



# Department of Justice

FOR IMMEDIATE RELEASE  
THURSDAY, DECEMBER 2, 2004  
WWW.USDOJ.GOV

AT  
(202) 514-2007  
TDD (202) 514-1888

## **FOUR INFINEON TECHNOLOGIES EXECUTIVES AGREE TO PLEAD GUILTY IN INTERNATIONAL DRAM PRICE-FIXING CONSPIRACY**

### *Three German Citizens Face Jail Time in U.S.*

WASHINGTON, D.C. – Four executives of Infineon Technologies AG (Infineon AG) and its subsidiary, Infineon Technologies North America Corporation (Infineon NA) – a German manufacturer of dynamic random access memory (DRAM) – have agreed to plead guilty to participating in an international conspiracy to fix prices in the DRAM market, the U.S. Department of Justice announced today. Each of the executives has agreed to pay a \$250,000 criminal fine and serve prison terms ranging from four to six months for their participation in the conspiracy.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for a wide variety of computer, telecommunications, and consumer electronic products. DRAM is used in personal computers, laptops, workstations, servers, printers, hard disk drives, personal digital assistants, modems, mobile phones, telecommunication hubs and routers, digital cameras, video recorders and televisions, digital set-top boxes, game consoles, and MP3 digital music players. There are more than \$5 billion in DRAM sales annually in the United States.

According to the one-count felony charge filed today in the U.S. District Court in San Francisco, Heinrich Florian, Günter Hefner, Peter Schaefer, and T. Rudd Corwin participated in

a conspiracy to fix the prices of DRAM sold to certain computer and server manufacturers.

Under the plea agreements, which must be approved by the court, all four executives have agreed to serve a term of imprisonment, pay a criminal fine, and assist the government in its ongoing DRAM investigation.

“This case reinforces our commitment to investigate and hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their collusive conduct,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department’s Antitrust Division. “True deterrence occurs when individuals serve jail terms, and not just when corporations pay substantial criminal fines.”

Heinrich Florian, a German citizen, was charged with fixing DRAM prices during 2001 and 2002. During the relevant period, Florian worked in Munich, Germany as Infineon AG’s Vice President for Sales, Marketing & Logistics for Memory Products, and then later as the Vice President for Marketing & Logistics. Under the plea agreement, Florian has agreed to serve a six-month prison sentence and pay a \$250,000 criminal fine.

Günter Hefner, also a German citizen, was charged with fixing DRAM prices during 2001 and 2002. During the relevant period, Hefner worked in Munich, Germany as Infineon AG’s Vice President of Sales for Memory Products. Under the plea agreement, Hefner has agreed to serve a five-month prison sentence and pay a \$250,000 criminal fine.

Peter Schaefer, a German citizen, was charged with fixing DRAM prices during 2001 and 2002. During at least part of the relevant period, Schaefer worked in San Jose, California as Infineon NA’s Vice President for Marketing, Sales & Logistics for Memory Products. Under the plea agreement, Schaefer has agreed to serve a four-month sentence and pay a \$250,000 criminal fine.

T. Rudd Corwin, a U.S. citizen, was charged with fixing DRAM prices between 1999 and 2002. During the relevant period, Corwin worked in San Jose, California as Infineon NA's Vice President for Customer Marketing and Sales of Memory Products. Under the plea agreement, Corwin has agreed to serve a four-month sentence and pay a \$250,000 criminal fine.

The four Infineon executives were charged with participating with co-conspirators in a conspiracy that was accomplished by the following means:

- Participating in meetings, conversations, and communications in the United States and elsewhere to discuss the prices of DRAM to be sold to certain customers;
- Agreeing, during those meetings, conversations and communications, to charge prices of DRAM at certain levels to be sold to certain customers;
- Issuing price quotations in accordance with the agreements reached;
- Exchanging information on sales of DRAM to certain customers, for the purpose of monitoring and enforcing adherence to the agreed-upon prices; and
- Authorizing, ordering and consenting to the participation of subordinate employees in the conspiracy.

“These four executives are the first to plead guilty to a charge of fixing prices in what is still a very active and far-reaching investigation into antitrust violations in the DRAM industry,” said Scott D. Hammond, the Antitrust Division’s Director of Criminal Enforcement. “We will continue in our efforts to bring to justice other domestic and foreign-based executives who were involved with fixing DRAM prices.”

On October 20, 2004, Infineon Technologies AG pleaded guilty to a charge of participating in the same conspiracy and was sentenced to pay a \$160 million criminal fine – the third largest fine in antitrust history. Additionally, on January 21, 2004, Micron Technology Inc. Regional Sales Manager Alfred P. Censullo pleaded guilty to obstruction of justice in connection with the Department’s investigation of possible price fixing in the DRAM market.

The four Infineon AG and Infineon NA executives were charged with violating Section 1 of the Sherman Antitrust Act, which carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals for violations occurring before June 22, 2004. The maximum fine may be increased to twice the gain the conspirators 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.

The charge and plea agreements announced today arise from an ongoing investigation being conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

Anyone with information concerning price fixing in the DRAM industry should contact the San Francisco Field Office of the Antitrust Division at (415) 436-6660 or the San Francisco Division of the FBI at (415) 553-7400.

###

04-773