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Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551

February 14, 2011

Re: Debit Interchange Fees and Routing;
Docket No. R-1404 and
RIN 7100-AD63

Dear Ms. Johnson:

I am writing you today to offer a "community bankers" opinion of the Federal Reserve Board's proposed new Regulation II (Debit Card Interchange Fees and Routing) to implement Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act). I am the President and CEO of Peoples Community Bank based out of Montross Virginia. We employ nearly 60 team members and operate in 4 rural communities and one metropolitan area of Virginia.

At first one might think that a small bank with under 200 million in assets would not be affected by the above regulations. However retail distribution points will direct customers to the large low priced mega banks and will ultimately reduce our strained income streams. For a small community bank technology and innovation comes at a precious price to our limited capital. How is a local hometown bank to keep up with consumer demand for the newest technology when our revenues are continuously marginalized by over bearing and un-proven regulations?

Community banks did not cause this economic crisis, but we seem to be paying the price with additional regulation at every turn. I want to affirm my absolute opposition to this regulation taking affect. I ask the Board of Governors to consider carefully the un-intended consequences of what such new regulations will have to your independent community banks on Main Street.

Sincerely,

A handwritten signature in black ink that reads 'Robert K. Bailey, III'.

Robert K. Bailey, III
President and Chief Executive Officer
Peoples Community Bank

Since 1913 serving the land and birthplace of George Washington