

Commission appoints trustee to Paarl Media case

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Paarl Media respected the appointment of a trustee to monitor its compliance with an order made by the Competition Tribunal on the unbundling of its merger with Primedia@home, the company said on Tuesday.

The company, in the Media24 and Naspers stable, had been ordered to run the business of Primedia@home independently of Media24's other knock and drop businesses, including On the Dot, who had been a competitor of Primedia@home.

The Competition Commission, who prohibited the transaction at the end of last year, had been ordered to appoint a trustee that should secure and make an inventory of the current assets of Primedia@home .

The order followed an urgent application by Caxton, a large publisher of books, magazines and newspapers, for an interdict against Paarl Media, preventing it from managing Primedia@home, retrenching staff or dissipating assets of Primedia@home.

Stephen van der Walt, CEO of Paarl Media, said they welcomed the order as it gave them direction and legal guidance on how to proceed with the unbundling following the prohibition.

He said there had been no legal precedent or guidelines how to unbundle a merger that had been prohibited a year after its was initially approved unconditionally.

Mr van der Walt denied claims by Caxton that Paarl Media had engaged in an "orchestrated destruction" of Primedia@home transferring assets to other entities within the Media24 stable or the transfer of clients to Primedia@home's competitor, On the Dot. He said there had only been a sale of intellectual property of Primedia@home to On the Dot, but not any assets.

He said they had all the inventories, assets and financial statements that the trustee would need ready, to fulfil its mandate in terms of the tribunal's order.

The transaction between Paarl Media and Primedia@home was first approved by the commission, which has jurisdiction to decide over small mergers such as the one between the two parties.

However, it prohibited the merger on December 6 last year after Caxton brought a review application saying the merger had created a monopolist in the market for advertising distributors.

The commission argued last week that its prohibition had been of force and effect and therefore Paarl Media's further exercise of control over Primedia@home amounted to a breach of the Competition Act.

The trustee would have to report to the commission within 20 business days of being appointed on the identity of potential purchasers. These potential purchasers should not include any entity or firm which was partially or wholly controlled by Naspers or any of its subsidiaries.

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