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SECRETARY

May 25, 2000

Office of the Secretary
Federal Trade Commission
600 Pennsylvania Ave. NW
Washington D.C. 20580

Dear Commissioners,

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

The price war started with electronics stores running ads for $15.98 list CDs at $9.99 (below actual cost) and $16.98 list CDs at $10.99 (below actual cost) in order to drive traffic into stores to buy VCRs, stereos, computers, televisions, etc. This "loss leader" pricing strategy resulted in thousands of family-owned retail record stores and major music chains going out of business. They could not afford to sell at a price below their cost.

The major distributors started Minimum Advertised Price (M.A.P.) policies in 1995 in an effort to level the playing field between the big national stores using "loss leaders" to entice customers and independent stores. This policy helped to keep my favorite record store alive, along with the businesses of thousands of other retail music store owners. The recent decision to eliminate M.A.P. policies will bring harm to independent record stores, the owners of their stores and their families. The decision will also result in harm to music fans, musicians, retailers, and everyone in the independent music industry.

Additionally, independent stores are pivotal in breaking new artists, and new artist sales sustain the music industry. The result of predatory pricing would be an industry filled with nothing but a small quantity of popular titles at a handful of mass merchants. The end of M.A.P. policy will stifle the diversity in music artists and severely limit consumer choices.

I urge you to reconsider your decision on M.A.P.

Respectfully,

Douglas J. Love

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