

From: Carolyn Sakowski [mailto:sakows[REDACTED]]
Sent: Friday, June 22, 2012 11:46 AM
To: Read, John [John.Read@ATR.USDOJ.gov]
Subject: Agency Model lawsuit

June 22, 2012

Dear Mr. Read,

I am not a letter writer, primarily because I just don't think it does much good. However, I feel so strongly about the lawsuit the DOJ has brought regarding the agency model for e-books that I feel I need to weigh in here.

Back before Apple launched its Ipad, Amazon pretty much had a monopoly on e-book distribution. John F. Blair, Publisher, is a small, independent press that has been publishing books since 1954. We only publish 10-12 new titles a year, so we're low on Amazon's radar, although we have been a vendor with them since they first started. They are currently one of our top three customers for regular book orders, so we certainly don't want to alienate them

However, prior to Apple's entrance into the e-book business, Amazon was REQUIRING us to offer our e-books at a price no higher than \$9.99. But the bigger problem for us was that they wanted to keep 65% of that \$10, leaving us only \$3.50 to cover Blair's costs for paying an editor, a lay-out designer, conversion of the digital files to Amazon's proprietary software, AND THE AUTHOR. That's not even accounting for the costs Blair incurs for day-to-day business like rent, electricity, our sales and marketing staff, costs of computers, etc. We simply could not stay in business with that discount, so we just did not sell our e-books through Amazon. At that point, Amazon controlled so much of the e-book market that we might as well have not even had e-books for sale.

When Apple entered the e-book business, they offered us 70% of the retail price, and that was not even the agency model. We immediately signed up for their program. Within two weeks of the announcement that Apple would offer us minions better terms, Amazon met that competition. We now sell our e-books to all the major vendors. Although we are not using the agency model and we're now required by all of them contractually to price e-books at \$9.99 or lower, at least the split is now something that we as small publishers can work with.

I fear you have the wrong culprit here. Although we have a good working relationship with Amazon, I still feel they exhibited some frightening monopolistic tendencies that would have greatly endangered companies such as ours. I just wanted to add my concerns about this lawsuit, so you might take the plight of the smaller publishers into consideration before establishing a settlement.

Sincerely yours,
Carolyn Sakowski, President
John F. Blair, Publisher
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