



Department of Justice

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JUSTICE DEPARTMENT'S ONGOING PROBE INTO THE FAX PAPER INDUSTRY YIELDS MORE INDICTMENTS

WASHINGTON, D.C. -- A Japanese company, a Wisconsin company and two executives were charged today with price fixing in connection with the Department of Justice's ongoing antitrust investigation into the \$120 million a year thermal fax paper industry.

The Department's investigation has already resulted in several guilty pleas with criminal fines totaling more than \$10 million.

Thermal fax paper is used primarily by small businesses and home fax machine owners who depend on low prices for office products.

Named defendants in the two-count indictment returned today by a federal grand jury in Boston are:

- Appleton Papers Inc. of Appleton, Wisconsin, and its vice president of research and development, Jerry A. Wallace.
- Jujo Paper Co. Ltd. of Tokyo, Japan.
- Nippon Paper Industries Co. Ltd. of Tokyo Japan.
- Hirinori Ichida, an executive of Mitsubishi Paper Mills Ltd., of Tokyo, Japan.

The indictment charged that the defendants and co-conspirators, through a series of meetings and telephone conversations, agreed to raise and maintain the price of thermal fax paper sold in the United States and Canada in violation of the Sherman Act.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "The Antitrust Division is meeting the challenge of a global economy by substantially expanding investigations and cases with significant international aspects."

The indictment charged that between February 1990 and December 1990, Jujo Paper, now known as Nippon Paper, conspired with others to increase prices of jumbo roll thermal fax paper sold in the United States and Canada. In the indictment, both Jujo Paper and its successor Nippon Paper are charged in the price fixing conspiracy. Bingaman said that Jujo Paper and other Japanese co-conspirators held meetings in Japan where they discussed and agreed to increase prices for fax paper to be sold in North America.

Nippon Paper was formed in 1993 when Jujo Paper and Sanyo Kokusaku Co. Ltd. merged. In 1990, Jujo Paper sold imported fax paper valued at approximately \$6.1 million to customers in North America.

The indictment also charged that Appleton Papers, Wallace, and Ichida, conspired to increase prices of jumbo roll thermal fax paper sold in the United States and Canada from July 1991 until February 1992.

Appleton Papers sold approximately \$45 million worth of fax paper to customers in North America in 1991. Mitsubishi Paper

Mills sold approximately \$4.8 million worth of fax paper to customers in the United States.

Bingaman stated that the charges arose from a grand jury investigation conducted by the Antitrust Division's Litigation II Section in Washington, D.C., with assistance from the Federal Bureau of Investigation's office in Boston. The investigation is continuing and has been conducted jointly with Canadian Antitrust authorities.

In September 1995, Mitsubishi Paper Mills and New Oji Paper Co. agreed to plead guilty and settle price fixing charges. Mitsubishi Paper Mills agreed to pay \$1.8 million and New Oji Paper agreed to pay \$1.75 million in criminal fines.

Kanzaki Specialty Papers of Ware, Massachusetts; its former president, Kazuhiko Watanabe; Mitsubishi International Corporation, of New York; Mitsubishi Corporation, of Tokyo, Japan; and Elof Hansson Paper & Board Inc. of New York pleaded guilty to similar price fixing charges. Kanzaki Specialty Papers was fined \$4.5 million and Watanabe was fined \$165,000. Mitsubishi Corporation was fined \$1.26 million and Mitsubishi International was fined \$540,000. Elof Hansson was fined \$200,000.

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 suffered by the victims of the crime, whichever is greater.

The maximum penalty for an individual convicted under the Sherman Act is a period of incarceration of three years and the greatest of a \$350,000 fine, twice the gross pecuniary gain the

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individual derived from the crime, or twice the gross pecuniary loss caused to the victims of the crime.

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