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## Attorney General Janet T. Mills Announces \$173 Million Anti-Trust Settlement with Computer Chip Makers

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For Immediate Release Thursday, June 24, 2010 Contact: Kate Simmons (207) 626-8577

Augusta – Attorney General Janet T. Mills announced today a \$173 million settlement with six manufacturers of Dynamic Random Access Memory (DRAM) computer chips who “conspired in an illegal global scheme to fix prices.”

DRAM is a common form of memory chip that stores information temporarily for quick access. It is found in desktop computers, laptops, servers, printers and networking equipment such as routers and hubs. DRAM sales to major electronic manufacturers, including Dell, IBM, and Hewlett-Packard, exceed \$5 billion a year in the United States and \$17 billion worldwide.

“These technology companies acted illegally by fixing prices on computer chips,” stated Attorney General Mills. “I will continue to take action against manufacturers who use illegal price-fixing schemes to unfairly take advantage of Maine businesses, local schools, governments, and consumers.”

Mills and 32 other state attorneys general participated in the settlement. In July 2006, the multi-state group, led by California, filed a complaint in federal district court alleging that Maine’s consumers and state agencies were forced to pay illegally inflated prices for products containing DRAM chips.

The DRAM manufacturers named in the lawsuit include the American companies Micron Technology, Inc. and NEC Electronics America, Inc., as well as foreign companies Infineon Technologies A.G. in Germany; Hynix Semiconductor, Inc. in South Korea; Elpida Memory Inc. in Japan; Mosel-Vitellic Corp. in Taiwan; and their American subsidiaries. The investigation into DRAM manufacturers’ pricing practices revealed that from 1998 to 2002, the salespeople and upper management of all the companies held frequent meetings, made telephone calls and initiated other contacts in which they exchanged confidential information and agreed to charge customers illegally inflated prices on DRAM chips. They also agreed to exchange sales data in order to monitor and enforce their illegal price-fixing.

The result of this collusion was to keep DRAM prices artificially high instead of letting market forces operate freely through competition.

The U.S. Justice Department called the scheme “one of the largest cartels ever discovered.” As a result of a federal investigation, four companies – Samsung, Hynix, Infineon, and Elpida – and 12 individuals have pleaded guilty to criminal price-fixing.

The settlement announced today requires the companies to refrain from illegal price-fixing and to conduct extensive employee-compliance training. The settlement must be approved by the court.

The defendants agreed to resolve both lawsuits, as well as lawsuits by private plaintiffs, by paying \$173 million over two years plus interest to the affected consumers, schools and government offices. Samsung and another company, Winbond, reached settlement for \$113 million in 2007.

“It is unacceptable to use illegal price fixing to overcharge Maine businesses and consumers for goods or services to inflate profits,” said Attorney General Mills. “More than ever, during these tough economic times, every dollar Maine people spend should be going to needed goods or services, and not to expand corporate profits.” The other states participating in the settlement are Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia, and Wisconsin.

Distribution of the funds among the states and the affected parties will be approved by the court at a later date.

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