A.G. Schneiderman Announces Distribution Of E-Book Settlements Totaling $166 Million

Multi-State Settlement Expected To Result In Over $11 Million In Distributions To Injured New York Consumers

Schneiderman: My Office Will Continue To Ensure That New Yorkers Hurt By Illegal Anticompetitive Conduct Receive Compensation

NEW YORK – Attorney General Eric T. Schneiderman today announced that consumers of electronic books (E-books) will be receiving compensation this week pursuant to settlements entered into by the New York Attorney General and the Attorneys General of numerous other states with five of the six largest publishers of electronic books. The settlements arose out of an investigation and subsequent lawsuit brought by New York and 32 other states against publishers Hachette Book Group Inc., HarperCollins Publishers LLC, Simon & Schuster Inc., Holtzbrinck Publishers, LLC, d/b/a Macmillan, and Penguin Group (USA) Inc., as well as Apple, Inc., alleging anticompetitive activity in the E-book industry. After the publishers settled, a trial was held last year with respect to the claims against Apple. A court found that the publishers and Apple had engaged in an illegal conspiracy that restricted price competition and raised the retail prices of E-books.

"Illegal actions by these publishers forced consumers in New York and across the nation to pay artificially inflated prices for E-books," said Attorney General Schneiderman. "Companies engaging in such anticompetitive conduct will be punished—and starting today, those injured by their actions will start to receive full and fair compensation."

The settlements with the five publishers totaled $166 million nationwide. Approximately $11.5 million is expected to be distributed to E-book purchasers residing in New York. The settlements were approved by the U.S. District Court for the Southern District of New York on December 6, 2013. Two of the settlements were negotiated together with private counsel representing consumers in states whose attorneys general had not joined the litigation.

Pursuant to the settlements, New Yorkers who purchased E-books from Amazon, Barnes & Noble, Kobo or Apple will automatically receive a credit on their E-book accounts. Purchasers of E-books from Sony will automatically receive refund checks in the mail. Consumers who purchased E-books from other retailers, and who filed a timely claim form with the Settlement Administrator, will receive refund checks in the mail. The amount of the account credits or money to be received by New Yorkers will be based upon the number of eligible E-books purchased during the claims period (April 1, 2010 to May 21, 2012). For more information on the settlements, visit www.ebookagsettlements.com.

The case against Apple Inc. continues. In June 2013, following a three-week bench trial in the liability phase of the case, U.S. District Judge Denise Cote found Apple guilty of facilitating and executing a conspiracy to eliminate retail price competition in order to raise the retail prices of E-books, in violation of federal and state antitrust laws. A second trial, to decide the amount of damages Apple must pay for this violation, is expected to take place later this year. New York, along with Texas, Connecticut, and other states, is expected to take a leading role at the trial.
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