



Department of Justice

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FLORIDA WEST INTERNATIONAL AIRWAYS INC., THREE EXECUTIVES INDICTED IN CONSPIRACY TO FIX RATES ON AIR CARGO SHIPMENTS

WASHINGTON — A one-count indictment was returned late yesterday in U.S. District Court in Miami charging Miami-based Florida West International Airways Inc., one of its former executives and two executives of a competing air cargo carrier with participating in a conspiracy to fix and coordinate certain components of air cargo shipments from Colombia to Miami, the Department of Justice announced today. Among the components fixed were peak season surcharges imposed before Valentine's Day and Mother's Day, when imports of fresh-flowers increase, as well as security and fuel surcharges.

The one-count indictment charges Luis Augusto Afanador, Rodrigo Hernan Hidalgo and Jaime Lara Rueda Sr. with conspiring to suppress and eliminate competition by fixing and coordinating certain components of cargo rates, including peak season, security and fuel surcharges for international air shipments from Colombia to Miami. The department said the conspiracy began at least as early as January 2002 and continued until at least Feb. 14, 2006. Florida West is charged with joining and participating in the conspiracy from at least as early as August 2002 and continuing until at least Feb. 14, 2006.

Air cargo carriers transport a variety of cargo, including fresh flowers, consumer goods, and electronics, on scheduled international flights.

According to the indictment, Florida West, Afanador, Hidalgo, Lara and co-conspirators participated in meetings, conversations and communications to discuss and agree on certain components of cargo rates and the elimination of discounts from Bogota to Miami. To facilitate the agreements reached, Florida West, Afanador, Hidalgo, Lara and co-conspirators discussed encouraging air cargo providers to maintain and increase certain components of air cargo rates for shipments from Miami to Bogota. In order to expand the agreements reached, Florida West, Afanador, Hidalgo, Lara and co-conspirators agreed not to compete for certain customers from Medellin, Colombia, to Miami beginning in the summer of 2005. As part of the conspiracy, Florida West, Afanador, Hidalgo, Lara and co-conspirators implemented and monitored the agreements reached, and accepted payments for shipments at collusive and noncompetitive rates.

Afanador and Lara are senior executives of a Colombian air cargo carrier based in Bogota. Hidalgo is a former vice president of sales and marketing for Florida West. Hidalgo was indicted on Oct. 28, 2010, by a Miami grand jury for participating in a separate conspiracy to fix surcharges on air cargo shipments from the United States to South and Central America following Hurricanes Katrina and Rita in 2005. That charge is pending.

Florida West, Afanador, Hidalgo and Lara are charged with price fixing in violation of the Sherman Act, which carries a maximum \$100 million criminal fine for a corporation and a maximum penalty for each individual of 10 years in prison and a \$1 million criminal fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Including Florida West, Afanador, Hidalgo and Lara, as a result of this investigation, a total of 21 airlines and 19 executives have been charged in the Justice Department's ongoing investigation into price fixing in the air transportation industry. To date, more than \$1.7 billion in criminal fines have been imposed and four executives have been sentenced to serve prison time. Charges are pending against the remaining 15 executives.

The joint investigation into the air transportation industry is being conducted by the Antitrust Division's National Criminal Enforcement Section and Chicago Field Office, the FBI's field offices in Miami and Washington, the Department of Transportation's Office of Inspector General and the U.S. Postal Service's Office of Inspector General. Anyone with information concerning price fixing or other anticompetitive conduct in the air transportation industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694 or the Chicago Field Office at 312-353-7530, visit www.justice.gov/atr/contact/newcase.htm, or call the FBI's Miami Field Office at 305-654-1918.

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