Kentucky Attorney General Jack Conway today announced that Kentucky has joined 54 other states, districts and U.S. territories in an antitrust settlement with three of the nation's largest book publishers. Hachette Book Group (USA), HarperCollins Publishers L.L.C. and Simon & Schuster Inc. have agreed to pay a total of more than $69 million to consumers to resolve antitrust claims of an alleged unlawful conspiracy to fix the prices of electronic books (e-books) and change the way they price e-books going forward.

Under the agreement, eligible Kentucky consumers who purchased e-books from April 1, 2010 through May 21, 2012 will receive compensation estimated to exceed $700,000.

"Kentucky consumers paid hundreds of thousands of dollars more for some of the most popular e-book titles, as a result of this collusion," General Conway said. "This settlement paves the way for restitution for consumers harmed by the scheme and restores competition in the e-book market. Through our ongoing litigation against the remaining defendants, we hope to provide additional restitution to Kentucky consumers who have been harmed."

The settlement is in conjunction with a civil antitrust lawsuit filed yesterday in U.S. District Court for the Southern District of New York against Hachette, HarperCollins, and Simon & Schuster Inc. The lawsuit alleges that the three settling publishers and others "conspired and agreed to increase retail e-book prices for all consumers" and "agreed to eliminate e-book retail price competition between e-book outlets, such that retail prices to consumers would be the same regardless of the outlet patronized by the consumer."

The lawsuit and settlement stem from a two-year antitrust investigation conducted jointly by the Connecticut and Texas Attorneys General and the U.S. Department of Justice's Antitrust Division. That investigation developed evidence that the defendant publishers conspired to end e-book retailers' freedom to compete on price by controlling wholesale prices and substantially increasing the prices that consumers paid for e-books. The department said...
the publishers prevented retail price competition, resulting in consumers paying millions of dollars more for their e-books.

Under the proposed settlement agreement, which the court must approve, Hachette, HarperCollins and Simon & Schuster will compensate consumers who purchased e-books from any of the defendants from April 1, 2010 through May 21, 2012. Payments will begin 30 days after the court approval of the settlement becomes final. Consumers in Kentucky are expected to receive more than $700,000 in total compensation. The settling defendants will also pay approximately $7.5 million to the states for fees and costs of this investigation.

In addition to paying the $69 million consumer compensation, Hachette, HarperCollins and Simon & Schuster have agreed to injunctive relief that terminates their existing agency agreements with certain retailers, which previously required the publishers to grant retailers—such as Amazon and Barnes & Noble—the freedom to reduce the prices of their e-book titles. For two years, they will be prohibited from making any new agreements that constrain retailers’ ability to offer consumer discounts or other promotions that encourage the sale of e-books.

The proposed settlement agreement precludes these three publishers from further conspiring or sharing competitively sensitive information with their competitors for five years.


Consumers who have made purchases from these publishers will be notified by the publishing company if they are entitled to restitution.