

## UNITED STATES OF AMERICA Federal Trade Commission

WASHINGTON, D.C. 20580

## Statement of Commissioner Alvaro M. Bedoya Joined by Commissioner Rebecca Kelly Slaughter Notice of Final Rulemaking to Update the Children's Online Privacy Protection Rule (COPPA Rule)

## **January 16, 2025**

Today, the Commission takes the important step of finalizing its amendments to the COPPA Rule. These changes are a necessary effort by the Commission—and authorized by Congress—to modernize the COPPA Rule and ensure it keeps up with advancements in technology.

I have already written at some length in this rulemaking process about the congressional intent behind COPPA.<sup>1</sup> Here, I write to underscore just one aspect of the Rule updates—an amendment to § 312.10 of the COPPA Rule to expressly tell companies that they cannot keep children's information indefinitely.<sup>2</sup> That provision also requires that companies set a schedule for deleting those children's data.

In recent years, the FTC has repeatedly encountered and filed suit against companies who apparently *never* deleted children's data:

- In 2022, the DOJ on behalf of the FTC filed and settled charges against Kurbo, Inc. and WW International, Inc., in connection with a weight management online application they offered children and teens, including allegations that Defendants violated the COPPA Rule by indefinitely retaining personal information collected online from children under the age of 13.<sup>3</sup>
- In 2023, the DOJ on behalf of the FTC filed and settled charges against Edmodo, LLC, in connection with its education platform and related mobile applications, including alleging that Edmodo violated the COPPA Rule by indefinitely retaining personal information

<sup>1</sup> See Statement of Commissioner Alvaro M. Bedoya, On the Issuance of the Notice of Proposed Rulemaking to Update the Children's Online Privacy Protection Rule (COPPA Rule) (Dec. 20, 2023), https://www.ftc.gov/system/files/ftc\_gov/pdf/BedoyaStatementonCOPPARuleNPRMFINAL12.20.23.pdf.

https://www.ftc.gov/system/files/ftc gov/pdf/filed complaint.pdf.

<sup>&</sup>lt;sup>2</sup> These amendments were proposed in the Commission's Notice of Proposed Rulemaking for the COPPA Rule. *See* 89 Fed. Reg. 2034, 2061–62 (Jan. 11, 2024) (to be codified at 16 C.F.R. pt. 312),

https://www.federalregister.gov/documents/2024/01/11/2023-28569/childrens-online-privacy-protection-rule.

<sup>3</sup> See Complaint at 11, 14–15, United States v. Kurbo, Inc. (N.D. Cal. Feb. 16, 2022) (No. 3:22-cv-00946),

collected online from children under the age of 13, including more than 600,000 in 2020 alone.<sup>4</sup>

- In 2023, the DOJ on behalf of the FTC filed and settled charges against Amazon.com, Inc. and Amazon.com Services LLC in connection with Amazon's voice assistant service, Alexa, alleging that Defendants violated the COPPA Rule by, among other things, indefinitely retaining personal information in voice recordings and transcripts collected online from children under the age of 13.5
- In 2023, the DOJ on behalf of the FTC filed and settled charges against Microsoft Corp. in connection with its Xbox Live online services and related products, including alleging that, Microsoft violated the COPPA Rule by indefinitely retaining personal information collected online from children under the age of 13 who did not complete the account creation process, thereby putting children's data at risk for uses outside parents' reasonable expectations and for compromise by unauthorized third parties.<sup>6</sup>
- In 2024, the FTC and the State of California filed and settled charges against NGL Labs, LLC, the owner of an anonymous messaging app, including charges that NGL violated the COPPA Rule, by retaining all customer data provided to it indefinitely, including from children under the age of 13, and that NGL was aware of numerous children under the age of 13 using its app based on complaints from children and parents.<sup>7</sup>

The Senate hearing on the law we now know as COPPA was punctuated by concerns about the creation of detailed profiles about children that tracked their behavior over time: the Senate sponsor of the legislation,<sup>8</sup> the FTC chairman who backed its passage,<sup>9</sup> and key committee witnesses all highlighted this as an urgent problem.<sup>10</sup>

<sup>&</sup>lt;sup>4</sup> See Complaint at 14–17, *United States v. Edmodo, LLC* (N.D. Cal. May 22, 2023) (No. 3:23-cv-02495), <a href="https://www.ftc.gov/system/files/ftc\_gov/pdf/edmodocomplaintfiled.pdf">https://www.ftc.gov/system/files/ftc\_gov/pdf/edmodocomplaintfiled.pdf</a>.

<sup>&</sup>lt;sup>5</sup> See Complaint at 3, 6–10, 14, *United States v. Amazon.com, Inc.* (W.D. Wash. May 31, 2023), (No. 2:23-00811), https://www.ftc.gov/system/files/ftc\_gov/pdf/Amazon-Complaint-%28Dkt.1%29.pdf.

