



Department of Justice

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SIXTH SAMSUNG EXECUTIVE AGREES TO PLEAD GUILTY TO PARTICIPATING IN DRAM PRICE-FIXING CARTEL

Executive Agrees to Serve Longest Sentence Ever Imposed Against a Foreign Defendant Charged With Price Fixing

WASHINGTON — A sixth executive from Samsung Electronics Company Ltd., the world's largest manufacturer of memory chips, has agreed to plead guilty to participating in a global conspiracy to fix dynamic random access memory (DRAM) prices, the Department of Justice announced. Il Ung Kim, a Korean executive, has agreed to serve 14 months in a United States prison, the longest imprisonment ever by a foreign defendant charged with price fixing in the United States.

Kim, vice president of marketing for the memory division at Samsung, agreed to plead guilty to a single count of price fixing. As part of his plea agreement, Kim agreed to pay a \$250,000 criminal fine and to assist prosecutors in the ongoing investigation. The entry of the plea agreement and sentencing is currently scheduled for April 25, 2007. The plea and recommended sentence must be approved by the court.

To date, the court has imposed criminal fines totaling more than \$730 million against the DRAM cartel members, which is the second-largest total amount of fines ever imposed in a U.S. criminal antitrust investigation. A total of 18 individuals and four companies have been charged as a result of the Department's ongoing antitrust investigation into the DRAM industry.

"We are committed to prosecuting executives who violate U.S. antitrust laws and harm consumers and competition in the United States, even when those executives conduct their cartel activity overseas," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "Individuals who engage in price fixing should know that prison time will be a consequence of their illegal actions."

Kim agreed to plead guilty to the charge contained in an indictment filed in U.S. District Court in San Francisco in October 2006. Kim was charged with participating in a conspiracy to suppress and eliminate competition by fixing the prices of DRAM to be sold to certain original equipment manufacturers (OEMs) of personal computers and servers, in violation of the Sherman Antitrust Act.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for a wide variety of computer, telecommunication, and consumer electronic products. DRAM is used in personal computers,

laptops, workstations, servers, printers, hard disk drives, personal digital assistants, modems, mobile phones, telecommunication hubs and routers, digital cameras, video recorders, TVs, digital set top boxes, game consoles, and digital music players. There were approximately \$28.7 billion in DRAM sales worldwide in 2006.

According to the plea agreement filed today in federal court in San Francisco, Kim participated in a conspiracy among certain DRAM producers and their officers and employees in the United States and elsewhere to raise and stabilize the price of DRAM sold to certain OEMs from on or about April 1, 2001, to on or about June 15, 2002. The violation directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Company, Compaq Computer Corporation, International Business Machines Corporation, Apple Computer Inc., and Gateway Inc.

Kim admits that he participated in the price-fixing conspiracy by:

- Engaging in communications with representatives of other DRAM producers and sellers, during which pricing information was exchanged between competitors. That pricing information was used for the purpose and with the effect of influencing the price of DRAM sold to certain OEMs;
- Reaching understandings with other DRAM producers and sellers, the ultimate effect of which was to stabilize and raise the price, or limit the rate of price declines, of DRAM sold to certain OEMs; and
- Encouraging the involvement of other Samsung employees in the DRAM conspiracy.

In November 2005, Samsung pleaded guilty to participating in the price-fixing conspiracy and was sentenced to pay a \$300 million criminal fine in November 2005. A second Korean manufacturer, Hynix Semiconductor Inc., pleaded guilty and was sentenced to pay a \$185 million criminal fine in May 2005. In October 2004, German manufacturer Infineon pleaded guilty and was sentenced to pay a \$160 million criminal fine. In January 2006, Japanese manufacturer Elpida Memory pleaded guilty and was sentenced to pay an \$84 million fine.

Of the 18 individuals that have been charged in the DRAM investigation, 15 individuals have been convicted. Kim is the first of three defendants charged in the October 2006 indictment to plead guilty. A trial against Kim's co-defendant Gary Swanson, senior vice president of memory sales and marketing for Hynix Semiconductor America Inc., is scheduled for Sept. 10, 2007. A third defendant charged in the October 2006 indictment, Young Bae Rha, a Korean national and the vice president of sales and marketing for Samsung's memory division, remains at large.

Kim is the sixth Samsung executive to agree to plead guilty and agree to a prison sentence in the DRAM investigation. In April 2006, Sun Woo Lee and Yeongho Kang pleaded guilty to participating in the price-fixing conspiracy while they worked for Samsung or its subsidiaries in the U.S. In August 2006, Young Woo Lee pleaded guilty to participating in the price-fixing conspiracy while he worked for Samsung or its subsidiaries in Europe. In November 2006, Thomas Quinn, a San Jose, Calif., executive, pleaded guilty to participating in the price-fixing conspiracy in his capacity as vice president of marketing for memory products at Samsung Semiconductor Inc. Then, in December 2006, Young Hwan Park, president of

Samsung Semiconductor Inc. and a former vice president of sales for Samsung, pleaded guilty to participating in the price-fixing conspiracy. The Samsung executives were sentenced to serve prison sentences ranging between seven and 10 months and paid criminal fines of \$250,000 each.

In December 2006, a former Elpida executive, D. James Sogas, pleaded guilty for his participation in the DRAM conspiracy and was sentenced to serve seven months in prison and to pay a \$250,000 criminal fine. In addition, four Hynix Semiconductor executives, Dae Soo Kim, Chae Kyun Chung, Kun Chul Suh, and Choon Yub Choi, were charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve prison terms ranging from five to eight months and to each pay a \$250,000 criminal fine. In December 2004, four Infineon executives, T. Rudd Corwin, Peter Schaefer, Gunter Hefner, and Heinrich Florian, pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served prison terms ranging from four to six months and each paid a \$250,000 criminal fine. Finally, in December 2003 the Department charged Alfred Censullo, a regional sales manager for Micron Technology, with obstruction of justice. Censullo pleaded guilty and admitted to having withheld and altered documents responsive to a grand jury subpoena served on Micron. Censullo was sentenced to serve six months of home detention.

The ongoing DRAM cartel investigation is being conducted by the Antitrust Division's San Francisco office, with the assistance of the Federal Bureau of Investigation and other law enforcement agencies.

Anyone with information concerning price fixing in the DRAM industry should contact the San Francisco office of the Antitrust Division at 415-436-6660 or the San Francisco Division of the FBI at 415-553-7400. Case filings can be viewed on the Antitrust Division's Web site, <http://www.usdoj.gov/atr/>; *United States v. Il Ung Kim* is case number CR 06-0692.

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