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Conspiracy alleged in credit system case

A lawsuit in Jackson County claims a partnership agreement blocked a Houston firm.

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A Houston firm that says it devised a new payment-processing system for the general aviation industry charges that a local company conspired with **U.S. Bank** to squelch it.

In a lawsuit filed last week in **Jackson County Circuit Court**, **Pier to Pier Inc.** alleges that **Multi Service Corp.** of Overland Park and U.S. Bank, fearful of the competition the system posed, entered into a partnership agreement with a Pier to Pier licensee to block Pier to Pier's entry into the general aviation industry.

General aviation encompasses air traffic other than scheduled airline flights and military aviation.

"What we believe happened here was really a scheme where U.S. Bank worked behind the scenes to get control of this technology, but not for the purpose of utilizing or bringing it to market in a way that would benefit consumers," said Pier to Pier attorney David Marcus of **Graves Bartle & Marcus** in Kansas City.

"Instead, they wanted to put it on the shelf so that U.S. Bank didn't have to worry about this better product competing against its product."

Jennifer Wendt, a spokeswoman for U.S. Bank, said the bank believed the lawsuit was without merit but otherwise had no comment. MSC officials could not be reached for comment.

MSC was founded in 1978 and provides specialized credit card services to the trucking and aviation industries. The company says its Multi Service Card is the world's most widely used corporate aviation card. According to Pier to Pier, MSC processes at least 80 percent of all general aviation credit card transactions.

The suit charges that U.S. Bank "conceived a plan, code-named 'Feather,' to monopolize payment processing in the General Aviation industry by acquiring the general aviation business of MSC."

One of MSC's biggest clients was **NetJets**, a private aviation company owned by **Berkshire Hathaway**. According to the suit, NetJets's 2003 credit card purchases exceeded \$400 million.

Pier to Pier says that when MSC and U.S. Bank learned NetJets was planning to give its fuel contract business to Pier to Pier's licensee, **PerfectStop Partners**, they "began conspiring about ways they could resolve the competitive threat."

Pier to Pier charges that U.S. Bank and MSC decided to pursue a partnership agreement with PerfectStop to gain control over Pier to Pier's payment processing system, known as P2P, according to the suit.

In November 2004, MSC agreed to pay PerfectStop \$2 million for a roughly 18 percent limited partnership interest in the company and a seat on the board of PerfectStop's general partner, **PerfectStop Inc.** In return, MSC was granted exclusive use of the P2P system, the suit alleges.

Instead of promoting the P2P system, however, MSC began competing with it, Pier to Pier contends. It also used its seat on PerfectStop's board to gain inside knowledge about prospective deals with customers and then cut its own separate deals with them, according to the suit.

After acquiring MSC's general aviation business in February 2005, U.S. Bank "continued to use MSC's antiquated payment processing system and to implement its own e-commerce-based system to directly compete against Perfect Stop. Meanwhile, P2P and PerfectStop literally died on the vine, as they had no other viable source of funding and neither the right nor the ability to independently market the P2P system," Pier to Pier charges.

The multicount lawsuit seeks unspecified damages for breach of contract, fraud, breach of fiduciary duty, conspiracy in restraint of trade and violation of Missouri security laws.

THE COMPANIES

- *Pier to Pier of Houston created a payment-processing system for the general aviation industry.*
- *A lawsuit alleges that Multi Service Corp. of Overland Park and U.S. Bank stifled the new system.*

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