



Center for Digital Democracy: 2013 Activities

The Center for Digital Democracy (CDD) continues to play a unique leadership role in protecting the public from digital marketing practices that threaten their privacy, their rights as consumers, and their autonomy. Through its research, advocacy, organizing, and presswork, CDD keeps a powerful public-interest spotlight on the digital marketing industry. Google, Facebook, leading data brokers such as Acxiom, mobile marketers and advertising agencies are closely analyzed and held accountable through CDD's regulatory and other initiatives.

Here are some of the highlights of CDD's work in 2013:

- **Overseeing the implementation of stronger rules for the Children's Online Privacy Protection Act (COPPA).** COPPA is the only federal law protecting online privacy, and was enacted in 1998 through the leadership of CDD Executive Director Jeff Chester and Prof. Kathryn Montgomery. More recently, CDD led a four-year campaign to strengthen COPPA safeguards to better reflect contemporary data collection practices, including the tracking of young people on mobile phones and in social media. The Federal Trade Commission adopted nearly all the changes proposed by CDD (and the coalition it led), which went into effect in July 2013. CDD spent several months working closely with the FTC to ensure that the strongest possible rules were adopted. COPPA now provides a unique set of safeguards that prohibit "behavioral targeting" of children 12 and under, and that cover all platforms. In order to ensure these new policies for children and their parents are taken seriously by industry, CDD expanded its legal and regulatory capacity through the hiring of its first legal director—Hudson Kingston. Hudson is monitoring compliance with COPPA, and CDD has already been successful in blocking one industry plan that would weaken the new rules' impact. Two COPPA-related complaints will be filed in December at the FTC, with additional ones set for 2014. CDD also published [a parent's guide](#) to the new COPPA rules.
- **Protecting children and teens from unfair and harmful digital food marketing practices.** Youth obesity is an epidemic in the U.S. (and other countries), and food marketing plays a key role promoting the consumption of unhealthy foods and beverages. Fast food companies are in the forefront of the use of digital media to promote and sell their products, with Facebook, YouTube, social media, and mobile campaigns among their marketing strategies. CDD is the leading consumer group focused on this issue, closely tracking industry developments and helping educate stakeholders, policymakers, and the news

media. Directed by CDD's Associate Director Joy Spencer, we have identified problematic practices, engaged in regulatory action, and helped spur advocacy.

- **Facebook:** CDD has been engaged in corporate oversight of Facebook since 2007, when the social media site first began its social advertising programs. Our work helped lead to the FTC 2011 “consent decree” with Facebook (and also Google), in which the company promised it would better protect privacy of its users. CDD continues to follow closely the expansion of Facebook’s social media marketing and advertising practices, especially its new relationships with data broker companies like Acxiom. We are engaged in a multipronged effort involving Facebook, including preventing it from opening up its service to children 12 and under (which it hopes to do). This year CDD organized several meetings with other consumer and nonprofit groups, including Consumers Union, to develop a strategy that would prevent Facebook from targeting children. CDD met with a top Facebook official as well, at their headquarters, as part of our advocacy effort. We also published a guide for parents entitled [“Five Reasons Why Facebook is Unsuitable for Children Under 13.”](#) CDD has also raised concerns about Facebook’s commercial targeting of teens, including ad for junk food. Through the leadership of Joy Spencer, along with Kathryn Montgomery, CDD is convening allies to develop a set of Fair Marketing Principles to govern the digital marketing to adolescents. CDD and its allies (especially the Electronic Privacy Information Center) have challenged Facebook’s overall expansion of data collection and targeted marketing to users, including its new focus on mobile devices and the use of data brokers. Last September, when Facebook announced another expansion of its data collection and new policies regarding the targeting of teens, CDD and EPIC filed a complaint with the FTC. CDD organized a meeting with top commission staff, wrote a legal and market analysis of Facebook’s advanced advertising practices, placed news stories, and worked behind the scenes to encourage the FTC to act. The commission did open up an investigation in response to our complaint, holding up Facebook’s proposed changes for several months. It also forced Facebook to alter its proposed new terms of service regarding teens, although the FTC has allowed Facebook’s other changes to go through. CDD will continue its work on social media in 2014, including through its Fair Marketing guidelines.
- **Financial marketing safeguards.** CDD has continued work investigating how the financial services industry is using online products, with a focus on economically vulnerable consumers. Building on its work in 2012 that revealed (through a *New York Times* article) the use of “e-scores” that non-transparently evaluate the financial worthiness of individuals, CDD and its partner USPIRG have continued to analyze industry developments. In a report prepared for the Annie E. Casey Foundation, we documented a set of practices and developments in online financial marketing that require both consumer advocacy and regulatory scrutiny. CDD was asked to brief the Consumer Financial Protection Bureau about mobile payment and privacy practices, and served as a resource to members of Congress, the FTC, and the news media on these issues. In 2014, CDD will

publish a series of guides on key financial online marketing and services issues, as well as engage in advocacy and regulatory strategies.

- **Promoting privacy and data protection.** CDD is a leader of the U.S. privacy community, with a unique perspective, given our focus on the role and growth of commercial surveillance, and a multifaceted approach that combines research, regulatory work at the FTC, active involvement with the press, efforts to inform our allies, and coordination NGO regulatory advocacy on this issue. No other group in the U.S. has the knowledge of both current and emerging online advertising applications, and an understanding of their implications for privacy and consumer protection. We continue to play a very influential force at the FTC on these issues, helping to inform its privacy agenda, and we enjoy direct access to the agency's leading officials. In 2014, we will be expanding our work in this area to focus on developments in hyper-local geolocation tracking.
- **Digital consumer protection.** In addition to financial and food marketing, CDD continues its work to ensure fair marketing practices for the public. We have consistently raised concerns about the collection and use of racial and ethnic data as part of targeted digital marketing. Hispanics and African Americans are increasingly targeted on mobile phones and social media, where race plays a factor in online "profiles" (along with income, geography, etc.). CDD published [two guides](#) on this issue, and has alerted civil rights groups to the need for new safeguards. CDD continues to track online multicultural marketing and is committed to raising the profile of this issue. In addition, CDD also tracks the digital pharmaceutical and health marketplace, with a report to be released early next year.
- **EU/U.S. consumer advocacy.** CDD is playing a key role in supporting efforts to strengthen the EU's data protection regime, which is the subject of lobbying by U.S. data companies. CDD spearheaded a U.S. NGO delegation to Brussels earlier this year, which included the ACLU. It was the first time EU Parliamentarians had been approached by U.S. consumer groups in support of a new law. In addition, CDD is the U.S. co-chair of the Transatlantic Consumer Dialogue's (TACD) Information Society working group. We are coordinating the activities of U.S. NGO TACD members on data and digital consumer privacy issues. CDD is currently playing a leadership role with regard to the proposed EU/U.S. trade agreement (TTIP), which, in its present form, would weaken the ability of both countries to create regulatory safeguards. We are working to ensure that privacy rules are strengthened—and not undermined—by the TTIP (which is what U.S. online companies seek to do).