

News from Attorney General Eric T. Schneiderman

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A.G. SCHNEIDERMAN AND U.S. DEPT. OF JUSTICE TAKE LEGAL ACTION TO BREAK UP MONOPOLY OF TOUR BUS OPERATORS

Two NYC “Hop-On, Hop-Off” Tour Bus Companies Formed Anticompetitive Joint Venture And Raised Prices Ten Percent

A.G. Schneiderman: We Are Taking Action To Break Up Illegal Monopoly Of Blue And Red Double-Decker Sightseeing Buses That Overcharges Consumers

NEW YORK -- Attorney General Eric T. Schneiderman today announced the filing of an antitrust lawsuit challenging an illegal joint venture of two tour bus operators, which resulted in an effective monopoly in the market for hop-on, hop-off bus tours in New York City. The legal action, brought jointly by the Attorney General and the U.S. Department of Justice, is against Twin America, which combined the two leading providers of “hop-on, hop-off” sightseeing bus tours, the Gray Line New York service operated by Coach USA, Inc., and City Sights service operated by CitySights LLC. This combination eliminated competition in the more than \$100 million-a-year market and resulted in a ten percent price increase for customers, among other consumer harms.

“Forming a monopoly that overcharges consumers is illegal and will not be tolerated. This lawsuit against Twin America is an important step toward restoring competition and protecting New York tour bus customers,” **Attorney General Schneiderman** said. “The iconic double-decker Gray Line and City Sights buses are seen all over New York City but few people know they are a monopoly that has led to higher prices and less competition. Visitors to New York deserve better.”

Today’s complaint, filed in the U.S. District Court for the Southern District of New York, is brought under the Clayton Act, a federal antitrust law that gives the Attorney General the authority to sue to block anticompetitive mergers and joint ventures, among other federal and New York State statutory provisions. Among other relief, it asks the court to restore competition by ordering Twin America to divest certain assets or dissolve the joint venture entirely.

The lawsuit is the latest step in an investigation that began in 2009 when the two bus companies combined their tour bus assets. The companies forced an interruption to the

investigation by belatedly applying to the federal Surface Transportation Board (STB) for approval of the transaction. Such approval, if granted, would have conferred antitrust immunity on the joint venture. After the Attorney General's office advocated against the transaction during more than two years of proceedings, the STB ultimately rejected the application for approval, concluding that the formation of Twin America was anticompetitive. Faced with this adverse ruling, Twin America took steps to remove itself from STB jurisdiction and the Attorney General's office promptly resumed its investigation, joined by the Department of Justice.

“The formation of Twin America eliminated intense head-to-head competition between Coach and City Sights and gave the parties an effective monopoly that enabled them to raise prices to consumers,” said **Renata Hesse, Acting Assistant Attorney General in charge of the Department of Justice's Antitrust Division**. “This lawsuit seeks to restore the competition eliminated by the joint venture and ensure that the millions of visitors to New York City who take hop-on, hop-off bus tours each year enjoy the benefits of a competitive marketplace.”

Approximately 50 million tourists visit New York City each year and an estimated two million of these visitors spend over \$100 million on hop-on, hop-off bus tours.

According to the complaint, Coach and City Sights executed an agreement forming Twin America in early 2009 and implemented a price increase discussed during their negotiations. Both Coach and City Sights increased base fares for their hop-on, hop-off tour products by \$5.00, raising the retail price of an adult ticket for each company's popular “all loops” tour from \$49.00 to \$54.00. When they formed Twin America, the parties ended the fierce competition between them that had benefitted consumers, and no other company has entered the market to reintroduce meaningful competition.

The investigation is being handled by Assistant Attorneys General James Yoon, Matthew Siegel, Saami Zain and Douglas Donofrio of the Antitrust Bureau and Bureau Chief C. Scott Hemphill, under the supervision of Karla Sanchez, Executive Deputy Attorney General for Economic Justice.

A copy of today's legal complaint is available online at:

www.ag.ny.gov/sites/default/files/press-releases/2012/12-cv-8989_Complaint.pdf