Jeffry Moore Owner, Manager Oregon Books & Games 150 NE E Street Grants Pass, OR 97526

John Read Chief Litigation III Section **Antitrust Division** U.S. Department of Justice 450 5th Street, NW, Suite 4000 Washington, DC 20530

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LITIGATION III, ANTITRUST DIV U.S. DEP? OF JUSTICE

May 21, 2012

Dear Mr. Read,

As a small business owner of a family owned and operated bookstore for 22 years, we have significantly felt the strain on the industry from Amazon's querilla marketing.

The bookselling industry has always worked (or at least since the ABA was awarded the judgement against the publishers) toward fairness for the independent resellers and their customers. The result is not so much a collusion as a marketing defense against a large company with deep pockets. The industry looked at the business practices of Amazon and it does not take a genius to come to the conclusion that Amazon will repeat the level of guerilla marketing it did after their IPO in 1997. Amazon did not make a profit at all until the 4th quarter of 2001, but spent their investors money for 4 straight years losing 40-60 million a quarter. Any company that is willing to spend nearly billion dollars of their investors money before it has a positive cash flow will not hesitate at this level of marketing again.

The agency model is a good sustainable marketing plan that has and will increase trade for all levels of this industry. The DOJ does not determine the value of property to the consumer, but to protect the taxpayers (to which Amazon is trying to dodge paying state sales tax) of bad business practices and monopolies. How the publishers came to the price of the books is their own marketing plan for the Agency model. To consider this collusion is like saying that all books priced at \$7.99 (the predominant price for most mass market paperbacks) is collusion. We are in the only industry where our product comes with a price printed on it.

Since the agency model has been in effect, the economy of the bookselling industry has grown. Before the agency model Amazon had nearly 90% of the eBook business, now it holds 70% due entirely to the creation and implementation of the agency model.

Jeffry Moore