



May 19, 2010

Senator John McCain
United States Senate
241 Russell Senate Office Building
Washington D.C. 20510

Re: Senate Amendment 4085 Regulating ATM Fees

Dear Senator McCain,

I write this letter with fear of losing the company we've built over the past 11 years. I urge you, the Senate and House of Representatives to reconsider the proposed Senate Amendment 4085, calling for any fees to be fair and reasonable, and to be based off the withdrawal amount. It will unequivocally cause catastrophic damage to not only our company, but the entire ATM industry, the small businesses we serve (i.e. convenience and grocery stores, restaurants, movie theatres and small financial institutions to name a few) and the families that stand behind them.

First of all, financial institutions are not the only entities that operate ATM networks. There are countless industries that own and operate their own ATMs, rely on the cash dispensed to increase sales, eliminate NSF checks and reduce the amount of fees paid to credit card networks such as, VISA, MasterCard, American Express, Discover, and other regional networks. There are costs incurred by retailers, financial institutions and independent ATM operators for offering the convenient access to a consumer's cash. These costs, as represented in the press release, are factually incorrect. Transaction processing is just one expense related to the entire process and the information stating that the cost of processing a transaction is \$.36 per transaction is false. We consider the cost of purchasing the ATM (depreciation), transaction processing fees, regional and national network access fees, vault cash expenses, insurance, armored courier services, 1st and 2nd line maintenance and repair, telecommunications, balancing and reconciling, supplies and potential network fees for cardholder disputes, supplies, space rental and the overhead required to manage the deployment. As you can see from the aforementioned expenses, the operational costs involved can add up and results in extremely slim margins. This doesn't even take into consideration the risk and cost of a deductible associated with a potential break in where loss of money and damage to an ATM occurs. I think one of the biggest misconceptions in the public's eye is that when they see an ATM charging a convenience fee, the company or financial institution providing the services is getting rich. This couldn't be further than the truth.

The United States of America was built on free market capitalism and is the greatest country in the world. I can attest to this, as I served 11 years in the United States Air Force and my tour of duty took me to parts of the world far less fortunate. With the capital principles in place, the free market supports and allows companies like ours to generate a profit. A convenience fee is required to cover operating expenses and make a profit. Let me also point out that we're not forcing consumers to use our ATMs and pay the convenience fee. **Consumers have options and can choose** to pay using a debit or credit card, personal check or use an ATM that charges a fee for the convenience of offering that service; or **they can choose** to use the ATMs owned and

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operated by their financial institution surcharge-free; or **they can choose** a financial institution that participates in surcharge-free alliances (co-op Network, Allpoint Network, Money Pass, etc.); or **they can choose** a financial institution that promotes using any ATM available, as the financial institution will refund the fees paid by cardholders (USAA Federal Savings Bank); or **they can choose** to plan ahead and use their financial institution to withdraw money from a human teller. The bottom line is consumers are not forced to use ATMs. It is an option **they may choose to use**.

The fact is using an ATM is a convenience driven service for consumers that is optional. **NO ONE IS FORCING ANYONE TO USE AN ATM AND MAKING THEM PAY FOR OUR SERVICE. IT IS AN OPTIONAL SERVICE.** If someone desires to use a convenient ATM, then there MUST be a fee for it that covers expenses and allow for the operator to realize a reasonable profit.

Over the past decade, we've seen a decrease in overall transactions, increased fees from the national networks VISA and MasterCard, shrinking margins and now this potential amendment implementing a federally-appointed agency overseeing the fees we and other companies charge. Our company, along with many others, relies on the surcharge revenue to operate our ATM networks and offset expenses. I can say with 100% confidence that implementing a cap or controlling the fees we charge isn't going to cover our expenses. Not only does it cripple our industry, it removes the convenience of accessing cash when your financial institution isn't available. I thought about it over the weekend and came up with this. If we're limited in what we charge and forced to reduce our fees, then we will have no choice but to reduce the number of ATMs supported by our company. Financially, it just won't make sense. If we're doing this, banks, credit unions and other ATM providers are doing the same, reducing the overall convenient cash access points across the country. We currently provide ATM services for businesses that depend on convenient ATMs to put cash on their sales floor. If this convenient service is removed, the businesses we service and support will be just as devastated as ours.

This amendment will have a crippling effect on our ATM industry, the businesses we serve and the men, women and families standing behind them. One might say we're being forced out of an industry we love. We're then faced with a decision to do something that gives me more anxiety than anything else...laying off employees. That isn't what this country needs right now and I pray that it doesn't come down to this. It makes me sick to my stomach thinking this could be the end result. Please do what's right for this country and remove this proposed amendment from the Financial Reform Bill. I want to thank you for your service to our country and taking time out of your busy day to read my concerns. If there's any opportunity to discuss these concerns further, I can be reached at 623.492.0100 or josh.ettesvold@expresstellerservices.com.

Respectfully,

Joshua J. Ettesvold
President
Express Teller Services, Inc