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9 United States of America

10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE CENTRAL DISTRICT OF CALIFORNIA
12 WESTERN DIVISION
13

14 UNITED STATES OF AMERICA,

15 Plaintiff,

16 v.

17 UMG RECORDINGS, INC., a
18 corporation,

19 Defendant.
20

Civil Action No.
CV-04-1050 JFW (Ex)

CONSENT DECREE AND
ORDER FOR CIVIL
PENALTIES, INJUNCTIVE,
AND OTHER RELIEF

21 WHEREAS plaintiff, the United States of America, has commenced this
22 action by filing the Complaint herein; defendant has waived service of the
23 Summons and Complaint; the parties have been represented by the attorneys whose
24 names appear hereafter; and the parties have agreed to settlement of this action
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1 personal service or otherwise, are hereby enjoined, directly or through any
2 corporation, subsidiary, division, website, or other device, from violating any
3 provision of the Rule in connection with any of defendant’s websites or online
4 services. A copy of the current Rule is attached hereto as “Appendix A” and
5 incorporated herein as if fully set forth verbatim.

6 6. In the event the Rule is hereafter amended or modified, defendant’s
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1 **CIVIL PENALTY**

2 8. Defendant, and its successors and assigns, shall pay to plaintiff a civil
3 penalty, pursuant to Section 5(m)(1)(A) of the Federal Trade Commission Act, 15
4 U.S.C. § 45(m)(1)(A), in the amount of four hundred thousand dollars (\$400,000),
5 due and payable within five (5) days following entry of this Consent Decree.
6 Unless otherwise directed, payment shall be made by electronic fund transfer in
7 accordance with procedures specified by the Office of Consumer Litigation, Civil
8 Division, U.S. Department of Justice, Washington, D.C. 20530.

9 9. In the event of any default in payment, which default continues for ten
10 (10) days beyond the due date of payment, the entire unpaid penalty, together with
11 interest, as computed pursuant to 28 U.S.C. § 1961, from the date of default to the
12 date of payment, shall immediately become due and payable.

13 **COMPLIANCE**

14 10. Defendant, and its successors and assigns, within ten (10) days from
15 the date of entry of this Consent Decree, shall delete all personal information
16 collected from every child through its websites at any time from April 21, 2000
17 through the date of entry of this Consent Decree.

18 11. Defendant, and its successors and assigns, within thirty (30) days from
19 the date of entry of this Consent Decree, shall provide a copy of this Consent
20 Decree and the Federal Trade Commission compliance guide entitled *How to*
21 *Comply with the Children’s Online Privacy Protection Rule* (Nov. 1999)
22 (“compliance guide”) (attached hereto as “Appendix B”) to each of its current
23 officers, directors, employees, agents, and representatives having responsibilities
24 related to the operation of any website or online service subject to this Consent
25 Decree, and secure a signed statement or return email from each such person
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1 certifying his or her receipt of a copy of this Consent Decree and the compliance
2 guide. Defendant shall, within fifteen (15) days of complying with this paragraph,
3 submit to the Commission a signed statement setting forth the fact and manner of
4 defendant's compliance, including the name and title of each person to whom a
5 copy of the Consent Decree and compliance guide has been provided.

6 12. For a period of five (5) years from the date of entry of this Consent
7 Decree, defendant, and its successors and assigns, shall provide a copy of this
8 Consent Decree and the compliance guide to each of its future officers, directors,
9 employees, agents, and representatives having responsibilities related to the
10 operation of any website or online service subject to this Consent Decree, and
11 secure a signed statement or return email from each such person certifying his or
12 her receipt of a copy of this Consent Decree and the compliance guide, within
13 thirty (30) days after the person assumes such position or responsibilities.

14 Defendant shall maintain copies of the signed statements, as well as other
15 information regarding the fact and manner of its compliance, including the name
16 and title of each person to whom a copy of the Consent Decree and compliance
17 guide has been provided and, upon request, shall make the statements and other
18 information available to the Federal Trade Commission.

19 13. Within sixty (60) days from the date of entry of this Consent Decree,
20 and at such other times as the Federal Trade Commission may reasonably require,
21 defendant, and its successors and assigns, shall file with the Commission a written
22 report, setting forth in detail the manner and form in which it has complied and is
23 complying with this Consent Decree. The report shall include but not be limited
24 to:

- 25 a. a statement setting forth in detail the criteria and process
26 through which any of its websites registers visitors online for
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1 any activity requiring the submission of personal information,
2 and a copy of each different screen or page providing
3 registration information or collecting personal information;

4 b. a copy of the home page(s) for each of its websites and a copy
5 of each different privacy notice posted on any of its websites;

6 c. a copy of each different privacy notice sent to parents of
7 children from whom defendant seeks to collect personal
8 information;

9 d. a statement setting forth in detail when and how each such
10 notice to parents is provided;

11 e. a statement setting forth in detail the methods used to obtain
12 verifiable parental consent prior to any collection, use, and/or
13 disclosure of personal information from children;

14 f. a statement setting forth in detail the means provided for
15 parents to review the personal information collected from their
16 children and to refuse to permit its further use or maintenance;

17 g. a statement setting forth in detail why each type of information
18 collected from children is reasonably necessary for the
19 provision of the particular related activity; and

20 h. a statement setting forth in detail the procedures used to protect
21 the confidentiality, security, and integrity of personal
22 information collected from children.

1 14. For a period of five (5) years from the date of entry of this Consent
2 Decree, defendant, and its successors and assigns, shall maintain, and make
3 available to the Federal Trade Commission for inspection and copying within
4 fourteen (14) days of the date of receipt of a written request, a print or electronic
5 copy in HTML format of documents sufficient to demonstrate compliance with the
6 terms and provisions of this Consent Decree, including for example, a sample copy

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1 corporation about which defendant, or its successors and assigns, learn less than
2 thirty (30) days prior to the date such action is to take place, it shall notify the
3 Commission as soon as is practicable after obtaining such knowledge.

4 16. Defendant is hereby required, in accordance with 31 U.S.C. § 7701, to
5 furnish to the Federal Trade Commission its taxpayer identifying number (social
6 security number or employer identification number), which shall be used for
7 purposes of collecting and reporting on any delinquent amount arising out of its
8 relationship with the government.

9 17. All reports, submissions, and notices required by Paragraphs 11 - 16
10 of this Consent Decree shall be sent by certified mail to:

11 For the Federal Trade Commission:

12 Associate Director, Division of Advertising Practices
13 8 1 8 5 0 2 r o c c

1 interpretation or modification of this Consent Decree, for the enforcement of
2 compliance therewith, or for the punishment of violations thereof.

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4 JUDGMENT IS THEREFORE ENTERED pursuant to all the terms and
5 conditions recited above.

6 Dated this _____ day of _____, 2004.

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10 UNITED STATES DISTRICT JUDGE
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1 The parties, by their counsel, hereby consent to the terms and conditions of
2 the Consent Decree as set forth above and consent to the entry thereof. Defendant
3 waives any rights that may arise under the Equal Access to Justice Act, 28 U.S.C. §
4 2412, concerning the investigation and prosecution of this action.

5
6 FOR THE UNITED STATES OF AMERICA:

7 PETER D. KEISLER
8 Assistant Attorney General
9 Civil Division
10 U.S. Department of Justice

11 DEBRA W. YANG
12 United States Attorney

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21 EUGENE M. THIROLF
22 Director
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FOR THE FEDERAL TRADE COMMISSION:

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