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June 3, 2000

Office of the Secretary
FTC
600 Pennsylvania Ave., NW
Washington, DC 20580

Attention: Orson Swindle

Dear Commissioner:

Subject: Minimum Advertised Pricing

Your recent ruling regarding the MAP policies set by major label distribution companies greatly disturbs me. I own two music retail stores in Arkansas and Mississippi. Your decision directly affects my livelihood and the livelihood of thousands of retailers like me.

In the mid-nineties before MAP, more than 1000 independent music retailers were forced out of business, and 11 major chains filed for Chapter 11 bankruptcy. The MAP policies were instituted to protect business owners that were primarily in the business of retailing CDs from the mass merchants and appliance chains that sought to generate store traffic for other items by using CDs as a "loss leader". Now, in addition to competition from the Internet, digital downloading and MP-3, we are faced with a ruling from the FTC that will bring harm to all *but* the "loss leader" music retailers.

Both of my stores are directly outside of Memphis, Tennessee. My decision to stay outside Memphis was based on my inability to compete with mass merchants and major music chains. As a small business, I do not qualify for the volume discounts that these companies receive. My profit margin is only 30% or less, and just one of my small stores must sell 600 CDs to afford rent.

I regularly visit stores like Best Buy and Circuit City to comparison shop. Not only do I find CDs priced a few pennies above cost, but often they are at my cost or below my cost. I am thirty minutes away from the nearest Best Buy, yet a day does not go by that someone questions my prices in comparing them to Best Buy's prices. How do I compete? If I aggressively competed with Best Buy, I would be closed in a matter of weeks. As independent music retailers, we do not have the money lining our pockets like the majors, and we cannot absorb continual profit losses.

As for the consumer...they will have fewer choices where to shop. And long term, consumers will have fewer items from which to choose. Competition is good for the consumer. But if you take away the independent music retailer's right to *fairly* compete, "big business" and a monopoly on the industry is all that is left.

Sincerely,

Heather Black
Owner
DISCOTECH

cc: US Senate Committee of Commerce, Science, & Transportation