Schuette Announces Michigan Consumers to Receive Compensation from Settlement in E-Books Price-Fixing Lawsuit

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LANSING - Attorney General Bill Schuette today announced Michigan consumers will receive compensation from a settlement in an antitrust case against a major U.S. book publisher for price-fixing and collusion in the electronic book (e-book) market. Michigan has reached an agreement with Penguin Group (USA) Inc. to settle allegations that Penguin illegally conspired with other major publishers and Apple Inc. to increase the retail price of e-books. Including the Penguin settlement, $164 million in consumer restitution has been recovered for consumers nationwide harmed by price-fixing in the e-book market. Michigan consumers will receive approximately $4.3 million from the five publisher settlements.

"Any company engaging in price-fixing not only throws a wrench in the free market at the expense of consumers, it also violates the good faith of citizens across our state," said Schuette. "Through this settlement, Michigan consumers who were harmed by the conspiracy are eligible to receive compensation."

The agreement with Penguin must be approved by the U.S. District Court for the Southern District of New York. When finalized, the agreement will grant e-book outlets greater freedom to reduce the prices of their e-book titles. Consumers nationwide - including those represented by the attorneys general of the 33 states and territories and those represented by private counsel in a related class action - will receive $75 million in compensation.

Michigan has previously settled with four other publishers: Hachette Book Group Inc., HarperCollins Publishers L.L.C., Simon & Schuster Inc., and Holtzbrinck Publishers LLC d/b/a Macmillan for illegally conspiring to increase the retail price of e-books. The alleged collusion caused prices for e-book editions of New York Times Best Sellers to increase from $9.99 to $12.99 and $14.99. Consumers nationwide will receive $164 million in compensation as a result of the settlements with the five publishers. The settlement agreement also precludes the publishers from further conspiring or sharing competitively sensitive information with their competitors or entering into any kind of contract that could undermine the effectiveness of the settlement agreement.

This settlement does not affect the lawsuit filed by Attorney General Schuette and 30 other state attorneys general and the attorneys general of the District of Columbia and Puerto Rico alleging Apple Inc. conspired with the publishers to artificially raise e-book prices. That lawsuit remains ongoing with trial scheduled in June 2013.

If you purchased an e-book with an artificially inflated price from the five publishers, you should have already received a notice from your retailer.

The Michigan Antitrust Reform Act (MARA) prohibits price-fixing agreements because such agreements undermine competitive market forces, causing artificially higher prices for consumers. If a consumer has evidence of an actual agreement to fix prices in any market, they are encouraged to contact Attorney General Bill Schuette's Consumer Protection Division at 1-877-765-8388 or file a complaint online at www.michigan.gov/ag (http://www.michigan.gov/ag).

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