FEDERAL TRADE COMMISSION
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May 12, 2000

FEDERAL TRADE COMMISSION

I quote from your press release dated May 10, 2000: "In the early 1990s many new music retailers, including major consumer electronics stores, started to sell CDs at low prices to gain customers and market share..."

The price war started with electronics stores running ads for $15.98 list CDs (cost $10.24) at $9.99 and $16.98 list CDs (cost $10.65) at $10.99 in order to drive traffic into stores to buy VCRs, stereos, computer, televisions, etc. This "Loss Leader" concept resulted in thousands of retail (family owned) record outlets and major music chains going out of business. Obviously they could not afford to sell at a price below their cost. Although it is not in your area of jurisdiction, can you picture how many empty store fronts there are now in neighborhoods that can least afford them!

The major distributors started MAP in 1995 and saved my business along with thousands of other record retail stores. In addition to the competition I am facing with the internet, digital down loading, and MP-3, I am confronted by a commission whose ruling will bring harm to me, my family and the record industry. I urge that you re-think your decision on MAP.

There is no doubt in my mind the price war will start soon in 2000 and my 25 years of hard work and good business will end, because you will allow electronics stores to sell below cost on music with the sole purpose of a profit built into other more expensive items.

Jorge A. Rosillo

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