

CARU[®] NEWS

Immediate Release

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CARU REFERS IMPULSE LEADS TO FEDERAL AGENCY *Company Declines to Bring Websites into Compliance with Guidelines, COPPA*

New York, NY – February 15, 2006 – The Children’s Advertising Review Unit (CARU) of the Council of Better Business Bureaus, Inc., has referred Impulse Leads, the operator of a network of Websites directed to children, to federal regulators. The company has not agreed to bring its sites into full compliance with CARU’s *Self-Regulatory Guidelines for Children’s Advertising* or with the federal Children’s Online Privacy Protection Act (COPPA).

The Impulse Leads network of Websites came to the attention of CARU, the children’s advertising industry’s self-regulatory forum, through CARU’s ongoing monitoring efforts.

CARU’s Guidelines on Interactive Electronic Media and COPPA require full disclosure of a Website’s privacy practices and mandate prior parental permission before site operators can collect personally identifiable information (PII), which includes first and last name, e-mail address, street address, phone number, from children under 13 years of age, or allow the posting of such information.

The Impulse Leads network features a large number of Websites offering free chat rooms, message boards and links to non-network chat sites and services. Many of these network Websites have the word “Kids” or “Preteens” in the title, for example, “kidschat.biz, kidschat.info, kidschat.ws, kidschat.name, kidchat.us, preteen.biz, preteenchat.net, and preteenchat.us.” A user can move seamlessly between these child-targeted sites and teen and general audience Websites on the network, many of which contain content inappropriate for children.

The kids and pre-teen sites within the Impulse Leads network fail to post privacy policies as required by the *Guidelines* and COPPA. At the outset of the inquiry, the company acknowledged that children under the age of 13 visit the network of Websites and participate in its chatrooms. The company said also that it had only recently purchased the network and had:

- Removed all of the banners and creatives through the network which displayed adult oriented material or lead to other sites that did so.
- Redesigned the sites to remove links that are not appropriate for children as well as add text to the sites that are more appropriate for children.
- Separated general audience Websites from child-targeted sites
- Hired additional staff to moderate and ensure greater safety in chat rooms and forums in the network of sites
- Added age-verification features.

The company stated also that it will post a new comprehensive privacy policy on each its sites.

CARU, following its reviewed, determined that despite changes, the network of sites, continue to be in violation of its *Guidelines* and COPPA.

CARU recommended the company take the following steps to bring the sites into compliance:

- On all Websites that have the term “Kids” and “Preteens” in the title, obtain verifiable parental consent for all users or discontinue the chat rooms.
- Unless the Kids and Preteen Websites are brought into compliance with CARU’s *Guidelines* (by requiring prior parental consent for all users), remove all references to “kids,” “children” and “preteens” within the domain names of the Websites as well as from their descriptive tags to prevent search engines from directing children to the Websites.
- Post a comprehensive privacy policy to the kids and preteen sites within the chat network.
- Remove hyperlinks to more mature Impulse Lead Websites from the child-targeted Websites.
- On all teen-targeted Websites within the Impulse Leads network, implement neutral age-screening as well as a tracking mechanism in order to prevent children under 13 years old from participating in the chat room.

The advertiser declined to provide CARU with an Operator’s Statement or to make the remaining changes to modify the Websites and bring them into compliance with CARU’s *Guidelines*. Because there are still numerous violations of both CARU’s *Guidelines* and COPPA on the network, CARU will refer this matter to the appropriate government agency.

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

CARU's inquiry was conducted under *NAD/CARU/NARB Procedures for the Voluntary Self-Regulation of National Advertising*. Details of the initial inquiry, NAD's decision, and the advertiser's response will be included in the next *NAD Case Report*.

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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. Funding for ERSP is derived from membership fees paid to the Electronic Retailing Association. For more information about advertising self regulation, please visit www.narcpartners.org.