Tennesseans to Get More Refunds as Result of Agreement with Penguin Group Inc. to Resolve E-Book Price-Fixing Allegations

May 22, 2013, #13-12

Tennesseans who bought electronic books (E-books) from Penguin Group (USA) Inc. in the past two years may be eligible for a refund as part of a multistate price-fixing agreement, Attorney General Bob Cooper announced today. Consumers in Tennessee along with 33 other states and territories will receive a total of $75 million in restitution.

Today's agreement is the latest in a widespread investigation into allegations some of the largest publishers agreed with one another and some distributors to artificially set the prices of E-books sold in the United States.

The agreement with Penguin must be approved by the U.S. District Court for the Southern District of New York. When finalized, the agreement with Penguin will grant E-book outlets greater freedom to reduce the prices of their E-book titles.

Tennessee 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 allegations relating to the same conduct.

An antitrust action based on the same allegations against Apple Inc., meanwhile, remains pending with a trial scheduled for June 3.

Specifically, the complaint states, the publishers agreed to increase retail E-book prices for all consumers and to eliminate E-book retail price competition between E-book outlets regardless of where the consumers bought their E-books.

"We hope this agreement will help stop anyone who attempts to gouge consumers in the future by artificially inflating prices for goods and services," Attorney General Cooper said. "As a result of this activity, consumers paid millions more than they should have in a naturally competitive marketplace."

The lawsuit and today's settlement stem from a two-year antitrust investigation conducted by the states and U.S. Department of Justice's Antitrust Division. That investigation developed evidence that the conspired to end E-Book retailers' freedom to compete on price by taking control of pricing from E-Book retailers and substantially increasing the prices that consumers paid for E-Books. The States contend that the publishers prevented retail price competition resulting in consumers paying millions of dollars more for their e-books. Under the proposed settlement agreement, the publishers will compensate consumers who purchased E-books from any of the publishers cited during the period between April 1, 2010 through May 21, 2012.