personal information needed to establish accounts. Participation conditioned on establishing an account is beneficial to children, parents and operators. We also believe this should be explicitly stated in the rules.

Comments on Section 312.5, regarding verifiable parental consent.

KidsOnLine.com strongly supports online parental consent. A preference for mail, facsimile, telephone or other traditional media implies that the Internet is not a valid medium for parental consent. That implication means that every parental consent must take place in a non-Internet medium and that the cost of managing parental consent (including, for instance, the use of a non-Internet medium, the storage, retrieval and archiving of hard-copy or sound recordings, and the reduction of responsiveness) becomes significant compared to any perceived benefit of a traditional media verification over an Internet verification.

KidsOnLine.com endorses a simple online form that requires the parent with the click of their mouse to acknowledge that they are, in fact, the parent or guardian

of the child or children whose accounts they authorize and that the information they have submitted is true and accurate. A precedent for this procedure is the licensing of software downloaded from the Internet. Software companies have a standard process by which customers download software over the Internet and, as they install the software, read and agree to the software license with the click of a mouse button. In this case, companies are willing to use the customer's mouse click as a "virtual signature." While some may argue that it is easy to cheat with this system, it is not too difficult for those so inclined to cheat with all traditional systems. The consequences of misrepresentation are similar regardless of the medium.

The commission may feel more verification is needed because children can click such a virtual signature button without completely grasping the consequences of their act. KidsOnLine.com suggests the commission consider the collection of a credit card or driver license number from the parent of the child as a simple, effective method to verify that the virtual signature comes from a parent and not a child. In this case, the parent would submit a credit card number along with an address for the credit card or driver license. In general, such a piece of identification is not readily available to children. Also, in the case of credit card information, operators can check the address entered with credit information automatically to determine at least that the person entering the card number knows the billing address of the card.

The advantages of requiring a credit card are that 1) children are unlikely to have a credit card, 2) the person entering the information is linked to a physical address, and 3) a non-Internet medium is not required. The disadvantages are that parents without credit cards and parents who will not submit their credit card on the Internet will not be able to establish an account for their children. KidsOnLine.com believes that credit cards are more effective than drivers licenses because verification of credit card information is less expensive and faster. However, drivers licenses may be an appropriate alternative for parents without credit cards. Again, as with all other systems, it is possible to cheat and the consequences of misrepresentation are similar regardless of the medium. However, the collection of a virtual signature along with a credit card should successfully guarantee an effective notice to the parent about the policies at a children's site.

An ideal parental consent system would be cost-less and would guarantee that the person entering information needed to establish an account for a child is the person they claim to be. It doesn't exist in any medium. KidsOnLine.com believes the commission must allow at least one Internet-based parental consent system. Otherwise the commission implies the Internet cannot be used for consent and puts operators in a tricky position when they want any kind of parental input. Companies in other businesses accept mouse clicks as virtual

signatures for online agreements. KidsOnLine.com believes this practice is acceptable for children's sites. If the commission feels that a virtual signature is insufficient because children may mistakenly sign for their parents, KidsOnLine.com believes the collection of a credit card and street address along with a virtual signature provides adequate guarantee of adult identification and, therefore, parent notification.

Comments on Section 312.6, regarding the parental review of personal information. KidsOnLine.com believes that in the case that a children's web site provides any kind of commerce activity for children, the rules should require a site to provide real-time access to the status of a child's commerce activity for the child's parent. The information should include a record of the money available for the child to spend, the sources of that money, the status of that money (*e.g.*, the money is in a bank account earning interest, the money has been collected into a non-interest bearing holding account, *etc.*), the money the child has spent at the site and the items purchased. Further, the parent should have real-time access and control of information regarding the child's online commerce activities in order to, for instance, stop or limit the child's online commerce activities, set permissions for what parties can give the child money for online commerce or limit the kinds of items a child can purchase. Information about commerce should be treated specially since children may not understand money completely and the action of children spending money may have a material impact on the family. In particular, sites must offer real-time access to such information and adequate logs and mechanisms for parents to understand and control their children's spending behavior.

Thank you for the opportunity to comment on the proposed rules. Please contact me if the commission has questions regarding the comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven Damron', with a long horizontal flourish extending to the right.

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