

CARU® NEWS

For Immediate Release

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CARU REFERS CHAT ROOM OPERATOR TO THE FTC *CARU Finds '1 Chat Avenue' Violated Children's Online Privacy Protection*

New York, NY – November 20, 2006 – The Children's Advertising Review Unit (CARU) of the Council of Better Business Bureaus, Inc. (CBBB), has referred 1 Chat Avenue, the operator of Chat-Avenue.com and Kidschat.net, to the Federal Trade Commission (FTC) in accordance with CARU's Procedures.

The two Websites came to the attention of CARU, the children's advertising industry's self-regulatory forum, through CARU's ongoing monitoring of the Internet to assure that Websites directed at children comply with CARU's *Self-Regulatory Guidelines for Children's Advertising* (the *Guidelines*) and the federal Children's Online Privacy Protection Act (COPPA.)

Both Websites feature free chat rooms for kids. The Chat-Avenue site links to other chat sites and services.

CARU was concerned when initially observing the Website because children were identifying themselves as being under the age of 13 and a number of them posted modified email addresses and Instant Message usernames. Of more concern to CARU was the fact that a number of adults were posting requests to chat with children under the age of 13. When a CARU staff member went on the site, she was able to easily post personally identifiable information such as name, street address and phone number. When a CARU staff member posed as an 11-year-old, she was immediately approached to enter a private chat and encouraged to engage in sex talk by a user that identified him as being 22 years old.

Before pursuing its inquiries into 1 Chat Avenue's compliance with the *Guidelines* and COPPA, CARU notified an appropriate law enforcement agency.

CARU's inquiries focused on key Internet safety issues, including:

- Whether the Websites had in place mechanisms to obtain parental consent for children under 13 years of age and provide for neutral age-screening.
- Whether the Websites' privacy policies included certain contact information and provided links to the privacy policies on each page where a child could disclose personally identifiable information.
- Whether the sites contained links to other Internet sites that do not comply with the *Guidelines* or COPPA.

1 Chat Avenue responded to CARU's inquiry by making a number of changes to both Websites including implementing an age screening mechanism. However, the operator asserted that the sites are targeted at teens between the ages of 13 and 16, rather than children under the age of 13. The operator argued that because his sites are not directed to younger children and because the sites do not collect information from users, it is not required to comply with COPPA or the Guidelines.

CARU, in its decision regarding Chat-Avenue.com, recommended further changes to the operation of the Website. Specifically, CARU recommended that the operator: refrain from using the words "kids" or "children" in the name of the chat room/Website; change the logo so that it does not appear to look like a child's handwriting; remove all references to "kids" and "children" in description tags to prevent search engines from directing children to the Websites.

CARU, in its decision regarding the Kidschat.net site, noted that "it is difficult to ignore the obvious attraction for children to a Website called 'Kidschat.' The name alone invites children and brings the site within the purview of COPPA and CARU's *Guidelines*. The Operator should either change the name of the site to reflect an older demographic and effectively block children under age 13 from chatting on the site; or, allow younger visitors to chat only after he receives verifiable parental consent."

1 Chat Avenue, in its advertiser's statements, noted that it does not agree "with all of CARU's decision."

"We feel implementing a parental consent system is not necessary. When/if COPPA implements a rule stating that any domain with the word "Kids" in it automatically targets users under the age of 13, we will implement a full parental verification system. We thank CARU for bringing this matter to our attention and look forward to ensuring, as reasonably possible, that under 13's do not participate in our chat rooms. Safety is the #1 priority of our websites," the company stated.

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

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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) and Children's Advertising Review Unit (CARU), as well as for the National Advertising Review Board (NARB) and Electronic Retailing Self-Regulation Program (ERSP.)

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. 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/NARC/NARB's sole source of funding is derived from membership fees paid to the CBBB. ERSP's funding is derived from membership fees to the Electronic Retailing Association. For more information about advertising self regulation, please visit www.narcpartners.org.