



May 28, 2003

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FEDERAL MARITIME COMM

**By Hand Delivery**

Bryant L. VanBrakle  
Secretary  
Federal Maritime Commission  
800 North Capitol Street, N.W.  
Room 1046  
Washington, D.C. 20573-0001

Re: Request to Participate in Public Hearing: Passenger Vessel Financial  
Responsibility Proposed Rulemaking—Docket No. 02-15

Dear Mr. VanBrakle:

This letter is submitted to the Federal Maritime Commission (“FMC”) by Visa U.S.A. Inc. (“Visa”) in response to the FMC’s notice of public hearing (“Public Hearing”) regarding the Passenger Vessel Financial Responsibility proposed rulemaking (“Proposed Rule”).<sup>1</sup> Visa submitted a comment letter on April 28, 2003, and requests the opportunity to participate in the Public Hearing on this very important matter.

The Visa Payment System, of which Visa U.S.A.<sup>2</sup> is a part, is the largest consumer payment system in the world, with more volume than all other major payment cards combined. Visa plays a pivotal role in advancing new payment products and technologies to benefit its 21,000 member financial institutions and their hundreds of millions of cardholders worldwide, totaling approximately \$2.4 trillion in annual transaction volume. Consumers in more than 150 countries carry more than one-billion Visa-branded cards, accepted at millions of locations worldwide. Within the U.S., there are more than 386 million Visa cards issued by nearly 14,000 Visa-member financial institutions, accounting for \$989 billion in annual transaction volume.

Visa’s participation in the Public Hearing would expand on the discussion in Visa’s comment letter. Visa supports lifting the \$15 million ceiling on coverage for financial responsibility for cruise lines, however, Visa believes the exclusion of purchases made by credit card from the financial responsibility for cruise line coverage is inappropriate because it would effectively shift the burden of the financial responsibility for cruise ship operation to federally insured financial institutions. In addition, Visa believes that, in practice, the Proposed Rule would be counterproductive and would contribute to the financial instability of cruise line operations. Visa believes that the

<sup>1</sup> 67 Fed. Reg. 66,352 (Oct. 31, 2002).

<sup>2</sup> Visa U.S.A. is a membership organization comprised of U.S. financial institutions licensed to use the Visa service marks in connection with payment systems.

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Proposed Rule, by effectively requiring federally insured financial institutions to subsidize the cruise line industry, would cause financial institutions, either on their own or with the likely encouragement of federal banking regulators, to take steps to protect themselves from loss under the Proposed Rule. These steps would necessarily have an adverse effect on the sales and liquidity of troubled cruise lines, further weakening their financial condition and precipitating failures.

Oliver Ireland of Morrison & Foerster LLP, would be speaking on behalf of Visa. He may be contacted by the following:

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Visa believes that it is important that Visa be permitted to present testimony in the Public Hearing on the Proposed Rule in order to provide the FMC with a better understanding of the implications and likely consequences of the Proposed Rule. If you have any questions or if I otherwise may be of assistance in connection with this matter, please do not hesitate to contact me at (415) 932-2178.

Sincerely,



Russell W. Schrader  
Senior Vice President and  
Assistant General Counsel