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Van Hollen Reaches \$173 Million Antitrust Settlement With DRAM Manufacturers

Thursday, June 24, 2010

MADISON - Attorney General J.B. Van Hollen, along with 32 state attorneys general, announced today a \$173 million settlement against six world-wide manufacturers of Dynamic Random Access Memory computer chips (DRAM) after the companies allegedly participated in an elaborate conspiracy to fix prices on their products.

"I am pleased that this settlement has ended this long-running litigation and will allow the State and its consumers an opportunity to recoup some of the overcharges that resulted from this conspiracy," Van Hollen said. "It is imperative that companies who collude to fix prices are held accountable for their actions."

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 electronic manufacturers, including Dell, IBM and Hewlett-Packard, exceed \$5 billion a year.

In July 2006, the multi-state group filed a complaint in federal district court alleging that Wisconsin consumers, state agencies, universities and colleges overpaid 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.

Van Hollen's investigation revealed that from 1998 to 2002, the companies held numerous meetings among their salespeople 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 the states'

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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 requires the companies to refrain from illegal price-fixing and to conduct employee-compliance training.

Around \$115 million of the settlement funds will go to consumers and businesses across the country. Around \$14 million of the settlement funds will go to state and local governments, school districts and colleges and universities. The remaining funds will reimburse litigation expenses and costs.

The other states participating in the settlement are Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, 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, and West Virginia.

Assistant Attorney General Gwendolyn Cooley represented the State of Wisconsin in this matter.



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