

June 13, 2012  
Regarding the Agency Model and the sale of EBooks.

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The result of this debate goes far beyond the issue at hand. It may seem that fair trade practices may be jeopardized until you look into the future at the results of a decision to eliminate the Agency Model.

The entire fabric of sales, retail and product movement is changing rapidly and radically in this country; even worldwide. People now have choices through electronic information, to buy products. The age of your local newspaper ads and have gone the way of the dinosaur. Promotion/marketing is online and nationwide.

Retailers operate based on margin. They need a space between profit and expense to stay in business. The concept of fair competition results in the amount of this space. How far can you discount and still make a living. Businesses located within a community could compete comfortably with others of the same size and using the same margin bases. Then franchises came into the picture and by creating national advertising campaigns and cookie cutter store fronts they could attract more business. This allowed them to operate on a smaller margin base and still be productive.

Now we have Amazon and Overstock and other very, very large dragons living and growing in our retail environment. Their advertising budget is incompressible. Their electronic reach is massive. They also have been able to drop their margins to less than ½% by their own admission. They make millions based on the sheer numbers of transactions.

This is beyond the reach of most people. Surely if you were asked to live comfortably by having your income exceed your expenses by ½%, it would make life difficult.

If the Agency Model is eliminated and these large corporations and online retailers are allowed to lower prices on EBooks, you would see the demise of most of the publishing world as we know it. It would take down a fragile network of independent bookstores with it. These stores provide community, customer service, knowledge and author support that you cannot find at any other level.

In response you could see all the publishers form a single entity in order to reduce margin enough to sell to Amazon. Then you could see most of the independent small businesses dissolve completely.

It certainly would create a new day of purchasing and retailing in this country.

I certainly hope you consider carefully the future repercussions of your decision.

Sincerely,

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