

Primedia@Home, Paarl Media ordered to 'unscramble' merger

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Following a reversal of the Competition Commission's approved merger of Primedia@Home and Paarl Media, earlier this year, the difficulty now facing Paarl Media is one of implementation. It was quoted in the media as saying that "the Commission's decision is incapable of being implemented - you cannot unscramble an omelette."



In August 2012, the Tribunal ordered that the Commission [appoint a trustee](#) to assist with the 'unscrambling', following Caxton's urgent application to the Tribunal to interdict Paarl Media from controlling or stripping Primedia@Home of its assets or retrenching its staff. The application included a request for an order that the Commission appoint a trustee to control and manage the Primedia@Home business, restore any assets that have been sold and dispose of the business.

While the Tribunal's decision is yet to be published, Nortons Inc (which represented Caxton in these proceedings) reports that the Tribunal ordered that Paarl Media:



- must ensure that the Primedia@Home business is run independently of Media24's other knock and drop businesses;
- may not take steps to retrench staff;
- may not dispose of assets;
- will not cede, transfer or terminate contracts of customers;
- will not take steps to influence customers to transfer their businesses; and
- restore assets which have been disposed of to companies that are partially or wholly controlled by Naspers (Paarl Media is part of the Naspers group).

The Tribunal ordered further that the Commission appoint a trustee to monitor compliance with the obligations imposed on Paarl Media, make an inventory of assets and employees and investigate the feasibility of disposing of the business as a going concern. The trustee is required to report to the Commission within 20 business days of appointment on the identity of potential purchasers, which may not include any firm which is part of the Naspers group.

According to media reports, the Tribunal's order is welcomed by Paarl Media as it gives direction on how to proceed with the unbundling of the merger. At present, there is no legal precedent or guidelines to direct parties on unbundling a merger initially approved by the Commission.

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