



Department of Justice

FOR IMMEDIATE RELEASE
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A federal antitrust grand jury today indicted nine Hawaiian hotel firms and their trade association on charges of conspiring to fix the price of hotel rooms.

Attorney General Edward H. Levi said the indictment and a companion civil suit, which names the association, four of the firms indicted and three additional hotel firms, both charged a violation of Section 1 of the Sherman Act, and were filed in U.S. District Court in Honolulu.

Named as defendants in the indictment are:

- ITT Sheraton Corporation of America, Boston, Massachusetts;
- Sheraton Hawaii Corporation, Honolulu, Hawaii;
- Sheraton Maui Corporation, Maui, Hawaii;
- Sheraton Kauai Corporation, Kauai, Hawaii;
- The Sheraton Corporation, Boston, Massachusetts;
- Sheraton Hawaii Hotel Corporation, Honolulu, Hawaii;
- Hilton Hotels Corporation, Beverly Hills, California;
- Cinerama Hawaii Hotels, Inc., Honolulu, Hawaii;
- Flagship International Inc., New York, New York; and
- Hawaii Hotel Association, Honolulu, Hawaii.



(OVER)

Named as defendants in the civil suit are:

- The Sheraton Corporation, Boston, Massachusetts;
- Hilton Hotels Corporation, Beverly Hills, California;
- Western International Hotels Company, Seattle, Washington;
- Cinerama Hawaii Hotels, Inc., Honolulu, Hawaii;
- Flagship International Inc., New York, New York;
- Interisland Resorts, Ltd., Honolulu, Hawaii;
- Island Holidays, Ltd., dba Island Holidays Resorts, Honolulu, Hawaii; and
- Hawaii Hotel Association, Honolulu, Hawaii.

Five of the six Sheraton corporations named as defendants in the indictment are predecessor and subsidiary corporations of the sixth -- the parent Sheraton Corporation -- and therefore it was not necessary to name them as defendants in the civil suit.

All six were involved in the operation of hotels in the Hawaiian Islands at various times since 1966, during the conspiracy period. The civil suit charges the same conspiracy as the indictment but includes the three additional defendants as co-conspirators.

Assistant Attorney General Donald I. Baker, in charge of the Antitrust Division, said the indictment charges the defendants with engaging in a conspiracy since sometime prior to 1966 until at least December 20, 1974, which consisted of the following terms, among others:

- adhering to published or established room rates;
- refraining from offering lower room rates to each other's customers;
- exchanging among themselves future room rate information for the purpose of fixing, maintaining, and stabilizing room rates;
- fixing, maintaining, and stabilizing certain rates, terms, and conditions for the sale of hotel rooms;
- fixing, maintaining, and stabilizing commissions to be paid to retail travel agents, tour operators, and others for the sale of hotel rooms; and,
- fixing, maintaining, and stabilizing concessions in the form of free rooms or beds to be given to retail travel agents and others for the sale of hotel rooms.

The hotel firms named as defendants in the indictment and complaint operate a large number of the major hotels in the Hawaiian Islands. Total sales of rooms, food, and beverages by such hotels in 1973 exceeded \$185 million, and room sales alone were more than \$103 million.

The maximum penalty upon conviction of each defendant is a \$50,000 fine.

The civil suit asks the court to enjoin the defendants from continuing or reviving the conspiracy and from engaging in any plan or program having a similar purpose or effect.

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