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Attorney General Corbett announces \$173 million antitrust settlement over inflated prices of computer memory chips

HARRISBURG - The Pennsylvania Attorney General's Antitrust Section, along with 32 other state attorneys general, today announced a \$173 million settlement against six world-wide manufacturers of Dynamic Random Access Memory computer chips (DRAM), after the companies "devised an elaborate scheme to raise prices" on their products.

Attorney General Tom Corbett explained that DRAM is a common form of memory chip found in desktop computers, laptops, servers, printers and networking equipment such as routers and hubs. DRAM sales to major electronics manufacturers, including Dell, IBM and Hewlett-Packard, exceed \$5 billion a year.

"This was a worldwide illegal price-fixing scheme, identified by the U.S. Justice Department as one of the largest cartels ever discovered," Corbett said. "This settlement not only returns money to consumers, schools, businesses and other organizations that were forced to overpay for memory chips, but also serves as a clear warning to anyone else who conspires to inflated prices."

In July 2006, Corbett said a multi-state group of attorneys general filed a complaint in federal court alleging that consumers, state agencies, universities and colleges and local governments over-paid for various products because they contained DRAM chips which were sold to manufacturers at inflated prices.

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-Vitelec Corp. in Taiwan; and their American subsidiaries.

Corbett said an investigation revealed that from 1998 to 2002, the companies held numerous meetings involving sales people and upper management in which they exchanged confidential information and agreed to quote inflated prices on DRAM to their customers. During that time period, the companies sold at least \$20 billion in DRAM chips in the United States.

The defendants agreed to a settlement to resolve this lawsuit, as well as lawsuits by private plaintiffs, by agreeing to pay \$173 million over two years, plus interest, to the 33 states and to private plaintiffs. The settlement also requires the companies to refrain from illegal price-fixing and to conduct employee-compliance training.

Corbett said the settlement will include funds for consumers and businesses, along with state and local governments, school districts, colleges and universities who were harmed as the result of the price-fixing scheme. The exact distribution of the funds will be determined during final court approval of the settlement.

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