



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 3, 1977

AT
202-739-2014

A federal grand jury today indicted Pan American World Airways, Trans World Airlines and Lufthansa German Airlines for conspiring to fix the price of a military excursion fare applicable to travel between the United States and Germany by U.S. military personnel on leave and their dependents. It is the first criminal antitrust action involving airline rate-fixing.

Attorney General Griffin B. Bell said the indictment and a companion civil suit, both charging a violation of Section 1 of the Sherman Act, were filed today in U.S. District Court in Washington, D.C.

The indictment charges that between late 1971 or early 1972 and late 1974, the defendants agreed to fix the price of the military excursion air fare, known in the industry as a non-IATA milex fare.

The costs of this fare are borne entirely by U.S. military personnel and members of their families traveling between Germany and the United States.

Donald I. Baker, Assistant Attorney General in charge of the Antitrust Division, said that it is legal for airlines to fix international air fares through joint negotiations if the joint activity is conducted in accordance with procedures approved

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by the Civil Aeronautics Board and established by the International Air Transport Association (IATA), the carriers' authorized international ratemaking conference.

Mr. Baker said that the air fare involved in the indictment was instituted by the defendants outside IATA procedures and was not approved by the CAB. Consequently the defendants' agreement to raise the non-IATA milex fare after its introduction in early 1972 is not immunized from antitrust scrutiny. This fare generated revenues in excess of \$15 million for the defendant firms in 1974.

Mr. Baker stated that this prosecution is part of the Department's effort to insure that companies in regulated industries are aware that their failure to stay within the prescribed regulatory framework when pursuing anticompetitive activity will subject them to antitrust liability.

According to the indictment, the effects of the conspiracy have been to raise the price of the non-IATA milex fare, to restrain competition in the sale of the fare, and to deprive the purchasers of the fare of the benefits of free and open competition in the sale of the fare.

The maximum penalty upon conviction would be a \$50,000 fine for each firm. The civil suit seeks a permanent injunction barring similar conduct in the future and enjoining the defendants from participating in any other airline fare agreement not exempt from the antitrust laws by CAB approval or command of a sovereign nation.