

CARU REFERS DAEHELLE FAN SITE TO FTC FOR REVIEW
CARU Recommends Company Modify Site to Better Protect Children's Privacy,
Operator Declines to Fully Comply

New York, NY – Nov. 6, 2007 – The Children's Advertising Review Unit (CARU) of the Council of Better Business Bureaus, Inc., has referred to the Federal Trade Commission www.Daechelle.com, operated by WUK Music Group as a fan Website for the young singer Daechelle.

CARU, the children's advertising industry's self-regulatory forum, monitors Websites for compliance with CARU's guidelines, including guidelines on online privacy protection, as well as for compliance with the federal Children's Online Privacy Protection Act (COPPA).

The Website www.Daechelle.com came to the attention of CARU through CARU's routine monitoring of the Internet. CARU was concerned that Daechelle.com collected personally identifiable information from children under 13 years of age without obtaining verifiable parental consent, contrary to the *Guidelines* and COPPA.

To sign up for the Daechelle fan club, a user must provide personally identifiable information (PII) including an email address, first and last name, street address, gender and age range, in addition to providing optional information such as birthday and phone number. Visitors were asked to choose from a series of age ranges, the youngest of which was 11 to 13 years of age. Despite the fact that the operator knew that some of the children it was registering were under age 13, it failed to obtain verifiable parental consent for those children.

In response to CARU's initial inquiry, the operator added a screen where one must enter one's month, day and year of birth, followed by a notice that reads:

“You must be 13 years of age or older to submit personal information to Daechelle.com. In compliance with the Children's Online Privacy Protection Act of 1998, we do not accept name and email address information from users who are under 13 years of age.”

The age-collection mechanism, however, did not prevent users who entered a date of birth corresponding with an age younger than 13 from submitting PII and joining the fan club without first providing parental consent.

CARU further recommended that the operator, to bring the Website into compliance, institute effective age screening, along with a tracking mechanism, to ensure that under-age users cannot easily circumvent the age screening process. CARU recommended, as well, that the operator ask age screening questions in a neutral manner, obtain verifiable parental consent from children who identify themselves as being younger than 13 and notify previous registrants of the fan club that they must re-register or have their accounts terminated and delete all accounts of children under the age of 13.

The operator failed to respond to CARU's recommendations. CARU, pursuant to its policies and procedures, has referred the matter to the Federal Trade Commission.

CARU's inquiry was conducted under *NAD/CARU/NARB Procedures for the Voluntary Self-Regulation of National Advertising*. Details of the initial inquiry, CARU's decision, and the

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About advertising self-regulation: 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 the 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 in the Electronic Retailing Association. For more information about advertising self regulation, please visit www.narcpartners.org.