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US sues memory chip makers

14/07/2006 11:20

New York - New York's attorney general sued leading makers of memory chips on Thursday, claiming they made secret price-fixing arrangements that inflated the cost of personal computers and other electronic devices.

More than 30 other states were expected to file a separate lawsuit on Friday in San Francisco federal court, California Attorney General Bill Lockyer said.

The lawsuits follow a long-running US Justice Department investigation that has resulted in more than \$730m in fines and guilty pleas from four companies - Samsung Electronics Co, Elpida Memory Inc, Infineon Technologies AG and Hynix Semiconductor Inc.

Micron was granted immunity from criminal charges in the federal case in exchange for its cooperation.

"I have never seen a price-fixing case where there is so widespread, so continuous an exchange of confidential price information among competitors or over so long a time period," said Assistant New York Attorney General Richard Schwartz.

Prices fixed The New York suit, filed in Manhattan federal court, claims the companies colluded to fix prices on dynamic random access memory, or DRAM, chips from 1998 until 2002. The defendants are Micron, Samsung, Infineon, Elpida, Hynix, Mosel-Vitec Corp, Nanya Technology Corp and NEC Electronics America Inc.

Micron spokesman Daniel Francisco had not yet seen the lawsuit on Thursday and said it was not appropriate for him to comment on it. Other companies also declined to comment or did not immediately return phone calls.

Francisco said state attorneys general have been investigating the matter for several months, and the company is discussing "possible resolutions."

The lawsuit to be filed on Friday in San Francisco names Hynix, Infineon, NEC Electronics America, Micron as well as Mosel-Vitec and Nanya.

Samsung not being sued

Samsung is not being sued in that case because the company has indicated a willingness to settle the allegations, Lockyer spokesman Tom Dresslar said. Similar agreements have been made with Winbond Electronics Corp, Toshiba Corp, Hitachi Ltd and Mitsubishi Electric Corp, Dresslar said.

Computer makers such as Dell Inc, Hewlett-Packard Co, Apple Computer Inc, International Business Machines Corp and Gateway Inc had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs, prosecutors said.

The latest lawsuits will ask the companies to compensate consumers who paid higher prices and demand that the companies not collude in the future.

Worldwide sales of dynamic random access memory chips alone totalled more than \$24bn in 2005, according to separate reports from the research companies iSuppli Corp and Semico Research Corp.