

From: Robert DeWit  
Subject: Reg I I - Debit card Interchange

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Comments:

February 18, 2011

Jennifer J Johnson  
Secretary, Board of Governors of the Federal Reserve System  
20th St and Constitution Ave, NW  
Washington, DC 20551

Dear Jennifer Johnson:

I was rather dismayed when I initially read the Federal Reserve's interchange proposal under the Durbin Amendment. I was surprised by a number of things, the first being that the Federal Reserve would so readily make itself such a political pawn. I understand that you must obey the law, but you also have a responsibility to act in a just, sensible and responsible manner. I believe there was an inadequate effort on the part of the Federal Reserve to take a balanced approach to the matter, weighing cost and benefits of your actions to the American consumer and to America's community banks. It has been politically popular to take swipes at 'banks' subsequent to the housing bubble/Wall Street crash a few years ago. Frankly, the Wall Street players and largest banks in this country were irresponsible at best and fraudulent at worst in their behavior and deserved to be punished much more so than they were. But one expects better behavior from the Federal Reserve when your actions harm the American consumer you purport to serve and the portion of the banking industry which had no part in the fraud and irresponsibility which led to the housing bubble, its collapse and the Wall Street collapse. The housing bubble was initially the result of an irresponsible Congress pushing Fannie and Freddie to liberalize credit availability, opening fraudulent floodgates which the mortgage brokerage and securitizing industries were quick to take advantage of.

The existing payments system provides tremendous benefits to the American consumer and to America's merchants. I understand when a small group of politicians prostitutes themselves to the narrow interests of a group of clientele for political or monetary gain, but the actions of the Federal Reserve, in this case, have served the interests only of a small group of mega-retailers at the expense of the American consumer and America's community banks. Whether they will acknowledge it or not, American businesses, large and small, benefit from tremendous cost savings under the existing payments system. I'm sure many of the letters you are receiving from bankers detail these savings and the costs of providing them. I'm sure you knew that information already so I am not going to itemize them for you yet one more time. I'm more interested in trying to appeal to you at the level of right vs. wrong, economically and ethically.

The cost of providing the payments system will ultimately be passed on to the American consumer in one fashion or another. Yesterday's Congressional testimony by Bernanke, Bair and others bore that out although in more politically sensitive terms. Surely the Federal Reserve

realizes that price fixing does not work; one would have to not read any economic or even political journal in the world to be unaware of that. Again, I realize you must respond to the law as we all do, but I am surprised that the Federal Reserve was so quick to come up with such a poor response to the Durbin amendment. It almost appeared as though this ill-planned, secretive amendment was part of your agenda. Had there been balanced, intelligent input to the matter, the Durbin amendment would probably never have gotten out of committee. Now is your chance to act properly in this matter, speaking out more forcibly about this ill-advised piece of legislation and the negative impacts of implementing it.

Sincerely,

Robert J. DeWit