



## INSIDE

**BUSINESS 101: RECESSION**  
When you drag the monster under the bed out into the light, you find it isn't so scary. Same goes for recessions, which are tough to pin down but tend to go away quickly.  
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Sunday Star-Ledger

## Comcast, FCC brawl over rules

Cable giant: New policy stifles growth, aids rivals

BY ROBERT COHEN  
STAR-LEDGER WASHINGTON BUREAU

WASHINGTON — Comcast, the nation's biggest cable company, is feeling the heat these days — and it's not just the competition. It's also coming from an unlikely source: the Bush administration's Federal Communications Commission.

Led by Republican Chairman Kevin Martin, the FCC has been seeking to impose restraints on the loosely regulated cable industry, with Comcast bearing much of the brunt as the No. 1 cable provider.

While the White House has pushed an anti-regulatory agenda for most other industries, the FCC in recent months has taken steps to limit the size of cable franchises and force the industry to change the way it offers and prices programming. Most recently, Martin launched an investigation to determine if Comcast has interfered with Internet traffic by blocking broadband subscribers from sharing files online.

All of this could have a big effect in New Jersey, where Comcast is by far the largest cable operator, with about 1.4 million customers.

The FCC's moves have prompted the industry trade association and conservative groups to accuse Martin of engaging in a "war on cable."

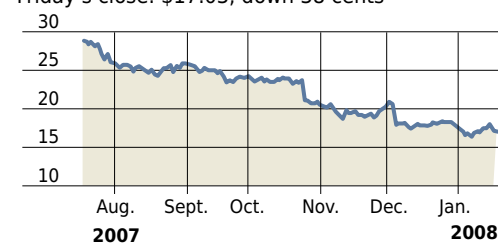
"There is an agenda from a Republican chairman that is anti-free market and anti-competitive," said Kyle McSlarrow, president of the National Cable and Telecommunication Association. "It is disturbing."

McSlarrow said Martin has been using his power to try to "impede our ability to innovate and roll out services," just as cable is engaged in a fierce battle with telephone companies for television, Internet and phone customers.

FCC spokeswoman Mary Diamond disputed McSlarrow's characterizations, saying the [See **COMCAST**, Page 6]

### Comcast

Friday's close: \$17.03, down 38 cents



## Doctors' advice: Don't toss out those Vytorin pills

BY SUSAN TODD  
STAR-LEDGER STAFF

Cardiologist Howard Blau spent part of last week reassuring some of his patients about the use of Vytorin after a study found the cholesterol medicine worked no better than other, less expensive drugs.

"There's no reason to stop it," Blau, who has offices in North Brunswick and Monroe Township, told his patients. "Is Vytorin worth the increased cost? Anatomically, the study would suggest it's not. But there may still be clinical benefit — a patient lives longer, has fewer cardiovascular events or maybe feels better by not developing angina," or chest pain.

Vytorin — a joint venture of two of New Jersey's biggest pharmaceutical companies, Schering-Plough and Merck — succeeded in lowering so-called bad cholesterol among patients in the study, but it failed to prevent the build-up of plaque in the carotid arteries.

One of the nation's most prominent heart doctors, Steven Nissen of the Cleveland Clinic, [See **VYTORIN**, Page 6]



## Canadian investigation of industry drizzles into United States, New Jersey

BY GREG SAITZ  
STAR-LEDGER STAFF

At the Auberge du Pommier, diners can lunch on roasted leg of rabbit complemented by a \$1,500 bottle of 1983 Chateau Margaux.

Service at the French restaurant in Toronto, one reviewer noted, is "silken smooth and deliciously attentive." It was in this milieu that Canadian authorities suspect executives from two of the world's largest chocolate companies perpetuated a scheme to fix prices.

Officials there are investigating whether Canada's most prominent chocolate powers — among them Hershey, Mars and Nestlé — have been colluding for years to set prices for their products. In recent weeks, the inquiry has melted south to the United States, where the Department of Justice has begun asking questions, and to New Jersey, where at least nine class-action cases have been filed in federal court.

The allegations raise questions about how the \$74 billion industry operates and how it has reacted to the challenges it faces, from health concerns to rising commodity prices. While price fixing in recent years has been uncovered in industries as varied as vitamin makers and auction houses, the idea it may have occurred at companies pumping out millions of kids' favorites such as M&M's and Hershey's bars is hard

for some to swallow.

"The industry it's involved in — who would think the makers of chocolate, the supposed do-gooders in the world, would get together and fix prices?" asked attorney Hollis Salzman, who represents a Bayonne confectioner suing the big chocolate makers on charges they secretly fixed prices. "That's outrageous."

Chocolate is big business. And for the most part, it's controlled by just a handful of companies that have hooked generations of children with their sweet treats.

Three years ago in Canada, Hershey, Mars, Nestlé and Cadbury Schweppes split nearly 98 percent of the chocolate market, court records show. And in the United States in 2006, Hershey controlled about 43 percent of the market, Mars had nearly 25 percent and Nestlé had 8 percent, according to Packaged Facts, a market research firm in Rockville, Md.

But all is not Kisses and Kit Kats. Overall, industry growth in the United States has been stagnant, said Curtis Vreeland, a market research analyst in the chocolate industry and a former Hershey manager who conducted the industry study for Packaged Facts. While 2003 saw sales grow 7.6 percent, by 2006, sales had dropped 0.9 percent from the prior year, he said.

[ See **CHOCOLATE**, Page 3 ]

### THE WEEK AHEAD

#### Ford's stop-and-start situation continues

Shares of Ford Motor have fallen sharply since November, as consumers have grown wary about spending on big-ticket items.

The company recently lost its grip on the title of No. 2 U.S. automaker to Toyota, a big blow to its pride but a shift that has been a long time coming. Ford reported December sales were down almost 9 percent compared with a year ago.

Its high-end Jaguar and Land Rover nameplates are on the block, and some analysts expect the company to try to sell Volvo later this year. Ford is in the midst of a restructuring. Besides cutting jobs, it is shifting some production to China.

It's not clear how quickly the belt-tightening can stem the losses if the economy continues to worsen.

"The future continues to look murky for the troubled Dearborn, Mich., automaker," David Silver of Wall Street Strategies wrote in a note earlier this month.

Ford reports fourth-quarter and full-year results Wednesday. It is expected to post narrower losses than a year ago, according to a consensus estimate by Thomson Financial. Sales are expected to hit \$38.3 billion for the quarter, and \$152.6 billion for the year, up 7 percent in both instances.

— Jeff May



#### The headlines

TOMORROW	TUESDAY	WEDNESDAY	FRIDAY
Markets are closed for Martin Luther King Jr. Day.	Johnson & Johnson is expected to report double-digit growth in sales and profit for 2007, but fourth-quarter results are less bright.	December data on existing home sales is expected to be gloomy, falling to 4.95 million units.	Honeywell did well in 2007, both in operating terms and on share price. Today it gets to crow about its year-end results.

#### The rest of the story

**BANK ON IT:** A big earnings week — although not necessarily a good one — for the nation's banks. Bank of America and Wachovia report Tuesday, Sovereign on Wednesday and Commerce on Friday.

**MAC VS. PC:** Apple reports Tuesday, while Microsoft follows Thursday.

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