

# CARU® NEWS

For Immediate Release

Contact: Linda Bean  
212.705.0129

## CARU REFERS 321CHAT.COM TO THE FTC

*New York, NY – November 1, 2005* – The Children’s Advertising Review Unit (CARU) of the Council of Better Business Bureaus, Inc. (CBBB), has referred the Website, **321Chat.com**, to the **Federal Trade Commission** (FTC) in accordance with CARU’s Procedures.

This referral will allow the FTC to determine if the site is also in violation of the federal **Children’s Online Privacy Protection Act** (COPPA), which is substantially similar to the online privacy provisions of CARU’s *Self-Regulatory Guidelines for Children’s Advertising* (the *Guidelines*). Under COPPA, the FTC has a range of sanctions, including monetary penalties.

321chat.com comprises several chat rooms in which users can talk with each other online, including a chat room designated for children ages nine through 13, called “Kids Chat.”

CARU, the children’s advertising industry’s self-regulatory forum, opened its initial investigation into 321Chat.com in mid June, concerned that the site allowed children under age 13 to chat with users of all ages without first obtaining verifiable parental consent. The site did not screen for age or post a privacy policy.

In response to CARU’s initial inquiry, the site operator posted a privacy policy and temporarily suspended operation of Kids Chat. However, the privacy policy is not compliant with the *Guidelines*. Further, children continue to have access to other chat rooms offered by the site, such as Teen Chat or Adult Chat, where -- without being screened for age or obtaining parental consent – they can immediately chat with other users.

CARU’s inquiry was conducted under NAD/CARU/NARB Procedures for Voluntary Self-Regulation of National Advertising and resolved within 60 business days. Details of the inquiry, CARU’s decision and the advertiser’s response will be included in the next NAD/CARU Case Report.

For a copy of the decision or for press inquiries, please contact Linda Bean, Director of Communications, 212-705-0129.

###

The National Advertising Review Council (NARC) was formed in 1971 by the Association of National Advertisers, Inc. (ANA), the American Association of Advertising Agencies, Inc. (AAAA), the American Advertising Federation, Inc. (AAF), and the Council of Better Business Bureaus, Inc. (CBBB). Its purpose is to foster truth and accuracy in national advertising through voluntary self-regulation. NARC is the body that

establishes the policies and procedures for the CBBB's National Advertising Division (NAD), the Children's Advertising Review Unit (CARU), and the National Advertising Review Board (NARB).

NAD and CARU are the investigative arms of the advertising industry's voluntary self-regulation program. Their casework results from competitive challenges from other advertisers, and also from self-monitoring traditional and new media, including the Internet. The National Advertising Review Board (NARB), the appeals body, is a peer group from which ad-hoc panels are selected to adjudicate those cases that are not resolved at the NAD/CARU level. This unique, self-regulatory system is funded entirely by the business community; CARU is financed by the children's advertising industry, while NAD/NARB's sole source of funding is derived from membership fees paid to the Council of Better Business Bureaus.