



Campaign for a Commercial-Free Childhood

December 20, 2016

Doug McMillon, CEO
Wal-Mart Stores, Inc.
702 S.W. 8th St.
Bentonville, AK 72716

Re: My Friend Cayla, threat to child welfare

Dear Mr. McMillon:

We are writing to urge Wal-Mart Stores, Inc. to immediately discontinue sales of the doll *My Friend Cayla* because it poses a serious threat to the privacy and security of children.

On December 6, 2016, we filed a complaint with the Federal Trade Commission (“FTC”) against Genesis Toys, the manufacturer of My Friend Cayla, and Nuance Communications, which provides voice recognition software for the doll. That complaint documented how Genesis and Nuance put children at risk by violating the Children’s Online Privacy Protection Act (“COPPA”) and the FTC Act’s prohibition on unfair and deceptive practices. Violations include:

- 1) The Privacy Policy and Terms of Service for My Friend Cayla are difficult to locate, confusing, and incomplete, providing parents with little meaningful information about what information is actually collected from children, how it’s used, or where it ends up;
- 2) Genesis fails to obtain parents' consent before collecting, using, and disclosing children's voice recordings and other personal data;
- 3) Genesis retains children’s voice recordings and other information collected via the doll for vague and potentially indefinite periods of time; and
- 4) Children's voice recordings from the dolls are also sent to Nuance, which may use them for law enforcement and national security voice identification services.

In addition, My Friend Cayla poses significant security risks that could place children in physical danger. Genesis fails to require basic authentication mechanisms to prevent unauthorized Bluetooth connections between the doll and a smartphone or tablet. Users do not need to enter a passcode or have physical access to the doll before discovering and pairing with the doll. As a result, a stranger or potential predator within a 50-foot range can easily establish a Bluetooth connection with the doll, eavesdrop on the child, and even converse with the child through the doll.

An adult contemplating the purchase of this doll at Walmart would have no way of knowing of these security risks, or that children who use the doll will have their voice recordings shared with a defense contractor and other unknown third parties.

We are confident that after it concludes an investigation, the FTC will require Genesis and Nuance to make significant changes to My Friend Cayla, the toy's companion application, and both companies' data collection practices. Until that time, the toy poses too great a danger to children to be sold by your company.

We understand that some retailers in Europe, including the online retailers Jollyroom and Amazon Spain, have already discontinued sales of My Friend Cayla in response to the complaint we filed. Top-Toy stores in Europe, including Toys“R”Us and BR Leksaker, are offering refunds to parents who wish to return the doll.

When companies collect personal information from children, they incur serious legal obligations to protect children's privacy. COPPA reflects a general understanding that the collection and use of information on young children should be treated with care and avoided when possible. Genesis and Nuance have completely disregarded their legal and ethical obligations when it comes to children's privacy and safety. It is incumbent upon retailers like Walmart to act swiftly to ensure these harms are mitigated to the greatest extent possible.

We urge you to put the welfare of children first, and to cease sales of My Friend Cayla pending investigation and action by the FTC.

Sincerely,

Jeff Chester
Executive Director
Center for Digital Democracy

Josh Golin
Executive Director
Campaign for a Commercial-Free Childhood

Claire Gartland
Director
EPIC Consumer Privacy Project