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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of	)	
Reuters America Inc., a corporation.	)	DOCKET NO.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Reuters America Inc., a corporation (sometimes referred to as "respondent"), has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

PARAGRAPH ONE: Respondent Reuters America Inc. ("Reuters") is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business at 1700 Broadway, New York, New York 10019.

PARAGRAPH TWO: Reuters has been engaged in the sale of news transcripts and other services to the media and others. The "news transcripts" are fast turnaround verbatim transcripts covering a variety of news events primarily involving the federal government. Examples of the news events covered include White House and Departments of Defense and State speeches and press briefings, press conferences by federal agency officials, and Congressional hearings. Reuters transmitted these services over communication networks to customers located throughout the United States.

PARAGRAPH THREE: Federal News Service Group, Inc. ("FNS") is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business at 620 National Press Building, Washington, D.C. 20045.

PARAGRAPH FOUR: Under the business name of Federal News Service, FNS sells and transmits news transcripts over communication networks to customers located throughout the United States.

PARAGRAPH FIVE: Respondent's acts and practices, including the acts and practices alleged in this complaint, are in or affect commerce as defined in the Federal Trade Commission Act.

PARAGRAPH SIX: From 1988, when Reuters entered the news transcript business, until May 1993, Reuters and FNS directly competed with each other for news transcript customers. They were the dominant sellers of news transcripts. Each company had its own source of supply of news transcripts. Reuters relied on News Transcripts Inc. ("NTI") to provide news transcripts exclusively to it. FNS produced its own news transcripts and relied on another company to supply news transcripts to it. FNS and Reuters competed on the basis of the price, speed, accuracy, and breadth of coverage of their respective news transcripts.

PARAGRAPH SEVEN: Soon after Reuters entered the news transcript business, FNS solicited an agreement with Reuters that would eliminate the competition that existed between FNS and Reuters. Reuters rejected the solicitation.

PARAGRAPH EIGHT: During the period between 1989 and 1993, Reuters learned of and had concerns related to a potential tax liability of its news transcript supplier. Reuters subsequently entered into the agreements described below.

PARAGRAPH NINE: As early as May 1993, FNS and Reuters agreed, among other things, that Reuters would not sell or attempt to sell news transcripts to FNS's customers; Reuters would sell FNS-produced news transcripts; Reuters would not produce and sell its own news transcripts or purchase and resell any other company's news transcripts which compete with FNS's news transcripts for the term of their supply agreement plus at least five years; and the minimum price for news transcripts sold by Reuters would be at least $500 per month. These agreements were continued by subsequent agreements between FNS and Reuters. Reuters also acted in concert with FNS to induce NTI to enter into an agreement with FNS in June 1993 under which NTI agreed, among other things, to cease producing news transcripts and not to compete with FNS.

PARAGRAPH TEN: The effect of these agreements was to unreasonably restrain competition in the production and sale of news transcripts. FNS became the sole producer of news transcripts, and by May 1994, many of FNS's customers had received price increases for news transcripts.

PARAGRAPH ELEVEN: In August 1993, Reuters was under contract to supply a database reseller with news transcripts, and under that contract Reuters could receive as part of its royalty payment a percentage of the database reseller's price. Previously, Reuters had provided this database customer with news transcripts produced by NTI. In August 1993, however, FNS was producing news

transcripts for Reuters and threatened to disallow Reuters' sale of transcripts to this database reseller unless the reseller agreed to raise its prices to its database customers. In order to insure that FNS would agree to allow Reuters to continue providing FNS transcripts to this database reseller, Reuters scheduled a meeting and otherwise assisted FNS in obtaining the reseller's agreement to raise the prices of its news transcript database. The reseller acquiesced in FNS's request to raise its prices and communicated its acquiescence to Reuters and FNS.

PARAGRAPH TWELVE: By engaging in the acts or practices described in paragraphs Nine through Eleven of this complaint, Reuters unreasonably restrained competition in the news transcript business in the following ways, among others:

(a) Competition between FNS and Reuters for customers was restrained;
(b) Price competition between FNS and Reuters was restrained;
(c) Competition on the basis of product quality between FNS and Reuters was eliminated; and
(d) Price competition between database resellers of news transcripts was restrained.

PARAGRAPH THIRTEEN: The acts or practices of Reuters alleged herein were and are to the prejudice and injury of the public. The acts or practices constitute unfair methods of competition in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act. These acts or practices are continuing and will continue, or may recur, in the absence of the relief requested.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this _____ day of _____ A.D., 1995, issues its complaint against said respondent.

By the Commission.

Donald S. Clark
Secretary

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