



# Department of Justice

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## **FORMER AIRLINE EXECUTIVES INDICTED IN CONSPIRACY TO FIX FARES ON FLIGHTS BETWEEN THE UNITED STATES AND THE REPUBLIC OF KOREA**

WASHINGTON — A Brooklyn, N.Y., grand jury returned an indictment today against two former executives of Asiana Airlines, Inc. (Asiana) for participating in a conspiracy to fix economy class airfares paid by passengers for travel from the United States to the Republic of Korea, the Department of Justice announced today.

The one-count indictment returned today in U.S. District Court in Brooklyn, charges Joo Ahn Kang and Chung Sik Kwak, each a former vice president of the Americas of Asiana, with conspiring with others to suppress and eliminate competition by fixing passenger fares for passenger transportation services from certain airports in the United States to Korea from in or about and between January 2000 and February 2006. Kang served as President of Asiana from December 2005 to November 2008.

According to the indictment, Kang and Kwak, each a citizen and resident of Korea, along with co-conspirators carried out the conspiracy by communicating and agreeing on the price of one or more components of the fares charged to passengers who purchased economy class tickets for flights between the United States and Korea. As a part of the conspiracy, Kang, Kwak and co-conspirators monitored and enforced adherence to the agreed-upon, noncompetitive rates charged to passengers traveling between the United States and Korea.

Kang and Kwak are charged with violating the Sherman Act, a violation which carries a maximum penalty of 10 years in prison and a \$1 million fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

A total of 16 airlines and four executives have pleaded guilty or have agreed to plead guilty in the Justice Department's ongoing investigation into price fixing in the air transportation industry. To date, fines of more than \$1.6 billion have been imposed in the investigation and all of the pleading executives have been sentenced to serve prison time.

The airlines that have pleaded guilty, or have agreed to plead guilty, as a result of the department's ongoing investigation into the air transportation industry are: British Airways Plc, Korean Air Lines Co. Ltd., Qantas Airways Limited, Japan Airlines International Co. Ltd., Martinair Holland N.V., Cathay Pacific Airways Limited, SAS Cargo Group A/S, Société Air France, Koninklijke Luchtvaart Maatschappij N.V. (KLM Royal Dutch Airlines), EL AL Israel Airlines Ltd., LAN Cargo S.A., Aerolinhas Brasileiras S.A., Cargolux Airlines International S.A., Nippon Cargo Airlines Co. Ltd., Northwest Airlines LLC and Asiana Airlines Inc. Airline executives who have pleaded guilty as a result of the investigation are Bruce McCaffrey of

Qantas, Keith Packer of British Airways, Franciscus Johannes de Jong of Martinair and Timothy Pfeil of SAS. On Aug. 12, 2009, Jan Lillieborg, a citizen and resident of Sweden and former vice president of global sales for SAS Cargo, was indicted for participating in a conspiracy to suppress and eliminate competition by allocating customers and coordinating surcharge increases for international air shipments to and from the United States.

This case is part of a joint investigation into the air transportation industry being conducted by the Antitrust Division's National Criminal Enforcement Section, the FBI's Washington Field Office, the Department of Transportation's Office of Inspector General and the U.S. Postal Service's Office of Inspector General. The U.S. Attorney's Office for the Eastern District of New York assisted in this matter. Anyone with information concerning price fixing or other anticompetitive conduct in the air transportation industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694 or visit [www.justice.gov/atr/contact/newcase.htm](http://www.justice.gov/atr/contact/newcase.htm) or call the FBI's Washington Field Office at 202-278-2000.

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