



DEPARTMENT OF THE ATTORNEY GENERAL

**News Release**

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**Hawaii Part of \$69 Million Agreement with Three Major U.S. Publishers over E-Book Price-Fixing Allegations**

HONOLULU -- Hawaii Attorney General David M. Louie, along with 53 attorneys general in other states, districts and U.S. territories, announced today that they have reached an antitrust settlement with three of the largest book publishers in the United States. Hachette Book Group Inc. ("Hachette"), HarperCollins Publishers L.L.C. ("HarperCollins"), and Simon & Schuster Inc. ("Simon & Schuster") 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). They have also agreed to change the way they price E-books going forward.

The settlement occurs in conjunction with a civil antitrust lawsuit filed today in U.S. District Court for the Southern District of New York against Hachette, HarperCollins, and Simon & Schuster. The lawsuit alleges that the three settling publishers and two non-settling publishers, Macmillan and Penguin, (collectively, the "Publishers"), "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 today's settlement stem from a two-year antitrust investigation conducted jointly by the Connecticut and Texas Attorneys General and U.S. Department of Justice's Antitrust Division. That investigation developed evidence that the Publishers 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. As a result of this conduct, the States allege that consumers paid millions of dollars more for their E-books.

**"Our legal action sends a strong message that competitors cannot get away with price-fixing,"** Attorney General Louie said. **"Colluding to fix prices raises costs for customers, who, in this case, have paid millions of dollars more for some of the most popular E-Book titles. Today's settlement with three publishers paves the**

**way for restitution for those consumers harmed by the scheme.” Louie added, “in addition to the money consumers will receive, this settlement will restore competition in the E-Book market by promoting E-Book competition among retailers.”**

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 Publishers during the period of April 1, 2010 through May 21, 2012. Payments will begin 30 days after the court approval of the settlement becomes final. Consumers in Hawaii could receive up to \$300,000 in total compensation. The settling defendants will also pay approximately \$7.5 million to the states for fees and costs.

In addition to paying the \$69 million consumer compensation, Hachette, HarperCollins and Simon & Schuster have agreed to terminate their existing agency agreements with certain retailers, requiring the publishers to grant those retailers—such as Amazon and Barnes & Noble—the freedom to reduce the prices of their E-book titles.

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