AGO recovers $63 million in price-fixing scheme affecting millions of Washingtonians

FOR IMMEDIATE RELEASE:
May 15 2015

*LCD manufacturers drove up costs on TVs, laptops, cell phones*

SEATTLE — Attorney General Bob Ferguson announced today his office expects to recover a total of $63 million from nine LCD manufacturers, whose price-fixing conspiracy drove up prices consumers paid on items like TVs, laptops and cell phones.

If approved, it will be one of the largest recoveries for Washington by the Attorney General’s Antitrust Division in state history.

For eight years, consumers in Washington and throughout the world were significantly overcharged every time they bought a product with a liquid crystal display, or LCD, screen because of a conspiracy by the world’s largest LCD manufacturers.

For some products, this scheme may have increased the price consumers paid by as much as 20 percent.

“This unfair competition affected millions of Washingtonians over a period of eight years,” Ferguson said. “The scale of today’s agreement reflects the scale of this deception. When powerful interests don’t play by the rules, my office will be there to hold them accountable.”

Today, the Attorney General’s Office Antitrust Division filed proposed agreements between the state and the remaining manufacturers involved in these actions, resolving the lawsuits his office filed against the companies and their subsidiaries.

The agreements are subject to approval by a King County Superior Court judge at a hearing on May 22.

The bulk of the money recovered will be returned to consumers who purchased products containing LCDs. The LCD panel can account for as much as 80 percent of the cost of a finished device.

Eight of the nine LCD manufacturers involved in these agreements previously pleaded guilty
to or were convicted of criminal price-fixing charges brought by the U.S. Department of Justice.

According to the AG’s complaint filed in 2010, LCD manufacturers participated in cartel meetings in which they exchanged price information and agreed to fix panel prices and manipulate the supply of LCD panels to artificially increase panel prices.

The earliest meeting occurred over a round of golf in Taiwan in 1998, where the LCD manufacturers met to discuss concerns over increased competition in the industry.

This led to regular gatherings, known as “crystal meetings,” where the LCD manufacturers met to fix the prices on LCD panel prices by exchanging confidential price and shipment information.

They agreed that rather than compete on price, they would fix LCD panel prices and restrict the supply to artificially increase prices.

This industry-wide collusion continued until 2006.

The companies involved in today’s filings, and the amount they have agreed to pay, are:

- Samsung, $12.94 million
- AU Optronics, $12.5 million
- Chi Mei Optoelectronics, $8.75 million
- Sharp, $6.75 million
- Epson, $2.7 million
- Toshiba, $950,000
- Chunghwa Picture Tubes, $350,502

The office previously reached agreements with:

- LG, $13 million
- Hitachi, $5.2 million

These agreements resolve allegations the companies violated Washington’s antitrust laws.

In addition to the payments, the agreement requires companies who continue to manufacture LCD panels to participate in future monitoring and to develop programs to ensure there are no future antitrust violations.

Price fixing is an agreement among competitors to raise, lower, or otherwise set the prices and any other competitive terms for their products or services. In this case, price fixing hurts consumers by driving up the prices of products that use LCDs, including televisions and cell phones.

The manufacturers do not admit the allegations in the complaint, but have agreed to the settlement terms.

In addition to consumer restitution, a portion of the settlement will go to reimburse state agencies that purchased devices containing LCDs during the conspiracy, as well as the Attorney General’s Office’s costs and fees.
The Attorney General’s Office will retain a claims administrator to help with the distribution of the funds.

Antitrust Division Chief Jonathan Mark, Senior Counsel Bill Clark and Assistant Attorneys General David Kerwin and Steve Fairchild handled the case.

The Office of the Attorney General’s Antitrust Division is responsible for enforcing the antitrust provisions of Washington's Unfair Business Practices-Consumer Protection Act. The division investigates and litigates complaints of anticompetitive conduct and reviews potentially anticompetitive mergers. The division also brings actions in federal court under the federal antitrust laws. It receives no general fund support, funding its own actions through recoveries made in other cases.

The companies and subsidiaries involved in these agreements are: AU Optronics Corporation; AU Optronics Corp., America; Chi Mei Innolux Corporation; Chi Mei Optoelectronics USA, Inc.; Epson Imaging Devices Corporation; Epson Electronics America, Inc.; Samsung Electronics Co., Ltd.; Samsung Semiconductor, Inc.; Samsung Electronics America, Inc.; Sharp Corporation; Sharp Electronics Corporation; Toshiba Corporation; Toshiba America Electronics Components, Inc.; Toshiba America Information Systems, Inc.; and Toshiba Mobile Display Technology Co., Ltd., LG Display Co., Ltd., LG Display America, Inc., Hitachi Ltd., Hitachi Display Co., Ltd. and Hitachi Electronic Devices (USA).

The Antitrust Division investigates complaints about potential anti-competitive activity. For information about filing a complaint, visit https://fortress.wa.gov/atg/formhandler/ago/AntitrustComplaint.aspx.

-30-

The Office of the Attorney General is the chief legal office for the state of Washington with attorneys and staff in 27 divisions across the state providing legal services to roughly 200 state agencies, boards and commissions. