

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-4484

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 statin

Barcode (“Nationwide”), is one of the largest
On multiple occasions, Nationwide invited two
odes.com (“Instant”) and Competitor A, to join
o raise and fix prices for barcodes. The collusive
gher prices of another barcode seller, Competitor
dangered competition and violated Section 5 of

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.
7. The business practices of Respondents, including the acts and practices alleged herein, are in commerce or affect commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

LINE OF COMMERCE

8. A barcode is a unique 12-digit number that allows a retailer to track sales of products within its inventory system. Universal product codes ("UPCs") are the predominant form of barcodes used in the United States. UPC barcodes are issued by GS1 (formerly the Uniform Commercial Council), a nonprofit group that sets standards for international commerce. In order to avoid GS1 membership fees or minimum purchase requirements, many small businesses purchase UPC barcodes on the online secondary market.
9. Nationwide, Instant and Competitor A are three of the largest sellers of barcodes in the United States. Nationwide's closest competitors, and the principal competitive constraints upon Nationwide's pricing power, are Instant and Competitor A. Competition between and among Instant, Nationwide, and Competitor A has driven down the prices for barcodes charged by each of these sellers.

INVITATIONS TO COLLUDE

10. Prior to August 4, 2013, the principal of Instant, Mr. Alifraghis, had never communicated with the principals of Nationwide and Competitor A.
11. On August 4, 2013, Mr. Alifraghis

All 3 of us- US, YOU and [Competitor A] need to match the price that [Competitor B] has. The reason why they won't lower their price is because they would kill their sales from their existing customer database. I am also going to send this email to [Competitor A] regarding this as well. I'd say that 48 hours would be an acceptable amount of time to get these price changes completed for all 3 of us. The thing is though, we all need to agree to do this

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

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 easi

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 twentieth day of Ath lDD[2()]TJ c.E-] SoRo