UTAH JOINS LAWSUIT OVER ELECTRONIC BOOK PRICE FIXING

Utah Attorney General Mark Shurtleff is joining 30 other attorneys general in an antitrust lawsuit accusing some of the nation’s largest publishers of fixing prices on electronic books. The amended lawsuit filed today in the U.S. District Court in New York alleges Apple Inc., Penguin Group, Holtzbrinck Publishers and Macmillan Publishers violated federal and state antitrust laws by participating in the price-fixing scheme. The U.S. Department of Justice and a group of investigating states spent two years investigating the alleged conspiracy to raise e-book prices.

For years, retailers sold e-books through a traditional wholesale distribution model, where retailers, not publishers, set sales prices. However, the investigation found evidence Macmillan, Penguin, Apple and other publishers artificially raised prices by using a distribution model in which the publishers set prices for e-Book bestsellers at $12.99 and $14.99. When Apple prepared to enter the e-book market, the publishers and Apple allegedly agreed to adopt an agency distribution model to fix prices. The price-fixing scheme was allegedly enforced by requiring all e-Book outlets to sell products at the same price—ending any retail price competition. The complaint alleges this coordinated agreement resulted in e-book customers paying more than $100 million in overcharges. The lawsuit aims to stop the anti-competitive conduct and seeks damages for customers who paid artificially inflated prices for e-books. The states have already reached agreements in principle with three additional publishers, Hachette Book Group, HarperCollins Publishers and Simon & Schuster, to provide significant consumer restitution and comply with a ban on any price-fixing behavior. Utah is joined in this lawsuit by Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Mexico, New York, North Dakota, Ohio, Pennsylvania, Puerto Rico, South Dakota, Tennessee, Texas, Vermont, Virginia and Wisconsin. The Department of Justice has filed a separate civil antitrust lawsuit against these defendants in the same U.S. District Court in New York.

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