



Mr. Donald S. Clark
Secretary
Federal Trade Commission
Room H-159
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

May 6, 2004

Re: Privo Safe Harbor Proposal: Project No. P044506

Dear Mr. Clark:

I welcome the opportunity to offer support of the proposed "Safe Harbor" Guidelines submitted by Privo, Inc. in response to the Federal Trade Commission (FTC) notice for comment. As a client of Privo, I have extensively reviewed Privo's software, service, practices, and proposal, I believe that it fully adheres to, and in many cases exceeds, the provisions of the Children's Online Privacy Protection Act (COPPA), and should be approved as a Safe Harbor by the FTC.

In order to provide a context for my comments, I will provide the FTC with some background. SparkTop.org is a website designed to improve the self-esteem of 8-12 year olds with learning difficulties. Sparktop.org is operated by Schwab Learning, a program of the Charles and Helen Schwab Foundation. This initiative is of personal importance to Mr. and Mrs. Schwab because both Charles Schwab and his son have dyslexia and they wanted to help other families cope with this issue.

As managing director of Schwab Learning, I am responsible for growing and deepening Schwab Learning program content and impact, expanding product development, increasing program reach among children and families, and building effective distribution channels. I also serve on the Charles and Helen Schwab Foundation cabinet which provides direction for the Foundation.

Prior to joining Schwab Learning, I was co-founder of the award-winning multimedia company, KidStar Interactive Media. I have spent 12 years in executive management positions in media and technology companies serving the young adult, teen and children's marketplaces. I was named as a finalist in the American Marketing Association/Media Inc. Marketing and Media Hall of Fame, and have been a featured guest on CNBC's *Power Lunch*, showcased in an ABC Television Marketplace series highlighting women entrepreneurs, and acted as a chairperson and invited speaker at more than a dozen national and international conferences regarding children, youth, media and technology. I

also serve as an advisor to Children's Edu-Investors, LLC, an investment fund which provides capital to early-stage education-centric companies.

From my experience, past and present, I believe that it is important for companies and non-profits alike to stay operationally focused on their core missions. Across all aspects of our work at Schwab, we partner with best-of-breed solution providers who can help us meet our stated objectives by providing specialized expertise, knowledge, or services. It was a very natural thing for us to search for a privacy and permissions management solution partner. Privo offered the perfect fit for our needs, and we felt their vision for children's online safety and privacy would serve us well in the long-term. We really like the idea of working with a third-party who specializes exclusively in permissions management and that was in the process of seeking Safe Harbor. Also, we are pleased at not having to house sensitive member data in-house, and to be able to project our costs while maintaining a focus on our own business operations and core competencies.

Privo enables companies and organizations to offer children their favorite online activities. Kids love to express themselves online through such forums as message boards, contests, artwork and writing uploads, opinion polls, instant messaging, Internet voicemail, multi-player games, pen-pals, etc. Although at Schwab Learning we review all original submissions before they are posted, any one of these activities could potentially provide a way for kids to disclose sensitive personal information. We wanted to ensure that parents are informed, have a chance to be involved, and have truly given consent for participation. For us, utilizing Privo's model enables us to interact appropriately with the kids and families that are served by our organization, and to provide forums for permissioned kids to interact with each other, while staying in compliance with COPPA (even as regulations and consumer expectations evolve).

Making the registration process convenient and comfortable for parents is a huge priority. As a core identity service provider, Privo is able to offer our member parents multiple online and offline methods to verify and activate their account. It provides immediate confirmation for online methods and a great turn-around for offline methods. Privo is particularly helpful to busy parents, who will greatly benefit from a centralized service such as provided by Privo; parents can go through the verification process to get a username and password that they can use to authorize their children to participate at other Privo-enabled websites or promotions which meet their approval. Privo provides the necessary mechanisms to receive, address, and respond to consumer questions.

Privo's proposal demonstrates its commitment to meeting, and in many cases, exceeding the standards of COPPA. Privo guidelines track the requirements set out in §§ 312.2-312.8 for providing parental notice, choice, consent, data confidentiality and security. Due to their commitment to secure data management practices, Privo provides even greater privacy and security for family contact information than internal family brand customer service departments.

In the industry, there seems to be quite a bit of confusion about what steps are required to be fully compliant. The fear of being tagged as out of compliance is so great (and for good reason) that many brands who have perfectly legitimate, positive reasons for interacting with youth online have reduced their interactions to lowest common-denominator activities in order to avoid dealing with these issues. As a result, I believe that the market is poised to respond to a solution provider such as Privo which has credibility with the FTC, which can provide cost-effective solutions, and which can be sufficiently customized to meet the unique and varying requirements of diverse kid and family Web sites. The Privo application is flexible to customer-specific needs and requirements. When the email-plus clause sunsets as an unreliable consent acquisition method, Privo will be on hand to help companies who seek an infomediary service continue to offer their initiatives in compliance with COPPA.

Last fall, we implemented an integrated marketing campaign that included a television campaign on Nickelodeon, an online campaign on Nick.com and other sites, and a custom, in-school program distributed to students by Weekly Reader. Privo's solution was extensively third-party tested in advance of this promotion, and was in place during our campaign. During this campaign, Privo scaled to handle the volume of more than 20,000 individual records, an initiative we would not have attempted without the assistance of a specialized, credible partner. As a result of this thoughtful permissions process, many more children and their parents have access to the research-based information and resources we provide for families coping with learning disabilities.

Because of our integration of PrivoLock, we were able to secure verified parental permission for more than 10,000 kids to join our free membership program during the campaign. This is important to us because parents have now provided consent for us to re-contact their children with various outreach efforts that we have developed to help them learn more about how to cope with learning difficulties. The conversion rate for visitors who clicked on the registration link to begin the process to those who actually completed the process with parental consent was nearly 25%, which we felt was remarkable given that the process was generally initiated by kids and then completed by their parent. We are extremely cost-conscious here, and the fact that our integration of Privo helped us to leverage our marketing investments to build an asset as valuable as new permission-based, opt-in relationships with families is an extremely important product benefit.

I applaud the FTC for designing the Safe Harbor mechanism; there is a need for a solution providers like Privo, and the Safe Harbor program helps to put prospective clients' at ease that by implementing Privo's Privacy Assurance Program, they will be COPPA-compliant in the eyes of the FTC. In reviewing Privo's Privacy Assurance Program, I found it to offer a thoroughly effective mechanism to assess and promote client compliance with the COPPA.

In summary, Privo has the potential to emerge as a much needed standard in child registration and parental permissions management, benefiting all constituents: the public, family brands, and the government. For the reasons described in this letter, I hereby offer my support for the acceptance of the Privo program under the Safe Harbor provisions of COPPA. I am confident that the program will provide industry with a meaningful technology and service offering that will foster parental empowerment, and safe and enjoyable activities for children online.

Respectfully Submitted,

/s/

Jodell Seagrave

Managing Director

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