TCF BANK
801 Marquette Av.
Minneapolis, MN 55402

January 14, 2004

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th and C Streets, N.W.
Washington, DC 20551

Re: Proposed Changes to Federal Reserve Bank (FRB) Cash Access Policy
(Docket # OP-1164) Released on October 8, 2003

Dear Ms. Johnson:

TCF National Bank (TCF) is a Minnesota-based national bank with approximately 400 offices in Minnesota, Illinois, Michigan, Wisconsin, Colorado and Indiana. TCF's current cash systems, procedures and processes have been constructed based on the Federal Reserve Bank's current policy of providing cash services to it's members. The modification of our procedures and processes to comply with the FRB proposed cash access policy changes will entail considerable effort and cost, as detailed below.

The FRB implemented additional fees in 1998 for financial institutions that ordered/deposited from more than 10 'endpoints' each week. At that time, TCF incurred significant costs related to this change including revising our operating processes to consolidate all branch orders/deposits each day to one 'endpoint'. This resulted in staff additions to consolidate the orders, increased armored carrier charges to break down the orders by branch and consolidate the individual deposits into one, and the implementation of software to consolidate the orders/deposits and ensure balancing between TCF, the armored carrier, and the FRB. The result of this consolidation each day is that some 'cash intake' branches are depositing large quantities of cash while other 'cash outflow' branches are ordering cash, thus the inevitability of 'cross-shipping' each day.

We analyzed the 2nd quarter, 2003 Cross-Shipping summary report provided by the FRB. Based on current activity, we believe we would incur additional fees in excess of $50,000 annually to continue with our current procedures and processes for supplying cash to our branches.

We have identified three possible options to minimize cross-shipping fees, none of which are viable options and appear to increase TCF's operating costs:

1. Maintain higher cash volumes at branch offices at all times.
   - There are security concerns with this option – the potential for internal and external fraud would increase resulting in an increase in robbery and embezzlement losses.
   - Keeping larger cash balances means 'idle cash' that cannot be used for investments, and results in a loss of income.

2. Implement a Cash Processing department at a central location in each region (Minneapolis, Illinois, Michigan, Wisconsin and Colorado) to re-distribute deposited cash to branch offices needing to order cash.
   - Investment in a Cash Processing center would include increased annual costs for facilities, staff (each center must be staffed by 2 people at all times), security, computer equipment and insurance.
   - It would be necessary to purchase high speed sorting equipment to measure 'fitness' of bills and detect counterfeit bills, a significant capital expenditure.
   - This option would also require a major overhaul of the cash processing software program (or purchase of a new software program) that could be used to 're-distribute' cash deposited to branch offices needing to order cash.

3. Maintain a central vault at the armored carrier location in each region (Minneapolis, Illinois, Michigan, Wisconsin and Colorado) to re-distribute deposited cash to branch offices needing to order cash.
   - Maintaining a central vault at the armored carrier locations would result in increased processing charges from the armored carriers for verifying and recycling cash sold so it can be used to fill orders going back to the branches.
   - Keeping larger cash balances on hand at the armored carrier locations means 'idle cash' that cannot be used for investments, and results in a loss of income.
   - This option would result in additional fees from the armored carriers due to the necessity of 'renting' a vault to hold excess currency.
   - This option would also require a major overhaul of the cash processing software program (or purchase of a new software program) that could be used to 're-distribute' cash deposited to branch offices needing to order cash.

The proposed 'Custodial Inventory' program does not seem to be an option for mid-sized financial institutions like TCF since qualifying institutions must recirculate 200,000 notes (200 bundles) or more of $5s, $10s, and $20s per week. Being a mid-size regional bank, we do not recirculate near this quantity each week.

The proposed 'de minimus exemption' appears to favor smaller financial institutions than TCF by exempting the first 1,000 bundles of cross-shipped currency per quarter. Being a mid-size regional bank we cross-ship 3 times that number of bundles each quarter across all Regions.

It appears that the greatest impact of the proposed changes will be to mid-size regional financial institutions that cross-ship more than 1,000 bundles of currency per quarter, thus more than the 'de minimus exemption allows, *and* cross-ship less than 2,600 bundles of currency per quarter, thus are not eligible for the 'Custodial Inventory' program.

In closing, we would like further review of the impact of this proposed change to mid-size regional financial institutions prior to implementation. Thank you for your consideration in review of this matter.

Sincerely,

Denice R. Robertson
Vice President – Branch Operations