



Department of Justice

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MITSUBISHI CORPORATION AND FORMER UCAR EXECUTIVE INDICTED IN INTERNATIONAL GRAPHITE ELECTRODE PRICE-FIXING CONSPIRACY

WASHINGTON, D.C.--A federal grand jury in Philadelphia today indicted Mitsubishi Corporation of Tokyo, Japan and Georges Schwegler, a former executive of UCAR International formerly of Danbury, Connecticut, now headquartered in Nashville, Tennessee, for participating in an international conspiracy to fix prices and allocate the volume of graphite electrodes sold in the United States and elsewhere, the Department of Justice announced.

As a result of the conspiracy, steel makers paid noncompetitive and higher prices for graphite electrodes used in manufacturing steel products that are integral to a variety of business and consumer items.

To date, seven corporations and four individuals have been charged, and over \$300 million in criminal fines obtained as a result of the Justice Department's ongoing criminal investigation into price fixing in the graphite electrodes industry.

In an indictment, filed in U.S. District Court in Philadelphia, Mitsubishi was charged with aiding and abetting a conspiracy to suppress and eliminate competition in the international graphite electrodes industry. In a separate indictment, Georges Schwegler, UCAR's former Director of Electrodes European Export Sales, was charged for his participation in the same conspiracy.

"The Department continues to seek out and prosecute all those who participate in or

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knowingly aid international conspiracies that increase prices for consumers and unfairly impede free and open competition in our market," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division.

Mitsubishi Corporation, one of the largest corporations in the world, is a distributor of, among other products, graphite electrodes. According to the indictment, from February 25, 1991 until January 26, 1995, Mitsubishi was a 50 percent owner of UCAR International Inc., the world's largest producer of graphite electrodes. UCAR pled guilty in April 1998 to participating in a conspiracy to fix the price of graphite electrodes and was sentenced to pay a \$110 million fine.

Graphite electrodes are large columns used in electric arc furnaces in steel-making "mini-mills." This method of making steel is the fastest growing in the United States, and now accounts for more than half of the steel manufactured in this country. The electrodes generate the intense heat necessary to melt scrap and further refine steel. Total sales of graphite electrodes in the U.S. were more than \$1.7 billion during the term of the charged conspiracy.

In the past two years, the following companies and individuals have pled guilty to participating in the graphite electrodes conspiracy:

- C UCAR International Inc. was sentenced to pay a \$110 million fine;
- C UCAR's former Chief Executive Officer, Robert P. Krass, has been sentenced to serve 17 months in jail and pay a \$1.25 million fine;
- C UCAR's former Chief Operating Officer, Robert J. Hart, has agreed pursuant to a plea agreement with the United States, which is subject to Court approval, to serve nine months in jail and pay a \$1 million fine;
- C SGL Carbon AG, a German corporation, was sentenced to pay a \$135 million fine;
- C SGL's Chief Executive Officer, Robert J. Koehler, was sentenced to pay a \$10 million fine--the largest antitrust fine ever imposed on an individual;
- C Showa Denko Carbon Inc., a U.S. subsidiary of a Japanese firm, was sentenced to pay a \$32.5 million fine;

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- C Tokai Carbon Co. Ltd., a Japanese corporation, was sentenced to pay a \$6 million fine;
- C SEC Corporation, a Japanese corporation, was sentenced to pay a \$4.8 million fine; and
- C Nippon Carbon Co. Ltd., a Japanese corporation, was sentenced to pay a \$2.5 million fine.

The Carbide/Graphite Group of Pittsburgh, another producer of graphite electrodes, previously announced that it has been accepted into the Antitrust Division's Corporate Leniency Program.

Carbide/Graphite, SGL, Showa Denko, UCAR, Tokai Carbon, Koehler, Krass, Hart, SEC and Nippon have all agreed to cooperate in the Department's ongoing investigation.

Mitsubishi and Schwegler are both subject to the statutory maximum penalty for violating the Sherman Act which is a \$10 million fine for a corporation and three years imprisonment and a \$350,000 fine for individuals. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charges are the result of an ongoing investigation being conducted by the Antitrust Division's Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia.

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