

February 22, 2011

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

Re: Debit Card Interchange Fees and Routing Restrictions, Docket No. R-1404

Dear Ms. Johnson:

I am writing this letter on behalf of Fullerton Community Bank, which is headquartered in Fullerton, California and serves the Orange County area. My bank has \$688 million in assets and has approximately 6600 debit card customers.

While my bank is not covered by the Durbin Amendment debit card interchange fee regulations, I believe that the Board's use of rigid price caps that do not allow issuers to recover their costs would artificially drive fees down for all issuers and threaten a product that is important to consumers, my bank, and the economy generally. I also believe that the Board's restrictions, which if adopted would apply to all institutions, and would be costly for our bank to implement.

The Durbin Amendment does not require the Board to set price caps as the means to regulate debit card interchange fees. It requires the Board to establish standards for ensuring that the debit card interchange fee is reasonable and proportional. A fee that is reasonable and proportional must allow banks, like mine, to earn a reasonable rate of return. The Board's rigid approach would artificially drive down interchange fees for all issuers, covered or not.

Thank you for the opportunity to comment on the Federal Reserve Board's proposed changes to interchange rules.

Sincerely,

Sandy Torres