
International developments

From the US

Unless otherwise stated, the following items come from the Federal Trade Commission's press releases on its website <<http://www.ftc.gov>> and from *Antitrust & Trade Regulation*, published by the Bureau of National Affairs, Inc.

Skybiz ordered to repatriate millions in offshore assets

A US District Court judge recently ordered the operators of an allegedly illegal pyramid scheme to return millions of dollars being held in offshore accounts to preserve them for consumer redress, pending trial.

At the request of the FTC, in June 2001, a US District Court judge temporarily halted the unlawful activities of the SkyBiz operation, froze the defendants' assets to preserve them for consumer redress, and appointed a receiver to oversee the corporate defendants.

The defendants argued that the assets of its offshore affiliate, Skybiz International, were not covered by the temporary restraining order issued in June, or by the preliminary injunction extending its provisions, issued in August.

US District Judge Claire V Eagan disagreed, and has ordered Tulsa-based Skybiz to return the assets, including tens of millions in an account in Ireland, to the US for possible use as consumer redress. (The ACCC instituted proceedings against the US company SkyBiz.Com Inc. in September 2002 — see *ACCC Journal* no. 34.)

Hearst Corporation to pay US\$19 million

The FTC recently announced a proposed settlement with Hearst Corporation that would resolve charges that Hearst unlawfully acquired J.B. Laughery, Inc., which included the Medi-Span integratable drug information database business. Under the terms of

the settlement, Hearst will divest the former Medi-Span business and pay US\$19 million as disgorgement of unlawful profits.

The FTC alleged that Hearst violated s. 7A of the Clayton Act when, in its requisite pre-merger filing with the antitrust agencies, it illegally omitted several high-level corporate documents prepared to evaluate the Medi-Span acquisition and its competitive effects. The FTC further alleged that this transaction substantially lessened competition in the integrated drug information database market.

FTC cracks down on Internet marketers of bogus bioterrorism defence products

Website operators who suggest using such things as oregano oil or zinc mineral water to treat illnesses like anthrax have been told to remove the claims from the Internet. After a coordinated Internet surf found sites touting products and therapies that claim to prevent, treat, or cure anthrax, smallpox, and other health hazards, the FTC has sent email warnings telling operators of these sites to delete the information.

From Canada

The following items come from the Competition Bureau's website at <<http://competition.ic.gc.ca>>.

FTC halts cross-border con artists

A Canadian telemarketing operation that targeted elderly US citizens, conning them into disclosing credit card numbers, and using legitimate website payment services to illegally bill the consumers' credit cards for merchandise they did not order, has been shut down by a US District Court at the request of the FTC.

Online payment services act as intermediaries between consumers and businesses operating over the Internet. They let consumers use credit cards to pay for goods or services, even if the business does not accept credit card payment.

The defendants obtained consumers' credit card information by running a telemarketing operation that supposedly offered free products or services such as a low interest rate credit card or access to unclaimed cash. The defendants told the consumers, many of them elderly, that their credit card numbers were required to receive free goods or services, but that their credit cards would not be charged. The defendants used the information they obtained from the consumers to establish accounts in the consumers' names with online payment services.

The FTC alleges that many consumers who were charged had not agreed to purchase anything and had never heard of the online payment service identified on their credit card billing statement. In fact, many of the consumers did not even have access to a computer or email, although both are required to open an account with a payment service.

From New Zealand

The following item came from the NZ Commerce Commission's media releases listed on its website at <<http://www.comcom.govt.nz>>.

Non-disclosure in advertising costs RepcO NZ\$5500

Non-disclosure of a daily fee and failing to mention that the advertised cellphones were second-hand has cost Pacific Dunlop Holdings Limited, trading as Repco, NZ\$5500 in the Auckland District Court.

RepcO pleaded guilty to breaching the Fair Trading Act with the advertising of its 'X-Cell Prepay Mobile' telephones. The advertisements claimed 'call rates from just 39c a minute!' and 'no monthly charges'. In addition, the advertisements made no mention that the phones were used.

A Commerce Commission investigation revealed there was an administrative fee of 35c per day charged to the prepay mobile, and that the phones under the prepay plan were reconditioned.

From Europe

The following item is from the European Commission's website at <<http://europa.eu.int/rapid/start/egi/guesten.ksh?qry>>.

Commission fines ten companies for carbonless paper cartel

After an investigation launched in 1996, the Commission recently imposed fines totalling 313.7 million euros on Arjo Wiggins Appleton and nine other companies in the United Kingdom, France, Germany and Spain for taking part in price fixing and market-sharing agreements in the carbonless paper industry. It found that between 1992 and 1995 the companies took part in a Europe-wide cartel designed essentially to implement concerted price increases. As the main instigator of the cartel and Europe's largest manufacturer of carbonless paper, Arjo Wiggins received the largest fine.

The Commission began its investigation after Sappi Limited (South Africa) informed the Commission of the existence of the agreement. Sappi was granted total immunity under the rules on leniency laid down by the Commission in 1996.

During the period of the infringement (1992-95), the market for carbonless paper was worth about 850 million euros a year in the European Economic Area.