



Department of Justice

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FORMER EXECUTIVE CONVICTED FOR ROLE IN PRICE-FIXING CONSPIRACY INVOLVING COASTAL FREIGHT SERVICES BETWEEN THE CONTINENTAL UNITED STATES AND PUERTO RICO

WASHINGTON – Following a two-week trial, a federal jury in Puerto Rico today convicted a former executive of a Florida-based coastal water freight transportation company for his participation in a conspiracy to fix rates and surcharges for water transportation of freight between the continental United States and Puerto Rico, the Department of Justice announced.

Frank Peake, the former president of Sea Star Line LLC, was found guilty today in the U.S. District Court for the District of Puerto Rico, of participating in a conspiracy to fix rates and surcharges for water transportation of freight between the continental United States and Puerto Rico from at least as early as late 2005, until at least April 2008.

“The coastal shipping price-fixing conspiracy affected the price of nearly every product that was shipped to and from Puerto Rico during the conspiracy,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. “This successful prosecution shows that the division will hold accountable high-level executives who perpetuate these crimes.”

Sea Star pleaded guilty on Dec. 20, 2011, and was sentenced by Judge Daniel R. Dominguez to pay a \$14.2 million criminal fine for its role in the conspiracy from as early as May 2002, until at least April 2008. Sea Star transports a variety of cargo shipments, such as heavy equipment, perishable food items, medicines and consumer goods, on scheduled ocean voyages between the continental United States and Puerto Rico.

According to evidence presented at trial, Sea Star, Peake and co-conspirators carried out the conspiracy by agreeing during meetings and communications to allocate customers of Puerto Rico freight services and to rig bids and fix the rates and surcharges to be charged to purchasers of water transportation of freight between the continental United States and Puerto Rico. The department said the conspirators also engaged in meetings for the purpose of monitoring and enforcing adherence to the agreed-upon rates and sold Puerto Rico freight services at collusive and noncompetitive rates.

Including today's jury conviction, as a result of this ongoing investigation, three companies and six individuals have pleaded guilty or been convicted at trial. The five individuals

and three companies that have been sentenced have been ordered to serve a total of more than 11 years in prison and to pay more than \$46 million in criminal fines.

Peake was convicted of price fixing in violation of the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. 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.

Today's conviction arose from an ongoing federal antitrust investigation into price fixing, bid rigging and other anticompetitive conduct in the coastal water freight transportation industry, which is being conducted by the Antitrust Division's National Criminal Enforcement Section; the Baltimore Resident Agency of the Department of Defense's Office of the Inspector General, Defense Criminal Investigative Service (DCIS); the Miami Field Office of the Department of Transportation's Office of Inspector General; and the Jacksonville Field Office of the FBI. Anyone with information concerning anticompetitive conduct in the coastal water freight transportation industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694, visit www.justice.gov/atr/contact/newcase.htm or contact DCIS's Baltimore Resident Agency at 410-347-1620.

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