



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 17, 1994

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GENERAL ELECTRIC AND DE BEERS CHARGED WITH FIXING INDUSTRIAL DIAMOND PRICES

WASHINGTON, D.C. -- A federal grand jury in Columbus, Ohio, today indicted the General Electric Company, De Beers Centenary AG, and two individuals for conspiring to raise list prices in the \$500 million a year industrial diamond industry, according to the Department of Justice's Antitrust Division.

The one-count indictment charges General Electric and De Beers, who account for 80 percent of the industrial diamond market, with conspiring to fix and raise list prices of industrial diamonds worldwide. The indictment further charges that the price fixing scheme was carried out by co-conspirators General Electric manager Peter Frenz and De Beers associate Philippe Liotier from 1991 through 1992.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "The Antitrust Division will not tolerate anticompetitive acts by two firms who dominate their worldwide markets, or sophisticated schemes that are used to fix prices and to disguise criminal activity. The Division will actively prosecute such international cartels."

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The increased diamond prices went into effect in February and March 1992 in the industrial diamond industry worldwide.

These man-made diamonds, which resemble grains of sand, are used in saws for cutting stone and concrete, drill bits for oil drilling, and tools for automotive and other industrial machining.

According to the indictment, General Electric, De Beers, Frenz, Liotier, and other unnamed co-conspirators agreed to raise the list prices of saw, drilling and tooling diamonds by providing advance, detailed information about each other's future price lists and pricing plans through Frenz and Liotier.

No other General Electric and De Beers distributors or customers received the advance, detailed future pricing information at the time Liotier and Frenz were conveying the information on behalf of De Beers and General Electric, the indictment said.

General Electric is headquartered in Fairfield, Connecticut, with its industrial diamond business headquartered in Worthington, Ohio. De Beers is headquartered in Switzerland, and manufactures its industrial diamond products in South Africa, Ireland, and Sweden.

De Beers has corporate ownership links with De Beers Consolidated Mines Ltd., the South African corporation most commonly known for its control of the natural gemstone diamond industry.

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Frenz is a German citizen and the managing director of the European operations of General Electric's industrial diamond business. Philippe Liotier is a French citizen and the former director of a company with ownership links to De Beers. Liotier was also the chief executive of Diamant Boart, S.A., a Belgian tool manufacturer and industrial diamond customer of both General Electric and De Beers.

This matter is being handled by the Antitrust Division's Litigation I Section with the assistance of the Federal Bureau of Investigation in Columbus.

The maximum penalty for a corporation convicted under the Sherman Act is a fine of \$10 million, twice the pecuniary gain the corporation derived from the crime, or twice the pecuniary loss caused to the victims of the crime, whichever is greater.

The maximum penalty for an individual convicted under the Sherman Act is three years in prison and a fine of \$350,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss caused to the victims of the crime, whichever is greater.

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