



August 29, 2012

MADIGAN ANNOUNCES E-BOOK PUBLISHERS PRICE-FIXING SETTLEMENT***Book Publishers Conspired to Overcharge Consumers for e-Books***

Chicago — Attorney General Lisa Madigan today joined 54 other state and territorial attorneys general in proposed antitrust settlements with three of the nation's largest publishers accused of conspiring to raise prices for e-books. If approved by the court, Madigan said Illinois consumers who were overcharged in the scheme would receive more than \$2.7 million.

The proposed settlements occur in conjunction with today's filing of an antitrust lawsuit in federal district court in New York against the three publishers: Simon & Schuster, Hachette, and HarperCollins. The suit alleges that the three publishers and two other non-settling publishers (Penguin Group, Inc. and Macmillan) conspired to drive up the price of e-books beginning in 2010 when Apple unveiled its first e-book reader, the iPad. The three settling publishers agree to pay more than \$69 million to consumers and change the way that they price e-books going forward. The three publishers also will pay \$7.5 million to the states for the costs of the investigation and litigation.

"This scheme to fix prices caused consumers to spend millions more on e-books than they otherwise would have paid," Madigan said. "This settlement will help compensate consumers and send a clear signal that we will enforce the antitrust laws to ensure fair competition."

The attorneys general are seeking court approval of two earlier settlements with Hachette and HarperCollins and a more recent settlement with Simon & Schuster. Through the proposed settlements, the three publishers will compensate consumers who purchased e-books from any of the companies (including Penguin and Macmillan) during the period of April 1, 2010 through May 21, 2012. Payments or credits to consumers are expected to begin 30 days after the court gives final approval to the settlement.

In addition to compensating consumers, Simon & Schuster, Hachette, and HarperCollins have agreed to terminate their agency agreements with certain retailers, such as Amazon and Barnes & Noble, which prevented the retailers from reducing the prices of their e-book titles. For two years, the publishers will be prohibited from making any new agreements that prevent retailers from offering consumer discounts or other promotions that encourage the sale of e-books.

The proposed settlement agreements also prohibit the three publishers from further conspiring or sharing competitively sensitive information with their competitors for five years. The antitrust case against the non-settling publishers – Penguin Group, Inc. and Holtzbrinck Publishers LLC d/b/a Macmillan, as well as Apple, Inc. – is pending in the Southern District of New York.

Bureau Chief Robert Pratt and Assistant Attorney General Chadwick Brooker have handled these cases for Attorney General Madigan's Antitrust Bureau.

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