



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, AUGUST 27, 1996

AT
(202) 616-2771
TDD (202) 514-1888

JUSTICE DEPARTMENT TAKES FIRST ACTION AGAINST INTERNATIONAL FOOD AND FEED ADDITIVE PRICE FIXERS

Three Companies and Three of Their Executives Agree to Pay More Than \$20 Million in Criminal Fines

WASHINGTON -- The Department of Justice brought its first criminal antitrust charges today in its continuing international price fixing investigation into the food and feed additive industry. Three companies--two Japanese and one New Jersey-based Korean subsidiary--and three of their executives have signed plea agreements to pay more than \$20 million in criminal fines for conspiring to fix prices to eliminate competition and allocate sales in the lysine market worldwide. Lysine, a \$600 million a year industry, is an amino acid used by farmers as a feed additive to ensure the proper growth of swine and poultry.

The criminal felony case, filed in the U.S. District Court in the Northern District of Illinois in Chicago, charges that the six defendants conspired among themselves and with unnamed co-conspirators to suppress and eliminate competition in the lysine market from June 1992 through June 27, 1995 in violation of the Sherman Antitrust Act.

"This is the Department's first action against international cartel activity in the food and feed additive industry. It sends a message to the entire world that criminal collusive behavior that

harms U.S. consumers will not be tolerated," said Joel I. Klein, Acting Assistant Attorney General in charge of the Department's Antitrust Division.

The companies and individuals charged are:

- Ajinomoto Co. Inc. of Tokyo, Japan, and its former General Manager of the Feed Additives Division, Kanji Mimoto. Mimoto lives in Japan.
- Kyowa Hakko Kogyo Co. Ltd. of Tokyo, Japan, and its former General Manager of the Agricultural Products Department, Masaru Yamamoto. Yamamoto lives in Japan.
- Sewon America Inc., located in Paramus, New Jersey, and its President, Jhom Su Kim. Sewon America is a subsidiary of Sewon Company Ltd., located in Seoul, South Korea. Kim is from Korea and currently lives in New Jersey.

The Department charged that the defendants and unnamed co-conspirators:

- Held meetings and conversations to discuss the prices and volumes of lysine sold in the United States and elsewhere.
- Agreed to charge prices at certain levels and to increase prices of lysine.
- Agreed to allocate among the corporate conspirators the volume of lysine to be sold by each corporate conspirator.
- Issued price announcements and price quotations in accordance with the agreements.
- Participated in meetings and conversations for the purpose of monitoring and enforcing adherence to the agreed-upon prices and sales volumes.

The Department said that the charges arose in connection with an ongoing investigation into illegal, collusive practices by the producers of lysine. The lysine investigation is being conducted by the Chicago Field Office of the Department's Antitrust Division, the office of United States Attorney James B. Burns in Chicago, and the Federal Bureau of Investigation in Springfield, Illinois.

Klein said that each defendant has authorized the government to disclose the basic terms of the plea agreements pursuant to which these charges were filed.

If the plea agreements are accepted by the court, Ajinomoto and Kyowa Hakko will pay the statutory maximum fine of \$10 million each, and Sewon America will pay a fine as large as the court deems it reasonably can afford to pay. Mimoto and Kim will each pay a \$75,000 fine and Yamamoto will pay a \$50,000 fine.

The corporate defendants have also agreed to cooperate fully with the ongoing investigation by providing documents and witnesses who will be available to testify in the United States.

Each of the individual defendants has agreed to cooperate with the investigation, including giving testimony in the United States.

Gary R. Spratling, the Antitrust Division's Deputy Assistant Attorney General for Criminal Enforcement, said, "All of the corporate and individual defendants already have begun to cooperate with the government's ongoing investigation."

Section 1 of the Sherman Act, which the defendants are charged with violating, carries a maximum fine of \$10 million for corporations and a maximum penalty of three years imprisonment and a \$350,000 fine for individuals.

The fines for both corporations and individuals may be increased to twice the gain derived from the crime by the defendant or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine of \$10

- 4 -

million for corporations and \$350,000 for individuals. The court will determine the appropriate sentence to be imposed under the United States Sentencing Guidelines.

###

96-411