

CARU REVIEWS ADVERTISING FOR PONYISLAND.NET WEBSITE

Company Brings Website into Compliance with Guidelines, COPPA

New York, NY – July 15, 2008 – The Children’s Advertising Review Unit (CARU) of the Council of Better Business Bureaus, Inc., has recommended that Induztrial, Inc., operator of the Website www.ponyisland.net, modify the site to assure it is in compliance with CARU’s self-regulatory guidelines for children’s advertising or the federal Children’s Online Privacy Protection Act (COPPA.)

CARU, the children’s advertising industry’s self-regulatory forum, reviewed the Website pursuant to CARU’s ongoing monitoring program.

The Website offers an interactive pet pony simulation experience, including the opportunity to breed, train and buy or sell ponies. Through the Website, members care for their ponies and see them through the various life stages of pregnancy, birthing and illness. Users learn about money management and genetics as they participate in PonyIsland’s various games.

The site’s trial membership offers 20 free days of play, after which members will need to pay \$14 for 6 months or \$23 for a year. Additionally, the site states that users will be unable to interact with the paid users of the site by trading ponies or services without a paid membership.

In its initial examination of the Website, CARU noted that a child had to check a box stating “I’m over 13 or have my parent’s permission to sign up.” After checking the box, a potential member was asked to enter a user name, password, e-mail address and birth date. As part of its review process, CARU was able to sign up for the Website as a user with a birth date under 13, despite having checked the initial box indicating an age over 13 or parental permission. Within the created profile, there was an option to enter an ICQ, AIM, MSN or Yahoo chat screen name.

The site also contained open forums for pony talk, which it stated were strictly monitored and safe for even the youngest players. Both the trial and paid members also had complete access to an internal e-mail feature allowing for private messaging among the different groups.

Parental contact information was not collected anywhere on the Website. The Website’s privacy policy, labeled “For Parents,” did not contain the required contact information for the site’s Operator(s) or detailed information about its collection practices.

Given the Website’s lack of a neutral age-screening process with a tracking mechanism, lack of verifiable parental consent prior to collecting information from children under 13, allowing for public posting of personally identifiable information and the absence of detailed information collection practices and contact information in the privacy policy, CARU found that the Website was not operating in compliance with the *Guidelines* or COPPA.

After receiving CARU's inquiry letter, the operator agreed to develop new privacy practices to ensure compliance with the guidelines and COPPA and the new practices were functional at the time CARU's decisions.

Induztrial created a comprehensive privacy policy and added detailed information about its collection practices as well as its contact information. The links to the privacy policy are now prominent and clearly displayed on all areas of the Website where personally identifiable information might be collected or posted.

All information previously collected from children under 13 during the trial period was deleted immediately and visitors were informed by a news bulletin on the homepage that the Website had updated and revised its registration procedures. The Website did not retain any PII previously collected from children under the age of 13 without proper parental consent.

CARU noted in its decision that it is pleased the Website operator immediately developed and incorporated new privacy measures to bring the Website into compliance with the guidelines and COPPA through neutral age-screening and verifiable prior parental consent.

The company, in its advertiser's statement, said it accepts CARU's decision in its entirety.

"Our Website, www.ponyisland.net has been significantly modified to ensure the protection of children's privacy. As strong promoters of CARU's mission, Induztrial appreciates the opportunity to participate in the self-regulatory process," the company said.

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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 advertiser's response will be included in the next NAD/CARU Case Report.

About Advertising Industry 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 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.