



# Department of Justice

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## **CHINA AIRLINES LTD. AGREES TO PLEAD GUILTY TO PRICE FIXING ON AIR CARGO SHIPMENTS**

### ***Company Agrees to Pay \$40 Million Criminal Fine***

WASHINGTON – China Airlines Ltd. has agreed to plead guilty and to pay a \$40 million criminal fine for its role in a conspiracy to fix prices in the air transportation industry, the Department of Justice announced today.

According to a one-count felony charge filed today in U.S. District Court for the District of Columbia, Taiwan-based China Airlines engaged in a conspiracy to fix the cargo rates charged to customers for international air cargo shipments to and from the United States from at least as early as January 2001, until at least Feb. 14, 2006. The department said that China Airlines joined an ongoing conspiracy among cargo carriers that began at least as early as Jan. 1, 2000. Under the plea agreement, which is subject to court approval, China Airlines has agreed to cooperate with the department's ongoing antitrust investigation.

Air cargo carriers transport a variety of cargo shipments, such as heavy equipment, perishable commodities and consumer goods, on scheduled international flights.

According to the charge, China Airlines carried out the conspiracy by agreeing during meetings and other communications on certain components of the cargo rates to be charged for shipments on certain routes to and from the United States and by levying cargo rates in accordance with the agreements reached. As part of the conspiracy, China Airlines monitored and enforced adherence to the agreed-upon cargo rates.

China Airlines is charged with price fixing in violation of the Sherman Act, which carries a maximum fine of \$100 million for corporations. 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.

Including today's charge, as a result of this investigation, a total of 18 airlines and eight executives have been charged in the Justice Department's ongoing investigation into price fixing in the air transportation industry. To date, more than \$1.6 billion in criminal fines have been imposed and four executives have been sentenced to serve prison time. Charges are pending against the remaining four executives.

The airlines that have pleaded guilty, or have agreed to plead guilty, as a result of the department's ongoing investigation into the air transportation industry are: British Airways Plc, Korean Air Lines Co. Ltd., Qantas Airways Limited, Japan Airlines International Co. Ltd., Martinair Holland N.V., Cathay Pacific Airways Limited, SAS Cargo Group A/S, Société Air France, Koninklijke Luchtvaart Maatschappij N.V. (KLM Royal Dutch Airlines), EL AL Israel Airlines Ltd., LAN Cargo S.A., Aerolinhas Brasileiras S.A., Cargolux Airlines International S.A., Nippon Cargo Airlines Co. Ltd., Northwest Airlines LLC and Asiana Airlines Inc. Additionally, on Sept. 2, 2010, Polar Air Cargo LLC was charged in this investigation and is scheduled to enter a guilty plea and be sentenced on Oct. 15, 2010.

Airline executives who have pleaded guilty as a result of the investigation are Bruce McCaffrey of Qantas, Keith Packer of British Airways, Franciscus Johannes de Jong of Martinair and Timothy Pfeil of SAS Cargo. On Aug. 12, 2009, Jan Lillieborg, a citizen and resident of Sweden and former vice president of global sales for SAS Cargo, was indicted for participating in a conspiracy to suppress and eliminate competition by allocating customers and coordinating surcharge increases for international air shipments to and from the United States. On Aug. 26, 2010, Joo Ahn Kang, former president of Asiana, and Chung Sik Kwak, former vice president of the Americas region of Asiana, both citizens and residents of the Republic of Korea, were indicted for participating in a conspiracy to suppress and eliminate competition by fixing passenger airfares for travel between the United States and Korea. On Sept. 21, 2010, Maria Christina "Meta" Ullings, senior vice president of Cargo Sales and Marketing of Martinair Holland N.V., was indicted for participating in a conspiracy to fix and coordinate certain surcharges on air cargo shipments to and from the United States. Trial dates have yet to be scheduled for these individuals.

Today's charge is the result of a joint investigation into the air transportation industry being conducted by the Antitrust Division's National Criminal Enforcement Section, the FBI's Washington Field Office, the Department of Transportation's Office of Inspector General and the U.S. Postal Service's Office of Inspector General. Anyone with information concerning price fixing or other anticompetitive conduct in the air transportation industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694 or visit [www.justice.gov/atr/contact/newcase.htm](http://www.justice.gov/atr/contact/newcase.htm), or call the FBI's Washington Field Office at 202-278-2000.

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