



News Release

Attorney General Robert E. Cooper, Jr.

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CONTACT: Sharon Curtis-Flair
(615) 741-5860

TENNESSEE ATTORNEY GENERAL SUES AMERICAN EXPRESS, MASTERCARD AND VISA TO ELIMINATE RULES RESTRICTING PRICE COMPETITION; REACHES AGREEMENT WITH VISA AND MASTERCARD

Tennessee Attorney General Bob Cooper announced today that Tennessee has joined a civil antitrust lawsuit challenging rules that American Express, MasterCard and Visa have in place that allegedly cost consumers more for their purchases.

Tennessee and ten other states have joined lawsuits and agreements filed by the U.S. Department of Justice (DOJ) and seven states in early October to stop the alleged anti-competitive practices. The companies charge "swipe fees" to merchants for consumers to use credit and debit cards for their purchases. As a result of rules placed on merchants by the companies merchants/they are unable to offer consumers discounts, rewards and information about credit card transaction costs, ultimately resulting in consumers paying more for their purchases. The State also said that the rules increase merchants' costs of doing business.

General Cooper is also announcing a proposed agreement with Visa and MasterCard. Those agreements, if approved by the court, would require the two companies to allow merchants to offer discounts, incentives, and information to consumers to encourage the use of payment methods that are less costly. Litigation against American Express will continue.

"This Office is committed to stopping any kind of activity which causes Tennesseans to pay higher prices than necessary," Attorney General Cooper said. "By eliminating credit card companies' anticompetitive rules we will allow merchants more freedom to benefit their customers."

U.S. merchants pay approximately \$35 billion each year in credit card acceptance costs collected in the form of "swipe fees" merchants pay every time a credit card is used. By preventing merchants from rewarding consumers when they use less expensive cards to make a purchase the merchants' ability to pass on reduced costs savings to consumers have been limited. In some cases, businesses have increased prices to compensate for their increased cost of doing business.

The National Retail Federation has noted that most consumers have been unaware of the fees for using credit and debit cards. It estimates the average family could be spending an extra \$427 a year on hidden fees.

Copies of the Complaint and Settlement can be found on the following website:
<http://www.tn.gov/attorneygeneral/recentfilings.html>