

FEDERAL TRADE COMMISSION
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SECRETARY

FEDERAL TRADE COMMISSION,

In the early 1990s, many new music retailers, i.e. mass merchandisers, started to sell CDs at low prices to gain customers and market share. 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, you can picture how many empty store fronts there are now in neighborhoods that can least afford them!

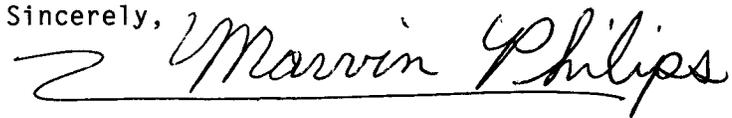
The major distributors started Minimum Advertised Price (M.A.P.) policies in 1995 and saved my business along with thousands of other record retail stores. In addition to the competition I am facing with the internet, digital downloading, and MP3, I am now confronted by a commission whose ruling will bring harm to me, my family, and the record industry. I urge you to rethink your decision on M.A.P.

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

You MUST understand, selling music at low prices or below cost prices to drive customer traffic will only lead to higher prices as competition is eliminated in a few short years. Just think about it: less money to provide new artists, the loss of ethnic and minority music and thousands of national chain and independent retailers and their employees out of work.

I urge you to rethink the elimination of M.A.P. If not, I'm sure you will look back in a few years to discover it was a huge and costly mistake.

Sincerely,



Marvin Philips-Owner

Heavenly Daze CDs & Records