



Department of Justice

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THREE HITACHI-LG DATA STORAGE EXECUTIVES AGREE TO PLEAD GUILTY FOR PARTICIPATING IN BID-RIGGING AND PRICE-FIXING CONSPIRACIES INVOLVING OPTICAL DISK DRIVES

Korean Executives Also Agree to Serve Prison Time in the United States

WASHINGTON – Three Korean Hitachi-LG Data Storage Inc. (HLDS) executives have agreed to plead guilty and to serve prison time in the United States for their participation in a series of conspiracies to rig bids and fix prices for the sale of optical disk drives, the Department of Justice announced today.

According to the felony charges filed today in U.S. District Court in San Francisco, Young Keun Park, Sang Hun Kim and Sik Hur, aka Daniel Hur, conspired with co-conspirators to suppress and eliminate competition by rigging bids for optical disk drives sold to Dell Inc. and Hewlett-Packard Company (HP) and/or fixing prices for optical disk drives sold to Microsoft Corporation. The three HLDS executives participated in the conspiracies at various times between approximately November 2005 and September 2009. Under the plea agreement, Park and Kim each have agreed to serve eight months in prison and Hur has agreed to serve seven months in prison. Each has also agreed to pay a \$25,000 criminal fine. HLDS is a joint venture between Hitachi Ltd., a Japanese corporation, and LG Electronics Inc., a Republic of Korea corporation.

“Today’s plea agreements demonstrate the Antitrust Division’s continued commitment to protect competition in the high tech industry,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The division will continue to pursue and prosecute those who participate in bid-rigging and price-fixing conspiracies that harm businesses and consumers in the optical disk drive industry.”

Optical disk drives are devices such as CD-ROM, CD-RW (ReWritable), DVD-ROM and DVD-RW (ReWritable) that use laser light or electromagnetic waves to read and/or write data and are often incorporated into personal computers and gaming consoles.

Under the plea agreements, which are subject to court approval, Park, Kim and Hur have also agreed to assist the government in its ongoing investigation into the optical disk drive industry.

According to the charges, from approximately November 2005 until September 2009, Park participated in the conspiracies as HLDS's vice president and chief marketing officer in charge of optical disk drive sales. The department said that Park had supervisory responsibility for HLDS's Dell, Microsoft and HP accounts. The department said that Kim participated in the conspiracies at various times as HLDS's team leader in charge of the HP and Dell accounts and deputy chief marketing officer from approximately November 2005 until September 2009. According to the charges, Hur participated in HP-related conspiracies at various times as HLDS's team leader, account leader and account manager in charge of the HP account from approximately November 2005 until June 2009.

According to the court documents, Dell hosted optical disk drive procurement events in which bidders would be awarded varying amounts of optical disk drive supply depending on where their pricing ranked. From approximately February 2009 to September 2009, Park and Kim participated in a series of conspiracies involving meetings and conversations with co-conspirators to discuss bidding strategies and prices of optical disk drives. As part of the conspiracies, Park, Kim and co-conspirators submitted bids at collusive and noncompetitive prices and exchanged information on sales, market share and the pricing of optical disk drives to monitor and enforce adherence to the agreements.

The department said that from approximately June 2007 to March 2008, Park and co-conspirators participated in a conspiracy involving meetings and conversations in Taiwan and the Republic of Korea to discuss and to fix the prices of optical disk drives sold to Microsoft. As part of the conspiracy, Park and co-conspirators also exchanged information on the sales of optical disk drives to monitor and enforce adherence to the agreed-upon prices.

According to the court documents, HP also hosted optical disk drive procurement events in which participants would be awarded varying amounts of optical disk drive supply depending on where their pricing ranked. From approximately November 2005 to June 2009, Kim, Park, Hur and co-conspirators participated in a series of conspiracies involving meetings and discussions to predetermine bidding strategies and prices of optical disk drives, resulting in the submission of collusive and noncompetitive bids for HP's procurement events. Kim, Park, Hur and co-conspirators also exchanged information on sales, market share and the pricing of optical disk drives to monitor and enforce adherence to the agreements.

This is the department's second round of charges resulting from its ongoing investigation into the optical disk drive industry. On Nov. 8, 2011, HLDS pleaded guilty in U.S. District Court in San Francisco to 14 counts of violating the federal antitrust laws between approximately June 2004 and September 2009. HLDS also pleaded guilty to one count of participating in a scheme to defraud in connection with an April 2009 procurement event. On the same day, HLDS was sentenced to pay a \$21.1 million criminal fine and has agreed to assist the department in its ongoing investigation into the optical disk drive industry.

Park, Kim and Hur are charged with multiple violations of the Sherman Act. Each count carries a maximum fine of \$1 million and up to 10 years in prison. 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.

This case is part of an ongoing joint investigation of the Department of Justice Antitrust Division's San Francisco Office and the FBI in San Francisco and Houston. Anyone with information concerning illegal or anticompetitive conduct in the optical disk drive industry is urged to call the Antitrust Division's San Francisco Field Office at 415-436-6660 or visit www.justice.gov/atr/contact/newcase.htm.

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