



Department of Justice

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FORMER CHAIRMEN OF SOTHEBY'S AND CHRISTIE'S AUCTION HOUSES INDICTED IN INTERNATIONAL PRICE-FIXING CONSPIRACY

WASHINGTON, D.C. -- A federal grand jury in Manhattan today indicted the former chairmen of Sotheby's Holdings Inc. and Christie's International plc – the two largest auction houses in the world – for fixing commission rates charged to sellers of works of art, jewelry and furniture at auctions, the Department of Justice announced.

The indictment charges A. Alfred Taubman, Chairman of the Board of Directors of Sotheby's from 1983 to 2000, and Anthony J. Tennant, a member of the Board of Directors of Christie's from 1993 to 1998 and Chairman of its Board of Directors from 1993 to 1996, with conspiring to fix auction commission rates charged to sellers in the United States and elsewhere from 1993 to 1999 in violation of the Sherman Act. Taubman is a U.S. citizen. Tennant is a citizen of the United Kingdom.

During the six-year international conspiracy, Sotheby's and Christie's charged sellers in the United States at least \$400 million in commissions. Reportedly, they together control more than 90 percent of the world's live auctions of works of art, jewelry and furniture. They provide substantially the same services to sellers and, prior to the introduction of the fixed, non-negotiable commission rates, they competed primarily on the basis of price, undercutting each other's offers to sellers. As a result of the conspiracy, sellers lost their principal bargaining tool.

"This case will show that these individuals mastered the art of price fixing," said James M. Griffin, Deputy Assistant Attorney General in charge of the Department's criminal antitrust enforcement program. "The Antitrust Division will vigorously prosecute price fixing wherever it occurs."

The indictment charges Taubman and Tennant with:

- participating in meetings and conversations in the U.S. and elsewhere to discuss sellers' commission rates;
- agreeing to raise prices by fixing sellers' commission rates;
- agreeing to publish non-negotiable sellers' commission rate schedules;
- agreeing to the order in which Christie's and Sotheby's would publish their non-negotiable sellers' commission rate schedules;
- issuing sellers' commission rate schedules in accordance with the agreement reached;
- exchanging customer information for the purpose of monitoring and enforcing adherence to the non-negotiable sellers' commission schedules; and
- agreeing on other terms relating to prices charged to sellers.

In October 2000, Sotheby's and its former CEO, Diana D. Brooks, pleaded guilty to separate charges of fixing auction commission rates charged to sellers. Sotheby's has been sentenced to pay a fine of \$45 million. Brooks has not been sentenced.

The Department previously confirmed the announcement by Christie's that it has been cooperating with the investigation under the Antitrust Division's Corporate Leniency Program. Under the Leniency Program, a company may qualify for protection from criminal prosecution if it voluntarily reports its involvement in a crime and satisfies certain other criteria.

Taubman and Tennant are charged with violating Section One of the Sherman Act which carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The maximum 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.

The ongoing investigation of the auction business is being conducted by the Antitrust Division's New York Office and the New York Office of the Federal Bureau of Investigation.

Anyone with information concerning collusion in the auction business should contact the Antitrust Division's New York Office at (212) 264-0650, or the New York Office of the Federal Bureau of Investigation at (212) 384-1000.

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