



Department of Justice

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FORMER EXECUTIVE INDICTED FOR HIS ROLE IN TWO CATHODE RAY TUBE PRICE-FIXING CONSPIRACIES

Global Price-Fixing Scheme Involves Tubes Used in Computer Monitors and Televisions

WASHINGTON – A federal grand jury in San Francisco today returned a two-count indictment against the former Chairman and Chief Executive Officer of Chunghwa Picture Tubes Ltd. for his participation in global conspiracies to fix prices of two types of cathode ray tubes (CRTs) used in computer monitors and televisions, the U.S. Department of Justice announced today. This is the first charge as a result of the Antitrust Division’s ongoing investigation into the cathode ray tubes industry.

The indictment, filed today in U.S. District Court in San Francisco, charges Cheng Yuan Lin, aka C.Y. Lin, a resident of Taiwan, with conspiring with others to suppress and eliminate competition by fixing prices, reducing output and allocating market shares of color display tubes (CDTs) to be sold in the U.S. and elsewhere, beginning at least as early as Jan. 28, 1997, until at least as late as April 7, 2003. The indictment also charges C.Y. Lin with conspiring with others to suppress and eliminate competition by fixing prices for color picture tubes (CPTs) to be sold in the U.S. and elsewhere, beginning at least as early as March 12, 1997, until at least as late as April 7, 2003.

CRTs consist of evacuated glass envelopes that contain an electron gun and a phosphorescent screen. When electrons strike the screen, light is emitted, creating an image on the screen. CDTs and CPTs are each types of CRTs. CDTs are used in computer monitors and other specialized applications, while CPTs are used in color televisions. The worldwide market for CRTs, including CPTs and CDTs, in 1997, at the start of the conspiracies has been estimated as approximately \$26 billion.

“This conspiracy harmed countless Americans who purchased computers and televisions using cathode ray tubes sold at fixed prices,” said Scott D. Hammond, Acting Assistant Attorney General in charge of the Antitrust Division. “The Antitrust Division will continue to prosecute individuals, wherever they are located and however high their position on the corporate ladder, who engage in price fixing aimed at U.S. businesses and consumers.”

According to the charges, C.Y. Lin and co-conspirators carried out the CDT conspiracy by, among other things:

- Attending meetings and engaging in conversations and communications in Taiwan, Korea, Malaysia, China and elsewhere to discuss the prices, output and market shares of CDTs;
- Agreeing during those meetings, conversations and communications to charge prices of CDTs at certain target levels or ranges;
- Agreeing during those meetings, conversations and communications to reduce output of CDTs by shutting down CDT production lines for certain periods of time;
- Agreeing during those meetings, conversations and communications to allocate target market shares for the CDT market overall and for certain CDT customers;
- Exchanging CDT sales, production, market share and pricing information for the purpose of implementing, monitoring and enforcing adherence to the agreed-upon prices, output reduction and market share allocation;
- Implementing an auditing system that permitted co-conspirators to visit each other's production facilities to verify that CDT production lines had been shut down as agreed;
- Authorizing and approving the participation of subordinate employees in the conspiracy;
- Issuing price quotations and reducing output in accordance with the agreements reached; and
- Taking steps to conceal the conspiracy and conspiratorial contacts through various means.

C.Y. Lin is charged with carrying out the CPT conspiracy with his co-conspirators by, among other things:

- Attending meetings and engaging in conversations and communications in Taiwan, Korea, Malaysia, China, Thailand, Indonesia and elsewhere to discuss the prices of CPTs;
- Agreeing during those meetings, conversations and communications to charge prices of CPTs at certain target levels or ranges;
- Exchanging CPT pricing information for the purpose of implementing, monitoring and enforcing adherence to the agreed-upon prices;
- Authorizing and approving the participation of subordinate employees in the conspiracy;
- Issuing price quotations in accordance with the agreements reached; and
- Taking steps to conceal the conspiracy and conspiratorial contacts through various means.

On Feb. 3, 2009, Lin was indicted for his participation in a separate conspiracy to suppress and eliminate competition by fixing the prices of Thin Film Transistor-Liquid Crystal Display (TFT-LCD) panels.

Lin is charged with violating the Sherman Act, which carries a maximum penalty of three years imprisonment and a fine of \$350,000 for individuals for violations occurring before June 22, 2004. The maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victims if either of those amounts is greater than the Sherman Act maximum fines.

This case is part of an ongoing joint investigation by the San Francisco Field Office of the Antitrust Division of the U.S. Department of Justice and the Federal Bureau of Investigation in San Francisco. Anyone with information concerning illegal conduct in the CRT industry is urged to call the San Francisco Field Office of the Antitrust Division at 415-436-6660.

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