May 14, 2008

via facsimile

Honorable Patrick Leahy  
Chair  
Senate Committee on the Judiciary  
224 Dirksen Senate Office Building  
Washington, DC  20510

Honorable Arlen Specter  
Ranking Member  
Senate Committee on the Judiciary  
224 Dirksen Senate Office Building  
Washington, DC  20510

Honorable Herb Kohl  
Chair  
Subcommittee on Antitrust, Competition Policy and Consumer Rights  
224 Dirksen Senate Office Building  
Washington, DC  20510

Honorable Orrin Hatch  
Ranking Member  
Subcommittee on Antitrust, Competition Policy and Consumer Rights  
224 Dirksen Senate Office Building  
Washington, DC  20510

Honorable John Conyers, Jr.  
Chair  
House Committee on the Judiciary  
2138 Rayburn House Office Building  
Washington, DC  20515

Honorable Lamar S. Smith  
Ranking Member  
House Committee on the Judiciary  
2138 Rayburn House Office Building  
Washington, DC  20515

RE: Support for the Discount Pricing Consumer Protection Act (S. 2261)

Gentlemen:

We, the undersigned Attorneys General, are writing to express our support for S.2261, “The Discount Pricing Consumer Protection Act.” This legislation is particularly necessary and timely given the United States Supreme Court’s recent decision in *Leegin Creative Leather Products v. PSKS*, 551 U.S. ___ (2007). In *Leegin* the Supreme Court overturned the near century old rule established by *Dr. Miles Medical Co. v. John D. Park & Sons Co.*, 220 U. S. 373 (1911), which made minimum resale price maintenance (“RPM”) illegal. S. 2261 would ensure that the rule established in *Dr. Miles* continues and that the free
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market drives the price of consumer goods and not unlawful restraints imposed by certain manufacturers.

Overturning this long-held precedent has caused great concern for our States. Justice Breyer aptly summarizes this concern in his dissent: “The only safe predictions to make about today's decision are that it will likely raise the price of goods at retail . . . ."

Empirical studies show that RPM does, in fact, raise consumer prices. Between 1931 to 1976 a number of States adopted so-called “fair trade” laws, which legalized RPM. Predictably, consumers in “fair trade” States paid more for goods and services than their counterparts in States where RPM remained illegal. Advocates of RPM have failed to produce any empirical evidence to show that minimum RPM agreements provide consumer benefits that offset these higher consumer prices.

As the chief antitrust enforcers in our respective States, we know all too well the harm that can be caused by RPM. Many State Attorneys General have relied upon *Dr. Miles* in prosecuting RPM violators to secure relief for consumers. These actions have led to the recovery of nearly $200 million in benefits for consumers.

The practical result of the Supreme Court's decision will be to encourage manufacturers, distributors and retailers to act together to charge higher prices that will be borne by consumers. Consumers, and the public interest, have been well served by the *Dr. Miles* national rule prohibiting agreements that fix and boost prices. Even for states in which state law already prohibits RPM as per se anticompetitive, congressional legislation to reinstate the federal rule is appropriate to protect consumers nationwide from the higher prices that RPM brings about.

We request immediate consideration and approval of this important legislation. Thank you for your consideration of this very important matter. Please contact any of us if you have questions or comments.

Sincerely,

Dustin McDaniel
Attorney General of Arkansas

Hardy Myers
Attorney General of Oregon

Mark J. Bennett
Attorney General of Hawaii

Terry Goddard
Attorney General of Arizona
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Mike McGrath
Attorney General of Montana

Catherine Cortez Masto
Attorney General of Nevada

Kelly A. Ayotte
Attorney General of New Hampshire

Anne Milgram
Attorney General of New Jersey

Gary King
Attorney General of New Mexico

Andrew M. Cuomo
Attorney General of New York

Wayne Stenehjem
Attorney General of North Dakota

Marc Dann
Attorney General of Ohio

W. A. Drew Edmondson
Attorney General of Oklahoma

Tom Corbett
Attorney General of Pennsylvania

Roberto J. Sanchez Ramos
Attorney General of Puerto Rico

Patrick C. Lynch
Attorney General of Rhode Island
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Henry McMaster
Attorney General of South Carolina

Mark L. Shurtleff
Attorney General of Utah

William H. Sorrell
Attorney General of Vermont

Darrell V. McGraw, Jr.
Attorney General of West Virginia

Bruce A. Salzburg
Attorney General of Wyoming