

September 20, 2012

The Honorable Harry Reid  
Senate Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable John Boehner  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Senate Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
House Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

Dear Senator Reid, Senator McConnell, Mr. Speaker and Ms. Pelosi,

Merchants believe in free markets: markets that are transparent with strong competition. That is why the merchant community has fought so hard to reform the broken and anticompetitive debit and credit payments markets, and why we will not stop until the markets function properly. While recent reforms passed by Congress have resulted in some positive changes in the marketplace, the fact is competition and transparency remain absent from the credit card payment market.

In July, a proposed settlement of long-standing antitrust lawsuits filed by merchants against Visa, MasterCard and the nation's largest banks was announced. The proposed settlement, which was negotiated by Visa, MasterCard and lawyers purporting to represent the merchant community, is one-sided and preserves the very anticompetitive actions that were the genesis of the lawsuits. Quite simply, the proposed settlement is a bad deal for merchants and their customers. While the card networks and their representatives have suggested it is a *fait accompli*, the growing objections from the merchant community foreshadow the fight that lies ahead as Visa and MasterCard attempt to force the terms of the settlement on nearly 8 million merchants.

We represent a diverse group of merchants, big and small, from all segments of the merchant community. On their behalf we have vocally objected to the proposed settlement because it:

- Entrenches the Visa/MasterCard duopoly,
- Enables continued centralized price-fixing by Visa and MasterCard,
- Allows Visa and MasterCard to continue to handcuff merchants and prevent them from seeking better deals and communicating openly with their customers,
- Forbids merchants from opting out of restrictive new rules set forth in the proposal,
- Gives Visa and MasterCard the ability to keep market forces from working by keeping prices hidden,
- Makes all current and future merchants – even those that are not yet in existence - forever surrender their legal rights, and
- Limits emerging innovations that can bring meaningful competition to the marketplace, such as mobile payments.

Given the important oversight role of Congress and your continued interest in this important issue, we write today to urge you to reject the false claims from the card networks and their representatives. The proposed settlement does nothing to resolve the failures in the electronic payment market and continued Congressional involvement in these issues is imperative. We look forward to keeping you fully informed as the legal process moves forward and the chorus of objections grows.

Sincerely,

National Association of Convenience Stores  
National Association of College Stores  
National Association of Truck Stop Operators  
National Community Pharmacists Association  
National Cooperative Grocers Association  
National Grocers Association  
National Retail Federation  
Retail Industry Leaders Association  
Society of Independent Gasoline Marketers of America

CC: Members of the United States Senate  
Members of the U.S. House of Representatives