

Memory chip makers will pay \$173 million for price-fixing

Local News

Posted by: David Haviland

Posted on : June 24, 2010 at 9:55 am

SEATTLE – The Y2K bug was the big concern in the computer world when makers of DRAM computer memory conspired to raise prices. More than a decade later, the companies and a group of state attorneys general have negotiated a \$173 million antitrust settlement in principle with six of the world’s top manufacturers.

“This settlement will make up for some of the harm caused by memory chip manufacturers who conspired to drive up computer costs,” Washington Attorney General Rob McKenna said. “The agreement will also prohibit the companies from manipulating prices in the future.”

Dynamic Random Access Memory (DRAM) is a common form of memory chip found in computers, servers, printers and other electronics.

The Washington Attorney General’s Antitrust Division served on the executive committee that litigated the case. The settlement resolves a 2006 lawsuit that attorneys general filed in U.S. District Court in San Francisco. The suit alleges that consumers and state agencies who bought electronics containing DRAM paid higher prices from 1998 to 2002 as a result of price-fixing by six companies: Elpida, Hynix, Infineon, Micron, Mosel Vitelic and NEC.

The suit grew out of a coordinated, multistate investigation that began in 2004, as well as a federal investigation that exposed a scheme where DRAM manufacturers profited at the expense of consumers by trimming production in order to artificially raise prices.

Several companies and executives pleaded guilty to criminal price-fixing actions brought by the U.S. Department of Justice.

The defendants in the states’ case have tentatively agreed to pay \$173 million to the 33 states and to private plaintiffs, refrain from illegal price-fixing and conduct employee training.

The settlement will provide restitution on behalf of consumers, including some government purchasers. A portion of the funds will reimburse litigation expenses and costs. The federal court must approve the settlement and distribution plan.

Washington state's share of the settlement will be determined according to an allocation process established by the court.

A separate class-action suit resulted in the companies paying nearly \$326 million to computer manufacturers that purchased DRAM directly. The European Commission also reached settlements with some of the companies resulting in \$410 million in fines.

In 2007, Samsung settled its case with Washington and other states for \$90 million. The states also brought actions against other manufacturers; those cases are still pending.

The following states participated in the settlement: Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia and Wisconsin.