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FEDERAL TRADE COMMISSION:

When I first saw the headlines about CD prices coming down, I was pleased. When I realized that the pending action on Minimum Advertised Price (M.A.P.) policies would not have any effect on the *wholesale cost* of CDs, I became concerned and alarmed. In the early 1990's, mass merchandisers started to sell compact discs at unprofitably low prices in order to gain customers and market share. This "loss leader" strategy resulted in thousands of family-owned retail record stores and major music chains going out of business. It is impossible to stay in business when you must sell goods at or below cost.

The major distributors started M.A.P. policies in 1995, helping to save countless retail record stores like mine. Along with lowballing internet CD pushers, digital downloading, and MP3 piracy, I must now fear a commission whose ruling will bring harm to me, my family, and the record industry itself. **I urge you to reconsider your decision on M.A.P.**

I firmly believe that a price war will result in the demise of my business if you allow electronics stores and other mass merchandisers to sell CDs below cost with the intent of making up the profit through the sale of other more expensive goods. I have put 27 years of my life into the retail record business.

If you truly want to lower CD prices, try looking into the unprecedented rise in wholesale costs that immediately followed the recent merger of Polygram and MCA/UNI. Many CDs that were selling for \$11.98 two years ago are now priced at \$17.98 and even \$18.98. I would be happy to document this.

Sincerely,

Rich Isaacs, Owner

Listening Pleasure