

# Testimony of Danni Ashe

President and Founder, Danni's Hard Drive

COPA Commission Hearing on "Marketing Adult Materials Online"

San Jose State University - San Jose, California

August 3, 2000

## **Introduction**

Thank you, Mr. Chairman and Commissioners, for your kind invitation allowing me to offer my opinion on the important issues being raised in these hearings. As the founder and owner of one of the web's largest adult sites I feel uniquely positioned to provide insight into current marketing practices being used by the online adult community and perhaps I can shed some light and help achieve everyone's goal of keeping children away from material that may be inappropriate for them.

My website, Danni's Hard Drive, has served over 100 million visitors in the past 5 years and, according to a recent Alexa study, is the single most popular website of any genre owned by and featuring a woman. Danni's Hard Drive has always been a reflection of my own personal sensibilities and is considered within the industry to be fairly "soft-core" meaning I focus more on female nudity rather than hardcore sexual contact. My site falls in the soft-core genre but over the years, I've dealt with hundreds of companies whose businesses range from bikini shows to hardcore XXX films and feel, in the overview, I have a very solid understanding of the adult business and all its various subcultures.

At first look, many might assume that the adult webspace is a chaotic mess controlled by several large porn companies. The reality is that among only a handful of large companies there are literally thousands upon thousands of home-based mom-and-pop shops set up in every corner of the world. Over the years, all these small individual sites have set up highly organized networks for sharing traffic and marketing their businesses.

## **Business Models**

Within these networks, you'll find four prevalent business models: Free Sites, Adult Networks or Link Sites, Subscription Sites and Content Syndicators. Each model works in harmony supporting the other models with either traffic, content or shared revenue.

**Free Sites** will use free content or “teasers” to draw visitors and to keep them coming back. They will then, through the use of banner ads or link lists, trade that traffic to other free sites, networks or link sites in exchange for more traffic. Ultimately the Free Site will sell traffic to Subscription Sites in order to generate revenues.

**Link Sites/Adult Networks** are set up to collect and distribute traffic offering long organized lists of links often displayed in order of who sent the most traffic into the network. Free sites sending traffic in will receive a commensurate amount of new traffic back in return. Think of them as traffic routers – taking in traffic then making decisions about where to send it. These sites will also sell traffic, in the form of banner ads, to Subscription Sites in order to generate revenue.

**Subscription Sites** generally buy traffic from Free Sites or Link Sites and then attempt to sell memberships to those visitors. Visitors who fail to “convert” or buy a membership will often be sold or traded to another subscription site – a practice called “selling exit traffic” - wherein the user experiences often unending exit consoles and new browser windows they can't escape. Those who do buy a membership will then have access to

the Subscription Site's content, which often includes both proprietary content developed by the site's operators and content purchased or obtained from a Content Syndicator.

**Content Syndicators** are in the business of developing content often in the form of photo archives, interactive e-zines, live video feeds and/or video chat rooms. They then distribute their content to subscription sites either for a fee or for an agreement to pitch "upsells" - offering the subscriber additional content for an additional fee.

### **Common Marketing Methods**

With the exception of the content syndicators, who only look to reach members of the subscription sites to whom they've sold content, the primary goal of all adult sites – just as it is for any commercial website - is to get traffic. In, addition to the complex networks of traffic exchange I've already described, there are a number of other methods regularly being used. Many in our community make ethical and productive use of these methods while others, unfortunately, abuse them.

**Email lists** are used by many adult sites, including my own, to drive traffic to their sites. I personally only email people who've actively opted-in to my list while visiting my site. I offer a comprehensive privacy statement and make it very easy for people who've changed their minds to get removed. I also refrain from ever sending adult materials or including graphic language in my emails in the event a child may be looking through their parent's email. I instead require those on my email list to visit the site in order to see whatever preview I may be promoting.

Unfortunately, there are others who are less careful about their use of email lists and this is at the heart of what I believe is the most egregious problem we all face. Email addresses are often harvested from users without their knowledge. They can be lifted from newsgroup postings, detected from people's browsers and can be randomly generated – Just put together a list of common usernames and tack on @aol.com or @yahoo.com and you've got yourself a list. There are people doing nothing but building lists and selling them off to anyone willing to pay. The lists are then purchased to pitch pyramid schemes, get rich quick scams and sometimes extremely violent and illegal forms of pornography. Often the people purchasing these lists are skilled at masking their locations and routing information. This makes their SPAM virtually impossible to trace or block and getting removed from these lists nearly impossible.

**Search Engines** are commonly used by webmasters looking to reach targeted traffic and virtually everyone will submit their websites to all the top search engines. While a handful of search engines, such as Yahoo, use human operators to assure the proper categorization of websites many others use "spiders" or "crawlers" and rely on a website's text or metatags to make that decision. This not only results in many webmasters committing trademark infringement in hopes of getting better results but also opens up the door for confusion between "adult" keywords and keywords possibly being typed in by children. The best example would probably be the use of the word "girls." An adult webmaster could have the text "Live Asian Girls" on his homepage and

unknowingly have his website listing returned on a search for “Asian Studies” or “Girls Club.”

**Newsgroup Postings** are used by many webmasters to drive traffic to their sites and when done in a very careful, considered and targeted manner, this can be an excellent way of attracting visitors. Unfortunately, very much like those who will abuse email lists, individuals who are particularly lazy or unethical will use SPAM bots to post explicit images and advertisements all across Usenet with little regard for where they’re ending up.

