

APPENDIX B

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

PUBLIC COMMENT TO COPPA – APPENDIX B

Dear Secretary,

In addition to my previous public and confidential comments, I wanted to cover a few topics, especially, topic of **Universal Access to parental consent verification system**:

1. It is known, that some children have or will have access to the Internet from, say, school, library, relatives, friends, etc, but they have parents who do not or will not have access nor email. You can see from the following table big number of kids who will have access from school only:

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2002</u>
					0	0
					1	1
Total U.S. Kids Age 2-12 (millions)	42.7	43.1	43.3	43.4	43.6	44.3
					3	6
Total Kids Online	1.4	2.7	5.1	7.9	11.5	20.9
					5	9
From Home	1.4	2.6	4.6	6.7	9.0	14.9
					1	6
From School Only (millions)	0.0	0.1	0.5	1.2	2.5	6.0
					4	3
Percent Online	3%	6%	12%	18%	26%	47%
					3	6
					6	%

Source: Jupiter Communications

Our technology will allow for both – parents with web access and without it to give consent. E-mail based systems can not reach parents without web access! Thus if the final rule will allow as one of the options e-mail (only) based verification it will allow online providers to **discriminate** against children (6 million in 2002) whose parents do not have internet access. This argument is in addition to all other arguments against allowance of e-mail based verification. In fact any other proposed method, while not as good as cc verification, is much better than e-mail notification.

2. How our system answers concerns of some members of the industry and “public good” at the same time.

- It is clear that allowing our algorithmic solution to credit card and bankcard verification is much better assurance of verifiable parental consent than (simple) email parental notification.

APPENDIX B

- **It totally removes all arguments of VISA against credit card verification because it never goes to VISA or other credit card provider for verification.**
- It removes all security concerns arguments due to the fact that our system can do algorithmic verification right in the users browser thus **the credit card # never has to leave user's client machine and travel over a network** (as demonstrated).
- There was argument from experience of parents not willing to pay for transaction cost associated with cc verification. Our system is free and there is no transaction cost involved. From experience of e-commerce sites like Amazon.com, etc. it can be seen that consumers are not afraid to use their credit cards on the Internet.
- Our system is free to online providers thus **totally removing arguments of high price tag associated with the verification.**
- Our system, and cc based system in general, allows for both – parents with web access and without it to give consent.
- **Industry heavyweights who I talked to like our system because it answers 100% all VISA concerns.**
- We will make all free e-commerce services **totally optional** for consumers to take advantage of.
- If any operator has a particular concern about one of our free e-commerce services we will not make it available even optionally to parents coming from their site.
- Our service is actually called for in the proposed rule on page 20.
- Senators who were sponsoring COPA allowed in their amicus curiae brief use of algorithmic credit card / bankcard verification (can provide a reference if desired).
- Most enterprising (as Senators put it in their brief too) and sophisticated hacker kids might defeat the system (it will be concluded if they actually can after we speak to your specialists). But 99.99999999% of kids' privacy will be safely protected! On the other hand, If they want to all kids can defeat signed form system 100% of the time by signing for parents! Thus it is detrimental for public good to allow a less secure system but **not** to allow more secure one.

In conclusion, can you please consider our system based on Luhn check algorithm for inclusion in the allowed method(s) of obtaining verifiable parental consent in the final rule. Feel free to call me.

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