AG Myers obtains relief for Oregon consumers harmed by alleged DRAM price-fixing conspiracy

by Bend Weekly News Sources

This week Attorney General Hardy Myers announced a proposed $90 million nationwide settlement for consumers, state purchasers, and others with Samsung Semiconductor, Inc. and Samsung Electronics Company Ltd. (Samsung), with headquarters in Korea and the United States. Subject to court approval, the settlement agreement will resolve a portion of the pending claims brought by state attorneys general, as well as private class actions, against the world's largest manufacturers of Dynamic Random Access Memory (DRAM) chips for manipulating prices.

The agreement admits no violation, but Samsung shall contribute approximately $90 million towards some restitution on behalf of consumers and certain governmental agencies that paid more for computers, servers and other electronic devices because of alleged price-fixing of DRAM chips.

"Memory chips are critical components in many high-tech products purchased by Oregonians and state government," Myers explained. "Samsung and others conspired to fix prices with the end result of customers paying more for electronic devices. This agreement is the first step towards stopping this conduct and recovering restitution from semiconductor manufacturers."

Oregon and 39 other states continue to pursue their lawsuit in U.S. District Court in San Francisco, seeking damages, restitution and injunctive relief for consumers and governmental agencies that paid higher prices for electronics from 1997-98 to 2002 as a result of alleged price-fixing by at least eight companies Elpida, Hynix, Infineon, Micron, Mosel Vitelic, Nanya, NEC, and Samsung.

The states' suit arose from a multi-state investigation that began in 2004, following a federal criminal investigation that exposed a scheme where DRAM manufacturers profited at the expense of the computer and electronics industry. The states' complaint lays out details of the conspiracy, including an agreement by industry leaders to trim production in order to artificially raise prices. According to the states' complaint, the defendants violated federal and state antitrust laws by coordinating prices they charged for DRAM. The suit asks for a jury trial, an unspecified amount of damages and an injunction against future illegal conduct.

The U.S. Department of Justice, in June 2002, launched a criminal investigation into what officials have called "one of the largest cartels ever discovered." Micron agreed to cooperate with investigators in exchange for amnesty from federal criminal charges. Samsung, Hynix, Infineon, Elpida and numerous individuals have since pleaded guilty to criminal price-fixing and collectively paid more than $730 million in fines.

Under the settlement terms, Samsung has agreed to refrain from conduct that could substantially lessen competition, and to cooperate with the states in the continuing litigation. This is in addition to the monetary terms of the settlement, including reimbursing the states for up to $1 million in legal costs. Oregonians share of the settlement will be determined at a later date.

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