<sup>&</sup>lt;sup>6</sup> See Complaint at 7, 9–10, *United States v. Microsoft Corp.* (W.D. Wash. June 5, 2023) (No. 2:23-cv-00836), <a href="https://www.ftc.gov/system/files/ftc\_gov/pdf/microsoftcomplaintcivilpenalties.pdf">https://www.ftc.gov/system/files/ftc\_gov/pdf/microsoftcomplaintcivilpenalties.pdf</a>.

<sup>&</sup>lt;sup>7</sup> See Complaint at 22, 28–29, FTC & Cal. v. NGL Labs, LLC (C.D. Cal. July 9, 2024) (No. 2:24-cv-05753), https://www.ftc.gov/system/files/ftc\_gov/pdf/NGL-Complaint.pdf.

<sup>&</sup>lt;sup>8</sup> See Children's Online Privacy Protection Act of 1998: Hearings on S.2326 Before the Subcomm. on the Communications of the Comm. on Commerce, Science, and Transportation, 105<sup>th</sup> Cong. 1069 (1998) (remarks of Sen. Richard Bryan) [hereinafter "1998 COPPA Hearing"] at 4 ("Besides readily available public record information, more and more companies are compiling data on what groceries we buy, what movies we rent, what magazines we read, and what we purchase with our credit cards.")

<sup>&</sup>lt;sup>9</sup> See 1998 COPPA Hearing at 17 (Chairman Robert Pitofsky describing Web sites that ask children questions about their receipt of stocks and bonds as birthday gifts, and observing: "There is a lot of that sort of thing going on on the Internet, and then the information is accumulated and quite often it is marshalled and it is then transferred to some other company...").

<sup>&</sup>lt;sup>10</sup> See id at 35, 39 (Dr. Kathryn Montgomery of the Center for Media Education warning senators about the creation of "very, very sophisticated" "psychographic profiles" that are built from tracking technologies that "track every move that an individual child makes online").

In proposing the first iteration of the COPPA Rule, the Commission urged companies to adopt procedures for the destruction of personal information once it was no longer necessary for the purpose for which it was collected.<sup>11</sup> The Commission made this call as part of its statutory mandate to issue regulations requiring operators of websites covered by COPPA "to take reasonable measures to protect the confidentiality, security, and integrity" of personal information collected from children.<sup>12</sup> After all, the Commission argued, the "[t]imely elimination of data is the ultimate protection against misuse or unauthorized disclosure."<sup>13</sup>

Then, in 2013, the Commission updated COPPA with a formal requirement that companies retain children's information "for only as long as is reasonably necessary to fulfill the purpose for which the information was collected." A wave of companies now claim that it is "reasonably necessary" to keep that data forever. Today, we clarify that's not reasonable.

This clarification is especially important at a time when the developers of large language models and other AI products are caught in a race to acquire ever-increasing amounts of training data. Indeed, this was one of the justifications that Amazon offered for its alleged indefinite retention of children's voice information: The company said it needed the data to train its AI.<sup>15</sup>

I will repeat now what the Majority said then: Claims from businesses that data must be indefinitely retained to improve algorithms do not override legal bans on indefinite retention of data. Companies eyeing children's data would do well to heed this lesson. I am glad that this rule update will make those obligations even more explicit.

<sup>&</sup>lt;sup>11</sup> COPPA Rule, Notice of Proposed Rulemaking, 64 Fed. Reg. 22750, 22758–59 (Apr. 27, 1999) (addressing the "Confidentiality, security, and integrity of personal information collected from children" provision codified at 16 C.F.R. § 312.8, "[t]he Commission encourages operators to establish reasonable procedures for the destruction of personal information once it is no longer necessary for the fulfillment of the purpose for which it was collected."). <sup>12</sup> See id; 15 U.S.C. § 6502(b)(1)(D).

<sup>&</sup>lt;sup>13</sup> 64 Fed. Reg. at 22759.

<sup>&</sup>lt;sup>14</sup> COPPA Rule, Final Rule, 78 Fed. Reg. 3972, 4012 (Jan. 17, 2013) (codified at 16 C.F.R. § 312.10 ("Data retention and deletion requirements.")).

<sup>&</sup>lt;sup>15</sup> Statement of Comm'r Alvaro M. Bedoya, joined by Chair Lina M. Khan & Comm'r Rebecca Kelly Slaughter, In the Matter of Amazon Alexa (*United States v. Amazon.com, Inc.*) (May 31, 2023), <a href="https://www.ftc.gov/system/files/ftc\_gov/pdf/Bedoya-Statement-on-Alexa-Joined-by-LK-and-RKS-Final-1233pm.pdf">https://www.ftc.gov/system/files/ftc\_gov/pdf/Bedoya-Statement-on-Alexa-Joined-by-LK-and-RKS-Final-1233pm.pdf</a>.