

## An Alleged Conspiracy

**Mark Hamerick:**

The iPad is the must-have gadget of the moment, but at a steep price; and now the federal government says Apple, the world's most valuable company, conspired with book publishers to raise the price of electronic books, which reside on devices made by Apple and rivals.

**Eric Holder:**

As a result of this alleged conspiracy, we believe that consumers paid millions of dollars more for some of the most popular titles.

**Mark Hamerick:**

The added cost per electronic book to consumers? Said to be two to three dollars each, totaling more than 100 million dollars. The Justice Department and several states are suing Apple and the companies behind Macmillan and Penguin Group. According to Connecticut's attorney general, the late Steve Jobs told publishers, quoting here: "The consumer pays a little more, but that's what you want anyway." At the same time, the government has settled with three other publishers.

**Mark Hamerick:**

The government's antitrust chief says executives were looking to pressure Amazon.com, maker of the Kindle e-reader, to raise the \$9.99 price point set for many of its popular titles, set well below their hardcover prices. Consumer advocate Mark Cooper says the government case is a watershed event amid the shift to digital.

**Mark Cooper:**

It's-it's the first, as far as I can tell, first collusion case in digital distribution. We had Microsoft and Intel. Those are unilateral cases. Here's collusion. And the answer is: collusion is illegal, anticompetitive, anticonsumer, in cyberspace as it was in physical space.

**Mark Hamerick:**

The rise of electronic books is one factor behind the failing fortunes of the bookstore business. Gone are the Borders and Waldenbooks chains. Barnes & Noble remains and is betting heavily on its Nook e-reader. It expects to suffer a loss this year. Macmillan CEO John Sargent says the company has not settled because it has done, in his words, "no wrong." He says the publisher did not act illegally and did not collude.

**Mark Hamerick:**

For its part, Apple recently touched a milestone, with the company valued at 600 billion dollars, based on its skyrocketing stock price. But with this lawsuit filed by the federal government, Apple risks losing some of its shine if the allegations of price-fixing hold up.

**Mark Hamerick:**

Mark Hamerick, The Associated Press, Washington.

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