

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright
Terrell McSweeney

In the Matter of

680 Digital, Inc.
A corporation, also d/b/a
Nationwide Barcode,

and

Philip B. Peretz,
an individual.

DOCKET NO. C-

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. § 41, et seq., and by virtue of the authority vested in it by said Act, the Federal Trade Commission (“Commission”), having reason to believe that 680 Digital, Inc., also d/b/a Nationwide Barcode and Phil Peretz, (hereinafter sometimes collectively referred to as “Respondents”), have violated the provisions of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this Complaint stating its charges as follows:

NATURE OF THE CASE

PRELIMINARY ALLEGATIONS

2. Respondent 680 Digital, Inc. also d/b/a Nationwide Barcode is a corporation organized, existing, and doing business under and by virtue of the laws of Washington, with its business mailing address at PO Box 2750, Issaquah, WA 98027.
3. Respondent Philip B. Peretz is an individual living in Nevada and doing business in Nevada, with a mailing address of 3495 Lakeside Drive, # 144, Reno, NV 89509. Mr. Peretz's written communications to his competitors, as set forth below, were by email.
4. The primary business of Nationwide is selling barcodes over the internet. Nationwide operates a website that permits individuals to transmit written messages to Mr. Peretz. Instant's written communications to Mr. Peretz, as set forth below, were transferred through this portal.
5. Instant is owned and operated by an individual by the name of Jacob J. Alifraghis.

JURISDICTION

6. At all times relevant herein, Respondent 680 Digital has been, and is now, a corporation as "corporation" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44. The businessp(r)3(a)-6 Tr2(owT)1(r)-7(ac1or)3(pA)TpU (e.89 0 Td [(pon(R)-1)]T(om)-2(p8

INVITATIONS TO COLLUDE

10. Prior to August 4, 2013, the principal

All 3 of us- US, YOU and [Competitor A] need to match the price that
[

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.

16. 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:

I personally think that [Competitor B's] prices are TOO low, but he is the highest priced out of all of us and it['s] for a good reason, not only does he want higher revenues from his established customers, but he wants to keep the pricing higher for a reason.

All of our pricing should be something like this:

1 UPC - \$39
5 UPC's - \$ 159
10 UPC's - \$219
and so on[. . .]

The best part is that the above pricing is not even the top tier of how high it could be. Not only would this improve the quantity of overall but also the amount of revenue per sale.

* * *

If you want to make money now and in the future, we all need to raise our pricing.

* * *

I sincerely believe that [N]ationwide is an asset to this industry based on his dedication. I also commend [N]ationwide since I can sincerely see that he understands this logic. Since I know that [N]ationwide is willing to move forward with these price changes, I can see that he clearly understands the reasoning behind what [I]'m saying. Therefore this message is directly aimed at [Competitor A].

[Competitor A], if you cannot truly grasp my reasoning behind why everything [I]'ve said so far is logical and you are not willing to change your prices [. . .] then I understand that is a decision you can choose to make. However, since I believe you are incorrect about this decision, I do not have to continue business at the pace you decide to move.

I believe competition is good for every industry as things only improve within time. The problem is, your decisions have an effect on not only you, but also for me and others in the business. I am a man of my word and I reached out to you which means I take this business very seriously. You may not and that may be your problem but it doesn't have to be mine. I'm not in business to make pennies and [I]'m not a charity. I'm in business because [I]'m here for profit, not bad decisions.

This is what I will leave you with [. . .] You need to make a responsible and logical decision by changing your prices. . . . This is the final and last straw for me to play these games like this. If you decide you don't want to keep the 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.

17. On August 11, Mr. Peretz emailed Mr. Alifraghis and Competitor A asking each of them to confirm their "intentions" with regard to the price-fixing scheme under discussion.
18. Mr. Alifraghis responded with another message transmitted through Nationwide's website. Mr. Alifraghis' message stated that Instant would increase prices only after
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25. The acts, policies and practices of Respondents, 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: