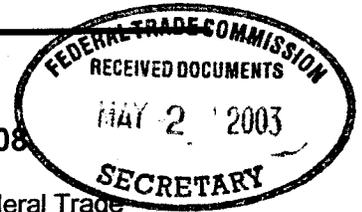




**Make Privacy Your Choice**



## **Technology Workshops 1 and 2 – Comment, P034808**

TRUSTe is pleased to submit the following comments in conjunction with the Federal Trade Commission's two-part series of public workshops on Protecting Personal Information.

### **About TRUSTe**

TRUSTe is an independent, nonprofit organization dedicated to enabling individuals and organizations to establish trusting relationships based on respect for personal identity and information in the evolving networked world. Founded in 1997, TRUSTe runs an award-winning global privacy certification and seal program. Our seal programs are considered Safe Harbors for the Children's Online Privacy Protection Act (COPPA) and the EU Safe Harbor Framework. The TRUSTe seal is currently displayed on all of the Internet's portal sites and has been rated as the most trust-invoking seal online and the most visible symbol on the Internet. Today, TRUSTe maintains the largest privacy seal program with more than 1,500 companies' Web sites certified throughout the world. The TRUSTe coalition of sponsoring companies includes AOL Time Warner, AT&T Wireless, Intuit, the Japan Engineers Federation and Microsoft Corporation. TRUSTe boasts a large network of online and brick-and-mortar member companies, including BMW, Walt Disney Group, and The New York Times. TRUSTe is based in San Francisco and has an office in Washington, DC. Descriptions of TRUSTe's programs are available on our web site (<http://www.truste.org>).

### **Technologies for Protecting Personal Information: The Consumer Experience**

#### **Question 1: Are consumers using technology to help manage the collection and use of their personal information?**

Consumers are indeed using the technological tools TRUSTe provides to protect their personal information in the online world. TRUSTe seals are displayed on over 2,000 Web sites visited by hundreds of millions of visitors monthly. There are several ways in which consumers interact with TRUSTe to address their privacy concerns.

#### **TRUSTe's "Click-to-Verify" System**

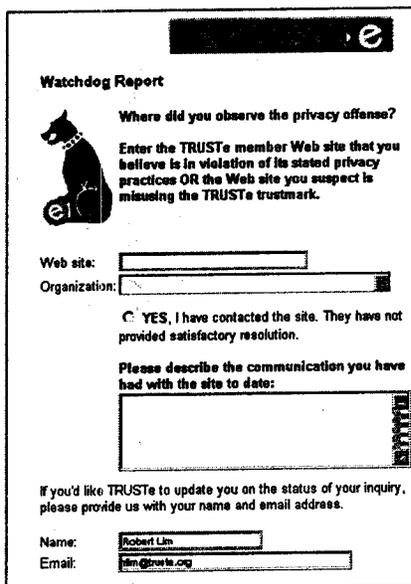
All TRUSTe licensees must display the TRUSTe "click-to-verify" seal in their privacy policies. This seal enables consumers to ascertain whether or not a site they are visiting is a TRUSTe site. When they click on the seal posted on a licensee's site, consumers are linked to the Licensee Verification Page for that company on TRUSTe's secure server. If the site is not a licensee, there is no verification. It is clear to us that consumers consider TRUSTe's click-to-verify system to be an important privacy safeguard: over the last fifteen months, we have received an average of 200,000 hits per month on click-to-verify seals. Many consumers have taken the additional step of notifying us when companies that are not TRUSTe licensees are inappropriately using TRUSTe click-to-verify and privacy seals. Consumers want to know that their personal information will be protected, and evidence that a site is a *bona fide* member of TRUSTe provides the assurance that consumers seek.



## TRUSTe's Watchdog Online Dispute Resolution System

TRUSTe's Watchdog System provides online third-party dispute resolution for eligible privacy-related complaints reported by consumers about TRUSTe licensees. Watchdog dispute resolution is available at no cost to consumers. A combination of automated technology and assistance from expert compliance personnel, the Watchdog System allows TRUSTe to initiate negotiations between consumers and TRUSTe licensees, and to work toward effective and positive resolution of privacy disputes.

A consumer files his or her complaint in the Watchdog System by completing a Watchdog Report on TRUSTe's Web site:



The image shows a screenshot of the TRUSTe Watchdog Report form. At the top right, there is a logo with the letter 'e' inside a circle. Below the logo, the title "Watchdog Report" is displayed. To the left of the main text is a small icon of a dog's head with the 'e' logo. The main text asks "Where did you observe the privacy offense?" and provides instructions: "Enter the TRUSTe member Web site that you believe is in violation of its stated privacy practices OR the Web site you suspect is misusing the TRUSTe trademark." Below this are two input fields: "Web site:" and "Organization:". A radio button is selected for "YES, I have contacted the site. They have not provided satisfactory resolution." Below this is a text area labeled "Please describe the communication you have had with the site to date:". At the bottom, there is a note: "If you'd like TRUSTe to update you on the status of your inquiry, please provide us with your name and email address." Below this are two input fields: "Name:" (with "Robert Lin" entered) and "Email:" (with "rlin@truste.org" entered).

