

*Amex*  
*D 3*

**Memorandum**

To  
H. Eugene Lockhart

MasterCard  
International

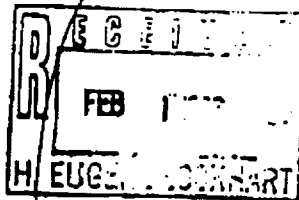
From  
Richard N. Child

*Excluded*

Date  
February 1, 1996

Subject  
AMERICAN EXPRESS

Copies to  
Chris Thom, Jeff Wilson



*done ✓*  
*2/5/96*  
*GMR -*

*please put*  
*them also*  
*discussion*  
*item on the*  
*FEB 8 SMG.*

*2 RUC -*  
*Deane*  
*your*  
*beliefs*  
*on this*

We have found out that Amex has commenced discussions with bank in Venezuela to license their brand for card issuing purposes.

A number of banks, who are dual, are considering the possibility, and consequently have contacted us and Visa seeking confirmation that they can do that.

Not surprisingly Visa has advised that they cannot, creating a great deal of discontent among their members in Venezuela.

We have looked into this and the first noticeable point is that our license agreements (other than the exclusives) do not prohibit our members from issuing or participating in other payment schemes.

Second, I believe it is unrealistic to try to stop (formally) our members from issuing other card products, and the fact that Visa has taken such a radical position could possibly put us in a very favorable position with our members, via which we could extract preferential support for our brands.

However, we must recognize the image and high level of service that American Express delivers which could jeopardize our share of the T & E segment and possibly displace us as the card of choice in the highest segment. I believe it is necessary we establish guidelines and/or policies that would regulate the promotion and advertising of the Amex brand with MasterCard as well as any other possible regulation/policy to avoid business erosion.

This could be an interesting topic for SMG discussion considering the potential impact it could and very likely will have on our business. If you concedes we will work with Chris on this subject.

Regards,

RNC/cl

P-0276

GOVERNMENT  
DEPOSITION  
EXHIBIT  
733

GOVERNMENT  
EXHIBIT  
LOCKHART 7/6/97

Highly Confidential  
Subject to Protective Order

*Amex*  
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REC-111  
FEB 1 1996  
H. EUGENE LOCKHART

*done ✓*  
*2/5/96*  
*GMR - please put this abt a discussion item on the FEB 8 SMG.*  
*2) DIC - Paper. your feelings on this.*

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MC 6858