



Department of Justice

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SAMSUNG AGREES TO PLEAD GUILTY AND TO PAY \$300 MILLION CRIMINAL FINE FOR ROLE IN PRICE FIXING CONSPIRACY

Korean Company Pays Second Largest Criminal Antitrust Fine in U.S. History

WASHINGTON, D.C. – Samsung Electronics Company Ltd. (Samsung), a Korean manufacturer of dynamic random access memory (DRAM) and its U.S. subsidiary, Samsung Semiconductor Inc., have agreed to plead guilty and to pay a \$300 million fine for participating in an international conspiracy to fix prices in the DRAM market, the Department of Justice announced. Samsung’s fine is the second largest criminal antitrust fine in U.S. history and the largest criminal fine since 1999.

“Price fixing threatens our free market system, stifles innovation, and robs American consumers of the benefit of competitive prices,” said Attorney General Alberto R. Gonzales. “Today’s guilty plea is evidence of the Department’s ongoing commitment to protect consumers from corporations that engage in illegal conduct.”

Including today’s charge, three companies and five individuals have been charged and fines totaling more than \$646 million have resulted from the Department’s ongoing antitrust investigation into price fixing in the DRAM industry.

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,

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laptops, workstations, servers, printers, hard disk drives, personal digital assistants (PDAs), modems, mobile phones, telecommunication hubs and routers, digital cameras, video recorders and TVs, digital set top boxes, game consoles, and digital music players. There were approximately \$7.7 billion in DRAM sales in the United States in 2004.

According to the one-count felony charge filed today in the U.S. District Court in San Francisco, from April 1, 1999 to June 15, 2002, Samsung and its U.S. subsidiary, Samsung Semiconductor Inc., conspired with other DRAM manufacturers to fix the prices of DRAM sold to certain computer and server manufacturers. The computer makers directly affected by the price-fixing conspiracy were: Dell Inc., Compaq Computer Corporation, Hewlett-Packard Company, Apple Computer Inc., International Business Machines Corporation, and Gateway Inc. Under the plea agreement, which must be approved by the court, Samsung has agreed to cooperate with the government in its ongoing investigation of other DRAM producers.

“This case demonstrates the need for vigorous antitrust enforcement in high-technology markets, which is one of the most important sectors of the American economy,” said Thomas O. Barnett, Acting Assistant Attorney General in charge of the Department’s Antitrust Division. “This case also illustrates the worldwide scope of our criminal investigations and exemplifies the need to prosecute and deter cartels that target American businesses and consumers.”

Samsung is charged with carrying out the conspiracy by:

- Participating in meetings, conversations, and communications in the United States and elsewhere with competitors to discuss the prices of DRAM to be sold to certain customers;
- Agreeing, during those meetings, conversations, and communications, to charge prices of DRAM at certain levels to be sold to certain customers;
- Issuing price quotations in accordance with the agreements reached; and

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- Exchanging information on sales of DRAM to certain customers for the purpose of monitoring and enforcing adherence to the agreed-upon prices.

Samsung is the third major semiconductor company, after the Korean manufacturer Hynix Semiconductor Inc. and the German manufacturer Infineon Technologies AG, to agree to plead guilty to fixing DRAM prices. In May 2005, Hynix pleaded guilty and was sentenced to pay a \$185 million criminal fine. In October 2004, Infineon pleaded guilty and was sentenced to pay \$160 million 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. All four Infineon employees served prison terms ranging from four to six months and each has paid a \$250,000 fine. Three of the charged Infineon employees are German citizens.

In December 2003, the Department charged Alfred P. Censullo, a Regional Sales Manager for Micron Technology Inc., with obstruction of justice in violation of 18 U.S.C. § 1503. Censullo pleaded guilty to the charge and admitted to having withheld and altered documents responsive to a grand jury subpoena served on Micron in June 2002. Censullo was sentenced to serve six months of home detention.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

Anyone with information concerning price-fixing in the DRAM industry should contact the San Francisco Field Office of the Antitrust Division at (415) 436-6660 or the San Francisco Division of the FBI at (415) 553-7400.

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