

Samsung to Pay \$90 Million in Price-Fixing Lawsuit

In-House News:

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By Kenneth Davis

Samsung Electronics Co., the world's largest memory-chip maker, has agreed to pay \$90 million to settle a lawsuit filed by a coalition of state attorneys general who say that it used illegal price-fixing tactics to drive up the cost of computer memory chips.



Samsung Electronics Co. is the world's largest memory-chip maker.

The suit, filed in July, claimed that Samsung and numerous other companies made secret arrangements to raise the prices of dynamic random access memory (DRAM) chips. The memory chips are the most commonly used products for storing and retrieving information in computers and electronic devices.

The complaint alleged that during a roughly four-year period, the conspirators restrained competition for DRAM chips by exchanging price and other confidential competitive information, thereby inflating prices. The illegal activity continued until the U.S. Department of Justice began a criminal price-fixing investigation in June of 2002.

Samsung, which is based in Korea, has also agreed to assist the states with resolving price-fixing charges against other defendants named in the suit, New

YORK Attorney General Andrew Cuomo said in a statement last week.

"Consumers, states, and localities were victims of an international conspiracy that artificially raised the price of memory chips," he said, "and thus illegally boosted the price of computers and popular high-tech products. This settlement is a major step in recovering the overcharges that Samsung and its co-conspirators illegally foisted on consumers and taxpayers."

The settlement covers consumers and state and local governments nationwide that overpaid on purchases of equipment containing DRAM chips, the prices of which were illegally set by Samsung and other major chip manufacturers.

About \$80 million of the settlement will go to consumers nationwide, while \$10 million will cover losses suffered by state and local governments, Cuomo's office said.

The settlement, which also includes numerous private class-action suits, is subject to approval in federal court in San Francisco. New York, California, and Illinois were the lead plaintiffs in the case.

The lawsuit was one of several filed following a U.S. Justice Department investigation, which began in 2002, into whether computer-chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices. The investigation resulted in more than \$730 million in fines and guilty pleas from four companies: Samsung, Elpida Memory, Inc., Infineon Technologies AG, and Hynix Semiconductor, Inc.

In December, Young Hwan Park—President of Samsung Semiconductor, Inc.,

the company's San Jose-based U.S. subsidiary—agreed to plead guilty and serve 10 months in prison for his role in the global price-fixing scheme. He was the fifth Samsung executive to agree to a prison sentence in the federal case.

Companies such as Dell, Inc., Hewlett-Packard Co., Apple, Inc., International Business Machines Corp., and Gateway, Inc., had to raise PC prices or reduce the amounts of memory installed on their systems on account of the higher costs, prosecutors said.

Cuomo said the case is continuing against Infineon, Elpida, and Hynix as well as Micron Technology, Inc., Mosel Vitelic Corp., Nanya Technology Corp., and NEC Electronics, Inc.

The settlement "puts the DRAM antitrust matter behind us," said Chris Goodhart, a spokesman for Samsung. "Samsung is strongly committed to legal and ethical business practices and is moving forward with its aggressive compliance program."

Cuomo said the state's specific share of the settlement will be determined in the future.

On the Net

Samsung Electronics
www.samsung.com

Elpida Memory

www.eipida.com/en/index.html

Infineon Technologies AG

www.infineon.com/cgi-bin/ifx/portal/ep/home.do?tabId=0