

ANALYSIS OF PROPOSED
CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission has accepted an agreement to a proposed consent order from Federal News Service Group, Inc. ("FNS"), which is located in Washington, D.C., and its President, Cortes W. Randell.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and decide whether it should withdraw from the agreement or make final the agreement's proposed order.

The complaint alleges that FNS and Cortes Randell engaged in acts and practices that have unreasonably restrained competition in the news transcript business in violation of Section 5 of the Federal Trade Commission Act. News transcripts are fast turnaround verbatim transcripts of a variety of news events primarily involving the federal government. Cortes Randell is the President of FNS, and the complaint alleges that he formulated, directed, and controlled the alleged acts and practices of FNS.

The complaint alleges that before May 1993, FNS and Reuters America Inc. ("Reuters") directly competed with each other for news transcript customers. The news transcripts sold by Reuters

were produced by News Transcripts Inc. ("NTI"), and Reuters had the exclusive right to market these news transcripts.

The complaint alleges that by May 1993, FNS, Reuters and Cortes W. Randell agreed that Reuters would become a reseller of FNS-produced news transcripts and not sell news transcripts to FNS's customers; Reuters would not produce or sell any news transcripts which compete with FNS-produced news transcripts; and Reuters would not sell news transcripts below a minimum monthly price of \$500.

The complaint further alleges that Reuters, in concert with FNS, induced NTI to cease producing news transcripts and not to compete with FNS. The complaint alleges that the purpose or effect of the agreements was to eliminate competition in the production and sale of news transcripts. The complaint alleges that after FNS became the sole producer of news transcripts, many customers of FNS received price increases.

The complaint also alleges that FNS and Cortes W. Randell, in concert with Reuters, coerced a reseller to raise the price of the reseller's news transcript database. The reseller raised its price to assure its continued supply of FNS-produced news transcripts.

FNS and Cortes W. Randell have signed a proposed consent agreement that prohibits them from agreeing to or attempting to agree to allocate customers or divide markets with any provider of news transcripts. For a five year period, the proposed consent agreement also prohibits FNS from having a supply

agreement with Reuters or an agreement with Reuters to acquire or sell news transcript customer accounts. Additionally, the proposed consent agreement prohibits FNS or Cortes W. Randell from entering into agreements with Reuters that prevent Reuters from competing in the production, marketing, or sale of news transcripts. Finally, the proposed consent order prohibits FNS or Cortes W. Randell from fixing or attempting to fix resale prices for news transcripts.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the terms of the agreement and proposed order or to modify in any way their terms.