



News Release

September 5, 2013

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Thomas Jefferson School of Law Professor's Paper Cited by Court Appointed Expert in Credit Card Merchant Fee Litigation

SAN DIEGO -- A recent paper by Thomas Jefferson School of Law Professor Steven Semeraro has been cited in a crucial expert report ordered by the Eastern District of New York in a class action case against Visa and MasterCard, *In re: Payment Card Interchange Fee and Merchant Discount Antitrust Litigation*.

"The case is a class action consisting of virtually all merchants that accept credit cards against Visa and MasterCard," explained Professor Semeraro, who is a former attorney for the Department of Justice Antitrust Division.

"The lead plaintiffs' counsel and the defendants have reached a \$7.5 billion dollar settlement agreement. In class actions, settlements must be approved by the court to protect the interests of all class members. Shortly after this one was entered, more than half of the name plaintiffs and most large merchants and merchant organizations opposed. The court thus appointed an expert to assess the value of the settlement in light of the claims in the case and submit a report." On September 12, the court will hold a fairness hearing to determine whether to approve or reject the settlement.

The 51-page report, written by court-appointed expert and NYU Law Professor Alan Sykes, can be viewed at <https://www.competitionpolicyinternational.com/assets/Uploads/opinion.pdf>. Professor Semeraro's working paper analyzing the settlement is cited on page 25 of the report. His paper, titled "Taming Credit Card Fees by Requiring the Biggest Banks to Compete for Merchant Acceptance: An Interbank Competition Model," is available for download from the Social Science Research Network, at <http://SSRN.com/abstract=2223518>.

"I am obviously pleased," Professor Semeraro said, "that Professor Sykes made use of my paper in preparing his report. This is a challenging case with a lot more at stake than even the \$7 billion dollar settlement. The court's decision is likely to shape the future of payment systems."

When he worked for the DOJ, Professor Semeraro led a civil antitrust investigation of the Visa and MasterCard networks that led to a law suit establishing the right of banks to issue American Express card without losing their right to issue Visa and MasterCard cards. He currently serves as the antitrust and competition expert for the Ethics & Compliance Alliance. At TJSL, Professor Semeraro teaches courses in antitrust, intellectual property and competition law, and property.

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