### **Our Problems are Your Problems**

The online industry as a whole faces many problems in the areas of fraud, theft and copyright infringement. In the adult sector, these problems can be compounded when the theft results in explicit materials, otherwise found only in password-protected areas being openly distributed for free.

**Theft and Copyright Infringement** – While Usenet newsgroups are sometimes used by adult webmasters to promote their sites; they also contain two of the biggest problems we face as an industry, which are theft and copyright infringement. Every day as I post materials to the password protected areas of my website, literally within minutes, individuals will download those materials and begin posting them to newsgroups. From there, anyone can access them including minors who, if looking for adult materials, will most likely turn to the newsgroups because everything is free.

**Credit Card Fraud** - Usenet is the easiest way to get free material but for those who are more industrious and technically savvy there's always credit card fraud. There are enormous holes in the processing systems of many major credit card companies and, as a result, the online industry is currently experiencing outrageously high rates of fraud. Hacker websites, often populated by teenage boys, openly distribute software capable of generating valid credit card numbers, which can then be used to obtain a credit card authorization and fraudulent entry into an adult site. For much of this year, I have polarized the efforts of my company toward filling the gaps in the credit card system and combating this fraud. This has taken the full-time effort of more than 7 people within my organization – a resource many business owners couldn't possibly afford.

**Password Trading Sites** – Once a password is fraudulently obtained it often ends up on a password-trading site where anyone, including minors, can find free passwords to literally hundreds of adult sites. Again, I've been able to apply the resources of my company towards blocking access from these sites and disabling passwords that end up there. Many smaller business owners are often unable to do anything about it.

### **Solutions**

I will now outline what I believe to be the most productive steps that can be taken toward protecting children from harmful materials online.

**Better Protections against SPAM** – Because email is pushed by its sender and passively received by its recipient, SPAM should be considered one of the most, if not the most, important problem to be faced. While someone must actively make choices and take deliberate steps in order to visit websites or newsgroups, that same person has essentially no choice about receiving unsolicited email. While California has adopted a law to regulate SPAM abuses, it's simply unable to tackle this International problem. What's truly needed is an International scheme with firm guidelines as well as simple, effective methods for reporting abuses. Until this can be accomplished, children will continue to get unwanted sexually explicit email.

**Stronger Protections from Theft** – Theft and copyright violation on the Internet is rampant and while, in the case of Napster, people may want to debate the value of copyrights online, we have one more element to consider. Responsible adult merchants, making an effort to shield children from their products are left powerless to do so once their materials are stolen. Many of us are working feverishly to try and find ways to better protect our content from theft but we need stronger copyright laws and more cooperation from ISP's and law enforcement agencies.

**Better Payment Systems** – Credit card fraud is also rampant and as an industry we're finding the credit card companies more interested in punishing merchants with high fines than working with us to correct the holes in their systems. As a result, many webmasters are forced to use more unstable payment systems, which makes them even more susceptible theft. The more theft we incur, the more our materials end up out on the net

for free and available to anyone, including minors. We need cooperation from the credit card companies to help ensure that a credit card authorization always means we're dealing with the authorized cardholder and that that person is an adult.

**Create Kid Friendly Areas** – Everything I've suggested up to this point will help in shielding children from sexually explicit materials but it won't change the nature of the Internet as a whole or mean that kids will ever be able to roam freely online. At this point, making the entire Internet "kid friendly" is a physical impossibility and any attempt to do so will only serve to curb the liberty and speech of millions while still failing to achieve its goal. In my opinion, the only viable solution available is to create protected areas that are suitable for children in the same way we build schools or playgrounds in our cities.

I advocate working within ICANN to obtain international support for a child-safe area on the Internet, which could be defined by a new top-level domain such as dot Kid or dot Kids. With International support, a set of standards could be written to restrict content within this domain, to that which is universally considered safe for children. A system could then be created to shut down any website within the dot Kids domain found to be in violation of those standards.

This approach is appealing because it represents the carrot rather than the stick. No one will be stigmatized by being forced into a specified domain against his or her will.

Instead, persons or companies seeking to provide content for children would want to participate in this new dot Kids domain because it guarantees their audience.

This approach could assist those companies currently developing tools to protect children. Browsers and email systems that only allow access to the dot Kids domain could be easily developed. These products could also allow parents, if they choose, to specify and approve individual websites or e-mail from outside the dot Kids top-level domain allowing it to pass the browser or e-mail barrier.

The greatest strength of this approach is that it avoids thorny free speech issues raised by trying to label and filter adult material. There are millions of people online and each and every one of us has a slightly different definition of pornography, a different sense of morality and different ideas about what may be harmful to children. The diversity of our opinions makes the task of identifying what's to be considered "adult" difficult and compelling those who've been labeled to comply nearly impossible. As we all know, every attempt thus far to label and regulate "adult" material online has met with vigorous litigation and ended up stalled in the courts.

There may be other methods of protecting children from sexually explicit material on the Internet but the solution I have described appears to be the most realistic means of achieving that goal today. I'm certain most parents would like to see this situation rectified before their kids become adults.

## **Closing**

Thank you for giving me the opportunity to share both my knowledge of the online adult industry and, more importantly, my opinions on how best to protect children online. I hope you find value in my presentation and that it helps you reach your goal.