

February 10, 2005

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

Re: Sliding Scale 2005, Project No.
P054503

Dear Madam/Sir:

Navy Federal Credit Union provides the following comments on the proposed amendments to the Children's Online Privacy Protection Rule (the Rule). Navy Federal is the world's largest natural person credit union with over \$22 billion in assets and 2.5 million members.

Navy Federal supports the proposed amendment that would make the sliding scale mechanism for obtaining parental consent permanent. The sliding scale 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. While the Federal Trade Commission's original intent was to make the sliding scale temporary, we agree that the expected progress in technology has not occurred. Until more reliable methods of obtaining verifiable parental consent become widely available at a reasonable cost, the sliding scale should remain in place.

The Federal Trade Commission specifically requests comments on what effect eliminating the sliding scale would have on the information collection and use practices of Web site operators. Navy Federal believes that without the sliding scale controls 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 Rule'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 Federal Trade Commission 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.

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We appreciate the opportunity to provide these comments on the proposed amendments to the Children's Online Privacy Protection Rule.

Sincerely,

A handwritten signature in black ink that reads "Cutler Dawson". The signature is written in a cursive style with a large initial "C" and a long horizontal stroke at the end.

Cutler Dawson
President/CEO

CD/tg