



Department of Justice

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ANTITRUST DIVISION BREAKS PRICE FIXING CONSPIRACY IN DISPOSABLE PLASTIC DINNERWARE INDUSTRY

WASHINGTON, D.C. -- After a high stakes antitrust investigation that included coordinated raids by the FBI and the Royal Canadian Mounted Police, the Justice Department today announced it had broken up a conspiracy to drive up the price of plastic cups and glasses and other products in the \$100 million a year disposable plastic dinnerware industry.

Two company presidents and a corporate vice president were indicted in Philadelphia. Four other executives and three companies were named in separate charges. The companies produce well over 90 percent of the plastic dinnerware used in the United States.

The Department's Antitrust Division charged that executives of Plastics, Inc. of St. Paul, Minnesota, Polar Plastics Mfg. Ltd. of Allentown, Pennsylvania and Comet Products Inc. of Chelmsford, Massachusetts secretly telephoned and met with each other to further a conspiracy that lasted from December 1991 to December 1992. One meeting took place in Montreal near the headquarters of the parent company of Polar Plastics.

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In coordinated raids on December 8, 1992 FBI agents executed search warrants in St. Paul and Chelmsford while the Royal Canadian Mounted Police searched the Montreal office under the U.S.-Canadian Mutual Legal Assistance Treaty.

"This is the kind of international cooperation that is urgently needed in an age of shrinking borders and international antitrust conspiracies," said Attorney General Janet Reno. "We are grateful to the Canadian government."

The Attorney General noted that the case was referred to the Justice Department after an initial investigation by the Minnesota Attorney General's office.

Two executives of Polar Plastics, one from Comet and one from Plastics, Inc. agreed to plead guilty to a price fixing conspiracy in violation of the Sherman Antitrust Act. Comet agreed that a fine of \$4.2 million would be appropriate. Plastics, Inc. agreed to \$4.16 million. Polar Plastics, which was additionally charged with conspiring to fix prices in the \$100 million a year disposable plastic cutlery industry, agreed to plead guilty to all the charges, but the amount of a fine was not determined. All the executives face possible imprisonment.

In a separate action, a grand jury charged Clement Izzi, the president of Comet, Robert Westbrook, the president of Plastics, Inc. and Warren White, a vice president of Plastics, Inc. with one count of conspiracy to fix prices.

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In a second count, Westbrook and White were accused of conspiring to defraud Delta Air Lines, Inc. and the Bunzl Corporation, both large purchasers of disposable plastic dinnerware, by scheming to raise the price of certain disposable plastic dinnerware products sold to them.

"The days when corporate executives could regard antitrust penalties solely as a business cost are over," said Anne K. Bingaman, Assistant Attorney General for Antitrust. "Last year, the Antitrust Division brought criminal charges against 51 individuals, and sentences were handed out totalling almost 18 years."

The maximum penalty for an individual convicted of conspiracy or conspiring to violate the wire fraud statutes is five years imprisonment and a fine that is the greatest of \$250,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

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

The maximum penalty for a corporation convicted under the Sherman Act is a fine of the greatest 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.

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