

**Roy, Lauren**

---

**Subject:** Against "Paypal Only" policy [SEC=UNCLASSIFIED]

**Categories:** SEC=UNCLASSIFIED

**ACCC Classification:** SEC=UNCLASSIFIED

**EXCLUDED FROM  
PUBLIC REGISTER**

From: william scheib [mailto:  
Sent: Wednesday, 18 June 2008 3:01 AM  
To: Adjudication  
Subject: Against "Paypal Only" policy

To whom it may concern,

I am an ebay seller and buyer, who is strongly against ebay's forced "Paypal Only" policy. I have completed some research on ebay and Paypal to form my opinion on this issue. Due to the following reasons, if ebay's "Paypal Only" policy is passed, I can only predict ebay's gain of revenue and ebay's domination over online trading, while ebayer's benefits decline in services, safety and free choice. To protect the citizens of Australia from ebay becoming a mega-monopoly, and to protect the citizen from other entities who would also follow in ebay's path to challenge Australian laws, I am begging the ACCC to deny Ebay's request to force it's "Paypal Only" policy on it's users.

Ebay has claimed their "Paypal Only" policy is NOT to create greater revenues for ebay, yet their OWN Annual Report, FORM 10K, for the fiscal year ending December 31, 2007 (to the UNITED STATES SECURITIES AND EXCHANGE COMMISSION), states:

"PayPal's services are integrated into the checkout flow of the eBay.com platform in our key markets, including the U.S., Germany, the U.K. and Canada. In 2007, eBay.com generated more than \$59 billion in GMV. PayPal, in turn, generated approximately \$28 billion of net Total Payment Volume from eBay.com transactions, which represented approximately 58% of PayPal's net Total Payment Volume during 2007."

The entire document can be found at: [http://msnmoney.brand.edgar-online.com/EFX\\_dll/EDGARpro.dll?FetchFilingHTML1?ID=5765915&SessionID=q6FrWx0P-AZWTG9#F36571E10VK\\_HTM\\_103](http://msnmoney.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingHTML1?ID=5765915&SessionID=q6FrWx0P-AZWTG9#F36571E10VK_HTM_103)

Among other alarming reports about ebay's "Paypal Only" policy is, CEO Donahoe's own admission to reporter, BRAD STONE in an article dated April 17th, entitled, "EBay Chief Says Change Isn't Over". The entire article can be found on the New York Times website at:

[http://www.nytimes.com/2008/04/17/technology/17ebay.html?\\_r=5&ref=business&oref=slogin&oref=slogin&oref=slogin&oref=slogin&oref=slogin](http://www.nytimes.com/2008/04/17/technology/17ebay.html?_r=5&ref=business&oref=slogin&oref=slogin&oref=slogin&oref=slogin&oref=slogin)

An excerpt from that article reads:

"In Australia, the company is testing a program that requires sellers to accept only PayPal payments. Mr. Donahoe said that if the test was successful, the company would introduce it in other countries "in months, not years." Mr. Donahoe said the intent was to cut down on fraud on the site, but critics say the change will entitle eBay to a double helping of fees on each transaction".

Also, ebay spokesperson, Jose Mallabo, stated on January 28, 2008, to Forbes reporter, Lisa LaMotta, in an article titled, "Donahoe's Task: Goosing eBay" that Donahoe's "major goal will be to drive users to eBay's online payment service PayPal, a far more profitable acquisition than was Skype".

That article can be found at:

[http://www.forbes.com/facesinthenews/2008/01/28/donahoe-ebay-whitman-face-markets-cx\\_lal\\_0125autofacescan04.html](http://www.forbes.com/facesinthenews/2008/01/28/donahoe-ebay-whitman-face-markets-cx_lal_0125autofacescan04.html)

Ebay has continually stated they want their "Paypal Only" policy passed in Australia because of the higher safety this will allow them to offer their users. Ebay's own Annual Report, FORM 10K, for the fiscal year ending December 31, 2007 to the UNITED STATES SECURITIES AND EXCHANGE COMMISSION, is in direct opposition to what ebay is stating publicly.

Excerpts from this document include:

page 34:

"In some of these countries, there are online sites that have much larger customer bases and greater brand recognition than we do, and in certain of these jurisdictions there are competitors that may have a better understanding of local culture and commerce than we do".

Page #35:

"Some current and potential competitors have longer operating histories, larger customer bases and greater brand recognition in other business and Internet sectors than we do."

"some of our competitors with other revenue sources may be able to devote more resources to marketing and promotional campaigns, adopt more aggressive pricing policies and devote substantially more resources to website and systems development than we can."

"Conversely, other companies and government agencies have in the past and may in the future allege that our actions violate the antitrust or competition laws of the U.S. or other countries, or otherwise constitute unfair competition. Such claims, even if without foundation, typically are very expensive to defend, involve negative publicity and diversion of management time and effort, and could result in significant judgments against us".

"New technologies may increase the competitive pressures by enabling our competitors to offer a lower cost service."

page #36:

"PayPal competes with existing online and offline payment methods, including, among others":

- credit card merchant processors that offer their services to online merchants, including American Express, Cardservice International, Chase Paymentech, First Data, and Wells Fargo; and payment gateways, including CyberSource and Authorize.net (which has merged with CyberSource);
- money remitters such as MoneyGram and Western Union;
- bill payment services, including CheckFree;
- processors that provide online merchants the ability to offer their customers the option of paying for purchases from their bank account, including Certegy, PayByTouch and TeleCheck, a subsidiary of First Data, or to pay on credit, including Bill Me Later;
- providers of traditional payment methods, particularly credit cards, checks, money orders, and Automated Clearing House transactions;
- issuers of stored value targeted at online payments, including VisaBuxx, NetSpend and GreenDot (formerly known as Next Estate);
- Amazon Payments, which acts as a credit processor and can be linked to a personal bank account; and
- Google Checkout, which enables the online payment of merchants using credit cards.

"Some of these competitors have longer operating histories, significantly greater financial, technical, marketing, customer service and other resources, greater name recognition, or a larger base of customers in affiliated businesses than PayPal. PayPal's competitors may respond to new or emerging technologies and changes in customer requirements faster and more effectively than PayPal."

"They may devote greater resources to the development, promotion, and sale of products and services than PayPal, and they may offer lower prices."

"Competing services tied to established banks and other financial institutions may offer greater liquidity and engender greater consumer confidence in the safety and efficacy of their services than PayPal".

"In each country, numerous banks provide standard online credit card acquiring and processing services, and these banks typically have leading market share".

" In addition, in certain countries, such as Germany and Australia, electronic funds transfer is a leading method of payment for both online and offline transactions."

Even more recently, Ebay's Form 10Q (quarterly period ended March 31, 2008) to the UNITED STATES SECURITIES AND EXCHANGE COMMISSION, has established ebay's a current financial motivation for attempting to force it's "Paypal Only" policy.

[http://msnmoney.brand.edgar-online.com/EFX\\_dll/EDGARpro.dll?FetchFilingHTML1?ID=5880314&SessionID=sXfrWy8m1WpgSY9](http://msnmoney.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingHTML1?ID=5880314&SessionID=sXfrWy8m1WpgSY9)

"Growth rates in our most established markets, such as the U.S., Germany and the U.K., have continued to decline. Despite our efforts to stem these declines, growth rates in these and other markets may continue to decline and may become negative"

I sincerely hope you will consider these facts in denying ebay to force it's "Paypal Only" policy on all Australian users.

Thank you for your for your attention to these matters.

Sincerely,

- Elaine D. Scheib