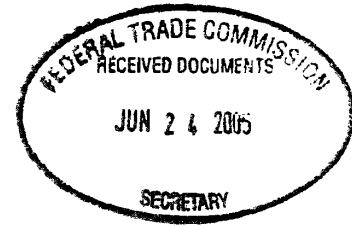


June 15, 2005



Federal Trade Commission  
Office of the Secretary  
Room 159-H (Annex Y)  
600 Pennsylvania Avenue, NW.  
Washington, DC 20580

Re: COPPA Rule Review, Project No.  
P054505

Dear Madam/Sir:

Navy Federal Credit Union provides the following comments on the Federal Trade Commission's (FTC) review of the Children's Online Privacy Protection Rule (the Rule). Navy Federal is the world's largest natural person credit union with over \$24 billion in assets and 2.5 million members.

Navy Federal generally agrees with the Rule and believes it should be retained. We believe children's online privacy and safety is at a lesser risk than before COPPA rules and that more safeguards are in place for children and parents. Because of this, we believe there is a continuing need for the current rules.

The Rule provides that any "method to obtain verifiable parental consent must be reasonably calculated, in light of available technology, to ensure that the person providing consent is the child's parent." The FTC specifically requests comments on the use of credit cards as a reasonable means of obtaining verifiable parental consent. Navy Federal does not believe that using a credit card is a reasonable means of verifying whether the person providing consent is the child's parent. Even when used in conjunction with a transaction, this still may not reasonably verify parental consent. Not only are some companies now marketing debit cards to children, but a child could easily get his or her parent's credit card and impersonate their parent when making a transaction.

The FTC also specifically requests comments on the availability of secure electronic mechanisms. At this time, Navy Federal believes the expected progress in technology has not occurred and we know of no secure electronic mechanisms widely available to facilitate verifiable parental consent at a reasonable cost. Currently, the FTC utilizes the sliding scale approach, which places more stringent requirements on Web site operators who disclose information collected from children to third parties than on those Web site operators who only use the information for internal purposes. Until more reliable methods of obtaining verifiable

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parental consent becomes widely available at a reasonable cost, the sliding scale should remain in place.

Navy Federal believes that without the sliding scale in place, Web site operators would be more inclined to release information to third parties. We believe that external release of information increases the likelihood that the information could be misused and agree with the Rules's Statement of Basis and Purpose that "disclosures to third parties are among the most sensitive and potentially risky uses of children's personal information." Therefore, Navy Federal encourages the FTC to retain the sliding scale approach. By retaining this approach, which requires more reliable and costly methods of obtaining parental consent for disclosure of children's information to third parties, Web site operators would continue to have monetary incentives to only collect children's information for internal uses.

We appreciate the opportunity to provide these comments on the FTC review of the Children's Online Privacy Protection Rule.

Sincerely,

Cutler Dawson  
President/CEO

CD/tg