



EL DORADO SAVINGS BANK

February 18, 2011

Jennifer J. Johnson
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1404 and RIN No. 7100 AD63

Dear Ms. Johnson:

Thank you for the opportunity to comment on the Federal Reserve System's proposed "Debit Card Interchange Fees" rule.

As Chairman and CEO of El Dorado Savings Bank, a community bank in Placerville, California with \$1.7 Billion in total assets, I am writing to express my opposition to the proposed rule. El Dorado Savings Bank operates 35 branch offices in Northern California and Northern Nevada. El Dorado has 330 employees and we service over 100,000 loans and accounts for individuals and families in our communities.

El Dorado is a retail community bank. It is essential that we earn a reasonable fee for our services in order to provide low cost products and services in our rural communities.

Today, the interchange fees paid by our 33,000 debit card users are spread over the full income range of our customers. If the proposed rule is adopted, we will need to restructure the cost of our checking and savings services and the burden, unfortunately, is likely to fall on lower income customers that will be unable to meet minimum balance requirements. (At this time our free checking account is subsidized by the fees paid by all customers).

For these reasons we are opposed to capping interchange fees at 7 or 12 cents. It will have a significant impact on our bank, our customers and our operations.

I thank you for your time in considering the adverse impact of the proposed rule on community banks like El Dorado Savings Bank and our customers.

Very truly yours,

Thomas C. Meuser
Chairman and Chief Executive Officer

TCM:ms



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