Depending upon the nature of the complaint, the consumer may seek to have personal information corrected, modified, or deleted. In turn, TRUSTe may require a licensee to change its stated privacy policy or privacy practices in light of the facts and circumstances of a particular complaint. TRUSTe may also require a licensee to commission a third-party auditing firm to review its information practices and to ensure that a working solution to a *bona fide* complaint is implemented. Licensees that refuse to comply with a TRUSTe decision in the Watchdog resolution process may be referred to the appropriate government agency, removed from the TRUSTe program, and sued for breach of its contract with TRUSTe. A complete description of the Watchdog Dispute Resolution System is available on our Web site at [http://www.truste.org/users/compliance\\_doc.htm](http://www.truste.org/users/compliance_doc.htm).

As the accompanying chart illustrates, the Watchdog System is working very well. We received almost 8,000 complaints from consumers in the period from January 1, 2001 through March 31, 2003. Over 4,000 of these complaints were privacy-related. In almost all instances, our Watchdog experts were able to resolve *bona fide* privacy-related complaints successfully for consumers without requiring changes in licensees' privacy statements or practices. Consumers know they can rely upon the Watchdog System as a privacy-protection tool. We expect consumers' reliance upon the Watchdog System to continue to grow as the number of TRUSTe licensees increases and as more consumers come to trust that their privacy concerns can be handled effectively and efficiently online.

## TRUSTe Watchdog Dispute Resolution Report Years 2001, 2002 & 2003

	2001	2002	2003
Total Watchdog Disputes Received:	3,340	3,987	628
Total Privacy Related Issues Received:	1,800	1,861	355
Unable To Un-subscribe	402	412	69
Received Spam	640	490	46
Felt PII Was Shared Improperly	98	73	29
Felt Site Was Not Following Privacy Policy	83	198	56
Needed To Change PII	47	50	15
Wanted Account Closed and/or PII Deleted	234	179	23
Other Privacy Concerns	296	401	113
NAI – Opt Out Cookie	N/A	58	3
NAI – Other Online Preference Marketing Related Issues	N/A	0	1

### Resolution of Watchdog Disputes

Change In Web Site Operations Required:	2	5	0
Change In Web Site Privacy Statement Required:	12	9	0
Changes To Licensee's Privacy Practices	N/A	1	0
Total Revocation:	0	0	0
Total Appeals:	0	0	0
Total Onsite-Audits Required:	1	0	0
Sites included in Advisories:	0	0	0

## II. Technologies for Protecting Personal Information: The Business Experience

### Question 1: How are businesses using technology to manage their information practices?

TRUSTe uses a variety of technological tools to monitor our licensees' compliance with our privacy program requirements and to help our licensees to address potential problems in their information practices.

#### TRUSTe's licensee monitoring activities

TRUSTe uses the Mailshell™ email service as part of our ongoing monitoring effort to ensure that licensees adhere to the promises they make to their customers in their TRUSTe

certified privacy statements. Using Mailshell,™ TRUSTe “seeds” the customer lists of our licensees’ sites with unique email addresses that are extremely difficult to duplicate by spammers to determine, among other things, whether customer opt-outs and other preferences have been properly implemented and honored. We also use a Mailshell™ created email address in our review process for sites applying for initial certification by TRUSTe. As is the case for our licensees’ sites, we “seed” the sites of candidates for certification, to verify that they are following their stated practices and to evaluate the communications they send to customers (e.g., whether they include a functioning method for unsubscribing and clear instructions for using it).

Early this year TRUSTe began using Watchfire® WebXM™ automated technology to actively scan portions of licensee websites, to keep them compliant and to identify any TRUSTe licensees who are not abiding by our privacy program requirements. In the first three months of 2003 we scanned 100 licensee sites, and we plan to scan all TRUSTe websites by the end of the year. Items for which we scan include, for example, changes in a licensee’s privacy statement or data collection practices such as the use of web beacons. Watchfire® technology includes reporting capabilities that allow us to provide licensees with feedback about their information practices and to guide them where, for example, individual web pages are not fully compliant with our program requirements.

TRUSTe licensees have welcomed our feedback from Watchfire® as an “early warning system” for potential privacy pitfalls that can be addressed before they become issues for website users. The majority of the compliance issues revealed in our ongoing scanning efforts have been related to the updating of web sites (e.g., the inadvertent omission of the required link to a site’s privacy statement on a new web page where an order form is posted). Licensees have acted quickly to correct these problems, demonstrating their ongoing commitment both to the TRUSTe program and to protecting their customers’ privacy.

### Dispute Resolution

Finally, our Watchdog Dispute Resolution System is extremely important to our licensees, who value the expertise and responsiveness with which our compliance personnel work toward resolution of their customers’ privacy-related complaints. As the accompanying chart indicates, privacy disputes involving our licensees are routinely resolved to consumers’ satisfaction and without necessitating changes in licensees’ stated privacy practices. Furthermore, the Watchdog System enables us to make available to licensees detailed reports about the numbers and categories of privacy complaints that consumers file about their sites, as well as trends in those complaints over time. TRUSTe Licensees find these reports essential to their efforts to fine-tune their privacy practices and communications with their consumers.

New technologies have helped TRUSTe not only to oversee our licensees’ compliance with the TRUSTe program, but also to help our licensees manage their own privacy practices for the benefit of consumers. We have every reason to think that technology will continue to develop in a privacy-protective way that benefits both consumers and businesses. TRUSTe will continue to play a significant part in that process.

For further information, please contact Martha K. Landesberg, Senior Policy Advisor, in Washington DC at 202-835-9751, Fax: 202-719-7207, email: [mlandesberg@truste.org](mailto:mlandesberg@truste.org) or Fran Maier, Executive Director, in San Francisco at 415-618-3418, Fax: 415-618-3420, email: [fmaier@truste.org](mailto:fmaier@truste.org).