Regulators start probe into children's online privacy

Diane Bartz, Reuters

(Reuters) - U.S. regulators are investigating a number of companies in the mobile app marketplace for failing to protect children's privacy or not disclosing what information is collected from users, the Federal Trade Commission said on Monday.

The agency made the disclosure in releasing a report that found the makers of mobile apps designed for children had frequently failed to adequately inform parents about what information was collected about their children.

The information collected could include a child's location or mobile device number.

"FTC staff has initiated a number of investigations to address the gaps between company practices and disclosures," the agency said in a report. It declined to say which companies it was investigating or how many there were.

The FTC enforces the 1998 Children's Online Privacy Protection Act, which requires companies to get parental consent before collecting information about children aged 12 or younger.

To do the study, the agency chose 400 apps designed for children, 200 from Google Play and another 200 from Apple's App Store. It looked at disclosures and user information that was collected and transmitted.

The agency found that 20 percent of the apps disclosed that they collected information, while 60 percent collected the device's unique ID and sent it back to the developer, an advertising [1] network or another third party.

Fourteen of those apps also sent back the user's location and/or their phone number, the report said.

Neither Apple nor Google responded to requests for comment.

The FTC said the findings, which follow a similar agency report in February, were "disappointing."

"Staff did find a handful of app developers that were providing users with simple and short disclosures," the report said. "(But) most apps failed to provide basic information about what data would be collected from kids, how it would be used, and with whom it would be shared."

The Association for Competitive Technology, which represents more than 5,000 small and medium-sized app developers, said developers were often

unsophisticated about legal obligations but that the group held workshops and boot camps to train them in best practices.

"In fact 87 percent of apps are developed by small or micro businesses that do not have legal departments or privacy experts on staff," said ACT Executive Director Morgan Reed in a statement.

There are more than 700,000 apps in Apple's App Store and 700,000 available from Google, the report said. Neither the FTC nor ACT were able to say what percentage of apps are aimed at children aged 12 and younger.

Kathryn Montgomery, a university professor who had pushed for COPPA to become law in 1998, said, "It is clear that there is an urgent need for the FTC to update its COPPA regulations and to engage in ongoing enforcement."

(Reporting By Diane Bartz; Editing by Gerald E. McCormick)

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