CONFIDENTIAL: EMBARGOED UNTIL WEDNESDAY, AUGUST 23, 2023, at 6:00 AM ET

Contact:

Josh Golin, Fairplay: josh@fairplayforkids.org

Jeff Chester, Center for Digital Democracy: jeff@democraticmedia.org

Advocates demand Federal Trade Commission investigate Google for continued violations of children's privacy law

Following news of Google's violations of COPPA and 2019 settlement, 4 advocates ask FTC for investigation

BOSTON and WASHINGTON, DC - WEDNESDAY, August 23, 2023 -

The organizations that alerted the Federal Trade Commission (FTC) to Google's violations of the Children's Online Privacy Protection Act (COPPA) are urging the Commission to investigate whether Google and YouTube are once again violating COPPA, as well as the companies' 2019 settlement agreement and the FTC Act. In a Request for Investigation filed today, Fairplay and the Center for Digital Democracy (CDD) detail new research from Adalytics, as well as Fairplay's own research, indicating Google serves personalized ads on "made for kids" YouTube videos and tracks viewers of those videos, even though neither is permissible under COPPA. Common Sense Media and the Electronic Privacy Information Center (EPIC), joined Fairplay and CDD in calling on the Commission to investigate and sanction Google for its violations of children's privacy. The advocates suggest that the FTC should seek penalties upwards of tens of billions of dollars.

In 2018, Fairplay and Center for Digital Democracy led a coalition asking the FTC to investigate YouTube for violating the Children's Online Privacy Protection Act (COPPA) by collecting personal information from children on the platform without parental consent. As a result of the advocates' complaint, Google and YouTube were required to pay a then-record \$170 million fine in a 2019 settlement with the FTC and comply with COPPA going forward. Rather than getting the required parental permission before collecting personally identifiable information from children on YouTube, Google claimed instead it would comply with COPPA by limiting data collection and eliminating personalized advertising on "made for kids."

But an explosive <u>new report</u> released by Adalytics last week called into question Google's assertions and compliance with federal privacy law. The report detailed how Google appeared to be surreptitiously using cookies and identifiers to track viewers of "made for kids" videos. The report also documented how YouTube and Google appear to be serving personalized ads on "made for kids" videos and transmitting data about viewers to data brokers and ad tech companies.

In response to the report, Google told the <u>New York Times</u> that ads on children's videos are based on webpage content, not targeted to user profiles. **But follow-up research conducted independently by both Fairplay and ad buyers suggests the ads are, in fact, personalized**

and Google is both violating COPPA and making deceptive statements about its targeting of children.

Both Fairplay and the ad buyers ran test ad campaigns on YouTube where they selected a series of users of attributes and affinities for ad targeting and instructed Google to only run the ads on "made for kids" channels. In theory, these test campaigns *should have resulted in zero placements*, because under Google and YouTube's stated policy, no personalized ads are supposed to run on "made for kids" videos. Yet, Fairplay's targeted \$10 ad campaign resulted in over 1,400 impressions on "made for kids" channels and the ad buyers reported similar results. Additionally, the reporting Google provided to Fairplay and the ad buyers to demonstrate the efficacy of the ad buys would not be possible if the ads were contextual, as Google claims.

"If Google's representations to its advertisers are accurate, it is violating COPPA," said Josh Golin, Executive Director of Fairplay. "The FTC must launch an immediate and comprehensive investigation and use its subpoena authority to better understand Google's black box child-directed ad targeting. If Google and YouTube are violating COPPA and flouting their settlement agreement with the Commission, the FTC should seek the maximum fine for every single violation of COPPA and injunctive relief befitting a repeat offender."

The advocates' letter urges the FTC to seek robust remedies for any violations, including but not limited to:

- Civil penalties that demonstrate that continued violations of COPPA and Section 5 of the FTC Act are unacceptable. Under current law, online operators can be fined \$50,120 per violation of COPPA. Given the immense popularity of many "made for kids" videos, it is likely millions of violations have occurred, suggesting the Commission should seek civil penalties upwards of tens of billions of dollars.
- An injunction requiring relinguishment of all ill-gotten gains
- An injunction requiring disgorgement of all algorithms trained on impermissibly collected data
- A prohibition on the monetization of minors' data
- An injunction requiring YouTube to move all "made for kids" videos to YouTube
 Kids and remove all such videos from the main YouTube platform. Given
 Google's repeated failures to comply with COPPA on the main YouTube platform
 even when operating under a consent decree these videos should be
 cabined to a platform that has not been found to violate existing privacy law
- The appointment of an independent "special master" to oversee Google's operations involving minors and provide the Commission, Congress, and the public semi-annual compliance reports for a period of at least five years

Katharina Kopp, Deputy Director of the Center for Digital Democracy, said "The FTC must fully investigate what we believe are Google's continuous violations of COPPA, its 2019 settlement with the FTC, and Section 5 of the FTC Act. These violations place many millions of young viewers at risk. Google and its executives must be effectively sanctioned to stop its 'repeat offender' behaviors—including a ban on monetizing the personal data of minors, other financial penalties, and algorithmic disgorgement. The Commission's investigation should also review

how Google enables advertisers, data brokers, and leading online publisher partners to surreptitiously surveil the online activities of young people. The FTC should set into place a series of 'fail-safe' safeguards to ensure that these irresponsible behaviors will never happen again."

Caitriona Fitzgerald, Deputy Director of the Electronic Privacy Information Center (EPIC), said "Google committed in 2019 that it would stop serving personalized ads on 'made for kids' YouTube videos, but Adalytics' research shows that this harmful practice is still happening. The FTC should investigate this issue and Google should be prohibited from monetizing minors' data."

Jim Steyer, President and CEO of Common Sense Media, said "The Adalytics findings are troubling but in no way surprising given YouTube's history of violating the kids' privacy. Google denies doing anything wrong and the advertisers point to Google, a blame game that makes children the ultimate losers. The hard truth is, companies — whether it's Big Tech or their advertisers — basically care only about their profits, and they will not take responsibility for acting against kids' best interests. We strongly encourage the FTC to take action here to protect kids by hitting tech companies where it really hurts: their bottom line."

###