



## **PRELIMINARY ALLEGATIONS**

2. Respondent Jacob J. Alifraghis is an individual living in Florida and doing business in Florida as InstantUPCCodes.com, with a mailing address of 2803 Gulf To Bay Blvd, #165, Clearwater, FL, 33759. Mr. Alifraghis' written communications to his competitors, as set forth below, were by email or through websites that permit individuals to transmit written messages.
3. The primary business of Instant is selling barcodes over the internet.
- 4.



Reply and let me know if you are willing to do this or not. In the mean time I will contact [Competitor A] with the same message and ask him if he's okay with doing this. If this is acceptable by everyone, I will coordinate a date when the change must be completed so that everyone's on board.

If you do not decide you want to match the prices of [Competitor B], I will match your prices upon receiving your reply or within 48 hours, whichever comes first, this will make [Competitor A] obviously change his prices as well and we will all be at a lower price.

If you, or [Competitor A] cannot make it in this industry at the same matched price as my company, then you need to fix your sites, work on advertising, seo etc... I make profit, when you and [Competitor A] have lower prices that my company. We need to all work together on this to bring the prices back up to where they should be. Have you seen the prices on eBay? I mean this is ridiculous.

We all need to work together on keeping the prices where they should be. We also need to have identical UPC packages or this will not work either. I will forward this message to [Competitor A] now. Let me know if you are interested in doing this or not. Even though I am your competitor, you need to realize sometimes we have to work together shape up an industry.

10. The next day, on August 5, Mr. Peretz forwarded Mr. Alifraghis'

I am not going to change my quantity breakdowns, but will meet those prices (I might stay higher in a few areas where it makes sense to me) but for all intent and purpose, the prices will be the same or higher. I will base these on [Competitor B's] prices as you suggest.

\* \* \*

I will be ready to make this switch on Sunday Midnight and will look to you to lead the charge.

I also look forward to increasing our revenues.

12. Competitor A did not respond to the email from Mr. Alifraghis (*see* paragraph 9 above), and did not respond to the emails from Mr. Peretz (*see* paragraphs 10 and 11 above). Mr. Peretz had a telephone conversation with a representative of Competitor A.
13. On August 7, Mr. Peretz sent an email to Mr. Alifraghis and Competitor A trying to overcome what he perceived as an impasse in the planning to coordinate an increase in prices. Mr. Peretz explained that a lack of trust was leading all three of the firms to make less money:

It seems that we have hit an impasse.

After some conversation with [Competitor A], the issue of trust came up. It seems that none of us really trust one another and the issue of “price fixing” with someone who is nameless becomes a sticking point. We will not be doing this.

We do agree that prices need to rise, but [Competitor A] is fairly satisfied with destroying the market with his 10,000 barcodes for 1,000. He blames you [. . .] I blame him.

Like I said [. . .] none of us trust one another [. . .] we first need to resolve this 3-way issue of ethics.

In the meantime [. . .] we will all be making less money.

14. Mr. Alifraghis feared that Competitor A was not ready and willing to cooperate with the proposal to raise prices. On August 9, Mr. Alifraghis transmitted another message to Mr. Peretz via Nationwide's website, urging his competitors to see the benefits to all the companies of collusive pricing:



longevity of the business, I can easily put up 3-6 more sites and push everyone lower.

\* \* \*

I respect everyone in this business and industry even though you are my competitors.

Mr. Peretz forwarded this August 9 message from Instant to Competitor A.

15. On August 11, Mr. Peretz emailed Mr. Alifras>>BDC 1T015

This is a dialog [. . .] a dialog is a very good thing and it seems, regardless of how I feel about each of you and how you feel about each other or me, this is an opportunity to increase profitability. All it takes is conversation and a leap of faith.

This is the opportunity that we have all wanted [. . .] to be able to increase our prices and to make some money.

I am higher than you fellows...the sign of good intent would be to meet my prices, then [. . .] over the next several months, increase our prices to where they should be. As we each observe where the other is at, we adjust our prices accordingly.

This is, however, a slippery slope, and could be misconstrued as collusion, which is illegal.

It is not illegal, however, for one of us to raise our prices and then have others follow.

Our discussion has NOT been price fixing, merely a courtesy that we will meet each other's prices [. . .] even if we have to raise them to do this.

18. When Mr. Peretz did not hear back from his competitors, he threatened to lower his prices to punish his rivals for not entering into a price-fixing conspiracy. Mr. Peretz's August 19 email to Instant and Competitor A stated:

Gentlemen,  
Have we given up on this conversation?

This is the busiest time of year... and I am considering meeting and/or beating your prices. Would like to see what your thoughts are before I screw up our industry even more.

19. Mr. Alifraghis replied to Nationwide later that evening renewing his plea for Nationwide to obtain Competitor A's cooperation in the plan to raise prices. Mr. Alifraghis also threatened to lower prices to punish its rivals if they did not agree to set higher prices:

Nationwide, This is the problem



You going lower than me will do nothing for you, because I'll be right there or if [Competitor A] goes lower I'll still be right there matching both of you. You're still going to have the same problems.

\* \* \*

I'll change my prices and put everyone out of business tomorrow. I'll put the prices so low, there will be no profits PERIOD.

\* \* \*

I messaged you both to bring the prices up, not go down. [Competitor A] is your problem[. . .] [G]et him to agree to matching [Competitor B's] prices and I'll change mine before everyone [. . .] like I said.

\* \* \*

If you both don't wanna raise your prices [. . .] just keep going lower and lower and lower. I don't mind, go either direction you decide I'll be right there matching the prices. . . . I'll surprise the both of you with the lowest prices you've ever seen. You are pushing me to put everyone out of business.

20. Mr. Peretz and Mr. Alifraghis continued to exchange communications about price levels into January 2014. On October 21, 2013, Mr. Alifraghis contacted Nationwide and complained that its prices were too low. Mr. Peretz responded by claiming that Instant was priced lower than Nationwide. On January 6, Mr. Alifraghis contacted Nationwide and complained that Competitor A and Competitor B had lowered their prices. Nationwide responded by stating that, "If you want to be colleagues, certainly we can," but that Mr. Alifraghis had shown a lack of respect for Nationwide's business.
21. The FTC served a subpoena on Nationwide in January 2014. In January 2014, Mr. Alifraghis became aware that the FTC was trying to serve him a subpoena as well.

#### **VIOLATION CHARGED**

22. As set forth in Paragraphs 8 through 21 above, Respondent invited his competitors to collude with Instant to raise prices for barcodes in violation of Section 5 of the Federal Trade Commission Act, as amended.

23. The acts, policies and practices of Respondent, as alleged herein, constitute unfair methods of competition in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act, as amended. Such acts, policies and practices of Respondents will continue or recur in the absence of appropriate relief.

**WHEREFORE, THE PREMISES CONSIDERED**, the Federal Trade Commission on this day of \_\_\_\_\_, 2014, issues its complaint against Respondents.

By the Commission.

Donald S. Clark  
Secretary

SEAL: