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**ATTORNEY GENERAL MADIGAN JOINS ANTITRUST LAWSUIT ALLEGING CREDIT CARD RETAILER RULES PREVENT COMPETITION**

***U.S. DOJ, Madigan, 17 Other State Attorneys General Want Credit Cards to Disclose Merchant Fees to Increase Competition, Lower Consumer Costs at Checkout***

Chicago — Attorney General Lisa Madigan today announced she joined lawsuits filed by the U.S. Department of Justice and 17 other state attorneys general against Visa, MasterCard and American Express challenging restrictions placed on retailers preventing them from offering incentives to customers who use cards that charge lower fees to the retailer.

Madigan also announced the group will ask the court to approve a proposed consent decree with Visa and MasterCard to eliminate these restrictions. The lawsuit against American Express is ongoing.

The lawsuits were filed last month in the U.S. District Court for the Eastern District of New York. They allege the companies restrict retailers from:

- Providing discounts or other incentives to consumers to encourage consumers to use lower-cost credit cards or alternative payment methods; and
- Disclosing to consumers the fees that retailers must pay to process purchases using particular credit cards.

The credit card fees are a significant cost to retailers, and are usually passed on to consumers.

The lawsuits allege that these restrictions on retailers unreasonably restrain competition among credit card companies, in violation of federal antitrust laws. Specifically, the lawsuits allege that without these restrictions, retailers would be free to express their preference for credit cards that charge lower fees or for other methods of payments. Retailers could do this, for example, by offering discounts on purchases to consumers who use credit cards with lower fees or other methods of payments, such as cash. Allowing retailers to do this would foster competition among credit card companies by encouraging them to lower fees.

“Our goal is to abolish these restrictions so that business owners can encourage consumers to use lower-cost cards that would cause Visa, MasterCard and American Express, in turn, to lower their costs to consumers to stay competitive,” Attorney General Madigan said.

The proposed settlement requires Visa and MasterCard to allow retailers to:

- Offer consumers an immediate discount, rebate or free or discounted product or service if they use a low-cost card within particular credit card networks or other form of payment;
- Show preference for and promote particular credit card networks, low-cost cards or other forms of payment; and
- Disclose to consumers the costs incurred by the retailer when a consumer uses a particular credit card network, type of card or another form of payment.

The proposed settlement allows business owners who only accept Visa and MasterCard to begin these practices immediately.

The ongoing lawsuit against American Express seeks similar concessions from the company to allow retailers to offer discounts or encourage certain payment methods. Business owners who accept American Express, MasterCard and Visa purchases will not be able to implement the settlement terms while litigation with American Express continues.

In 2009, cardholders used American Express cards for \$419.8 billion worth of purchases, MasterCard for \$476.9 billion worth of purchases and Visa for \$764.2 billion worth of purchases.

The settlement is subject to the provisions of the federal Tunney Act, which requires that the U.S. DOJ accept public comments during a 60-day period. The court then will review and determine whether to enter the proposed consent decree.

Attorney General Madigan's Antitrust Bureau Chief Robert Pratt is handling the case.

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