

July 8, 2004

Ms. Jennifer J. Johnson
Secretary of the Board of Governors
Federal Reserve System
20* Street and Constitution Avenue
Washington, DC 20551

Re: Docket **OP-1195**

Dear Ms. Johnson:

Navy Federal Credit Union provides the following comments in response to the Federal Reserve Board's proposal to conduct a study of prescreened solicitations. Navy Federal is the world's largest natural person credit union with over \$21 billion in assets and 2.4 million members. We serve Department of Navy personnel, dependents, and family members in every state and many locations overseas.

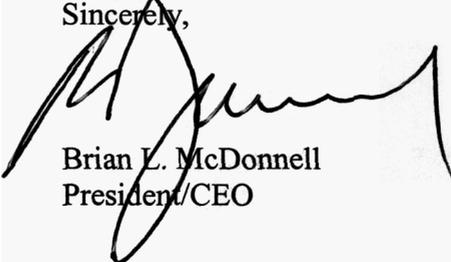
The Board study is expected to address the benefits to consumers as a result of receiving solicitations, the methods that are available to consumers to notify lenders that they do not wish to receive solicitations, and the extent to which consumers are currently using those mechanisms to avoid receiving them. Navy Federal periodically offers products and services to members that have prequalified because of certain predetermined credit-related factors. Members who have reached threshold criteria are informed of products that, based on our research and expertise, could be of particular benefit to them. Selective marketing of financial products and services helps us to keep the costs of offering them as low as possible and adds to the value of credit union membership.

While we believe that there are important benefits of prescreened solicitations, we have also established internal mechanisms to honor our members' requests about the amount and types of materials they might receive. Slightly more than 1% of our members have notified a credit bureau that they do not wish to receive prescreened solicitations. Approximately .4% of our members have asked Navy Federal directly to refrain from sending marketing materials. We do not market to those members that have asked us either directly or indirectly to refrain from sending solicitations or marketing materials for products or services.

Historically, Navy Federal has not experienced significant incidences of identity theft associated with prescreened solicitations. This is, in part, because our solicitations are designed to minimize the amount of information available in a mailing that can be intercepted and used fraudulently. We believe that prescreened solicitations, if handled properly, do not contribute to identity theft.

Ms. Jennifer J. Johnson
Page 2
July 8, 2004

Navy Federal appreciates the opportunity to respond to the Federal Reserve Board's proposal to conduct a study **of** issues associated with the use prescreened solicitations to **offer** credit products.

Sincerely,

Brian L. McDonnell
President/CEO

BLM/pm