

From: David R. Miller  
Subject: Reg I I - Debit card Interchange

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Comments:

Albany Medical Center

January 4, 2011

Federal Reserve Board

Dear Federal Reserve Board:

As a small credit union (\$24 million), we are very concerned about the impact the interchange fee regulation will have on our ability to serve our members -- many of whom are low-income workers.

The losses/costs we incur due to fraud and fraud prevention should be part of the base interchange fee calculation -- especially when a significant portion of those expenses are generated by the willful actions of retailers.

Retailers routinely violate established security protocol resulting in costly "card compromises" that become a major expense to the issuing financial institution. Retailers also knowingly accept stolen cards in order to boost sales -- with no liability.

For example, a major retailer once called us with the license plate number of an individual who just purchased over \$700.00 of cigarettes with a stolen debit card. They knew the card was stolen -- and admitted that they made the sale because they had no liability.

These types of losses are real. They happen far too frequently. And, they should be included in any calculation of the "true cost" of a debit card program.

Sincerely,

David R. Miller