



Department of Justice

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FUR BROKERS INDICTED IN BID-RIGGING CONSPIRACY

WASHINGTON, D.C. -- Alaska Brokerage International Inc., a U.S.-based brokerage firm dealing in the purchase and sale of unprocessed fur pelts, and one of its auction representatives were indicted today by a federal grand jury for participating in a bid-rigging conspiracy involving the sale of otter pelts, the Department of Justice announced.

In the indictment, filed in the U.S. District Court in Seattle, the grand jury charged Alaska Brokerage, a New York corporation, and its auction representative, David Karsch, with conspiring with other corporations and individuals beginning sometime in mid-2003, and continuing until at least February 14, 2004, to rig the bids of otter pelts auctioned in the United States in February 2004. The defendants are charged with carrying out the conspiracy by:

- Engaging in communications and discussions with co-conspirators regarding not competing with one another in the bidding for otter pelts to be auctioned;
- Agreeing with their co-conspirators to a collusive bidding strategy, involving not bidding against one another, bidding at certain prices or price ranges, and subsequently transferring otter pelts acquired at the auction among themselves; and
- Executing the agreed-upon collusive bidding strategy.

Otter pelts are one of many different types of unprocessed animal furs sold at auctions in the United States. Unprocessed fur pelts are purchased at auctions mainly for use in manufacturing fur garments, like coats and hats. Approximately \$100 million worth of unprocessed fur pelts are sold at auctions annually in the United States.

Alaska Brokerage and David Karsch were charged with bid rigging in violation of the Sherman Act, which carries a maximum fine of \$10 million for companies for violations occurring before June 22, 2004. 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 charges announced today stem from an ongoing investigation being conducted by the Antitrust Division's National Criminal Enforcement Section and the Federal Bureau of Investigation in Seattle. These are the first charges filed in conjunction with this investigation.

Anyone with information concerning bid rigging in the unprocessed fur pelts industry should contact the National Criminal Enforcement Section of the Antitrust Division at (202) 307-6694.

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