

Lourdes Cortez
President/CEO

February 21, 2011

Mr. Bernanke
Board of Governors of the Federal Reserve System,
C/o Ms. Jennifer J. Johnson, Secretary
20th Street and Constitution Avenue, NW.,
Washington, DC 20551

Docket No. R-1404
RIN No. 7100 AD63

Dear Chairman Bernanke,

My name is Lourdes Cortez and I am the CEO/President for North Jersey Federal Credit Union which is located in Totowa, New Jersey. I represent 31, 000 members who are located predominately in the counties of Passaic and Bergen. The purpose of this letter is to oppose the proposal as published for comment and to request that implementation of any version of the rule be postponed. This would permit time to fully research and study the proposed rule and its affect on consumers' payment card networks, merchants, and financial institutions such as Credit Unions; as well as, the overall debit card electronic payments system.

The "exemption" for credit union under \$10 billion is essentially ineffective without enforcement powers forcing payment card networks to offer a two-tier debit transaction interchange rate system for small and large issuers. Even if a two tier system is established, Credit Unions would be severely impacted if merchants area able to steer transaction processing to an electronic payment network of their choice; or if merchants are permitted to steer consumers away from Credit Union debit cards.

The 12 cents fee structure developed for large issuers is far too low and excludes a number of reasonable costs. The proposed fee cap does not take into consideration fraud prevention and data security costs. Just this year alone the Credit Union has experienced tremendous losses due to fraud, and fraud prevention is costly to Credit Unions.

The impact to our bottom line will range from \$60K to \$74K annually, and due to the loss of revenue we may be forced to pass the expenses of processing the debit card transactions; as well as, the cost for fraud prevention and data security costs to our members. It will cost our members to use the convenience of a debit card.

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I urge you to adopt “alternative A” in regards to a routing method. This would require issuers to provide the debit card that can be used over two unaffiliated networks; such as a PIN based network and an unaffiliated signature-based network. Alternative B would place an unreasonable regulatory burden on our Credit Union.

I would like to thank you in advance for considering my comments. If you have any questions, my contact information is 973-785-9200 x3308.

Sincerely,



Lourdes Cortez
President and CEO