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# ATTORNEY GENERAL SUES PACKAGED TUNA MANUFACTURER STARKIST AND FORMER BUMBLE BEE CEO FOR OVERCHARGING WASHINGTON CONSUMERS FOR MORE THAN A DECADE

(https://www.atg.wa.gov

### FOR IMMEDIATE RELEASE:

Jun 2 2020

Federal criminal case led to \$100 million fine, possible jail time for CEO

**SEATTLE** — Today Attorney General Bob Ferguson filed a civil lawsuit against Starkist, one of the world's largest canned tuna manufacturers and the former CEO of Bumble Bee Foods, another large tuna manufacturer, over a price-fixing conspiracy that drove up the cost of packaged tuna for more than a decade, costing Washingtonians at least \$6 million. Ferguson's lawsuit makes Washington the first state to bring a case over this conspiracy.

Ferguson's charges, filed in King County Superior Court (https://agportal-

s3bucket.s3.amazonaws.com/uploadedfiles/Another/News/Press\_Releases/Complaint\_StarKist.pdf), assert StarKist Co., its parent company Dongwon, and former Bumble Bee Foods CEO Christopher Lischewski, engaged in a price-fixing conspiracy from 2004 through 2015 to drive up the cost of packaged tuna, violating Washington's Consumer Protection Act. As a result, Washington residents paid millions more than they should have. StarKist is the leading manufacturer of packaged tuna, accounting for 40 percent of the market share.

The conspiracy affected the prices consumers paid for packaged tuna, including cans and pouches. For example, if a consumer would have normally paid \$1 for a five-ounce can of chunk light tuna — one of the most popular tuna products — they would actually have paid perhaps \$1.08 as a result of this conspiracy.

"We cannot have a free market when corporate titans are able to tip the scales to their own bank accounts," Ferguson said. "Washingtonians lost millions as a result of this corporate greed. I intend to get that back for them."

The lawsuit asks the court to order the defendants pay restitution to Washington consumers as well as the costs and fees of bringing the case.

# Case background

The conspiracy came to light when federal officials were reviewing the proposed purchase of Bumble Bee by Chicken of the Sea's parent company Thai Union Group for \$1.5 billion. Chicken of the Sea executives came forward seeking whistleblower protections then cooperated with federal investigators to show the full scope of the collusion between the three canned tuna giants. Bumble Bee subsequently filed for bankruptcy protection.

Lischewski and executives at StarKist and Chicken of the Sea routinely communicated about ways to keep the price of tuna artificially high for consumers in order to reap more profits. Executives at the three competitors called each other, texted, used private emails to avoid detection, and had frequent face-to-face meetings at pre-arranged locations such as hotels and

restaurants to exchange internal company policies and data. After the federal trial, a jury found Lischewski guilty within 30 minutes and a federal judge referred to the evidence in the trial as "legion."

Internal records show Lischewski promoted the idea to artificially inflate lagging canned tuna prices at a trade conference in 1999. He estimated the companies lost as much as \$200 million in profits due to competition. In 2011, he complained canned tuna was "too cheap" and wanted the price artificially increased for consumers. Two of Lischewski's subordinates testified during the federal trial he gave "a very clear, direct" order to fix canned tuna prices. In subsequent years, the companies regularly exchanged information about their sales and plans for pricing.

Based on currently available information, the price-fixing conspiracy led to Washington consumers overpaying millions of dollars for packaged tuna. The office will investigate the precise impact on Washingtonians as the case continues.

Lischewski was under pressure from Bumble Bee investors, who demanded he deliver over a hundred million dollars in profits. Lischewski also had an ownership interest in tuna fishing boats, was the largest individual shareholder of Bumble Bee, and stood to personally profit when the price of fish increased. Additionally, his corporate compensation included bonuses tied to the company's financial performance.

In December 2019, a federal jury found Lischewski guilty of criminal price fixing in a case brought by the U.S. Department of Justice. The jury found Lischewski guilty within 30 minutes and the federal judge referred to the evidence in the trial as "legion." He now faces up to a 10-year prison sentence.

StarKist pleaded guilty to criminal price fixing. A federal judge ordered StarKist to pay a \$100 million penalty — the maximum allowed by law — for its role in the conspiracy.

Assistant Attorneys General Holly Williams and Eric Newman are leading the case for Washington.

The Office of the Attorney General's Antitrust Division is responsible for enforcing the antitrust provisions of Washington's Unfair Business Practices-Consumer Protection Act. The division investigates and litigates complaints of anticompetitive conduct and reviews potentially anticompetitive mergers. The division also brings actions in federal court under the federal antitrust laws. It receives no general fund support, funding its own actions through recoveries made in other cases.

The Antitrust Division investigates complaints about potential anticompetitive activity. For information about filing a complaint, visit https://fortress.wa.gov/atg/formhandler/ago/AntitrustComplaint.aspx (https://fortress.wa.gov/atg/formhandler/ago/AntitrustComplaint.aspx).

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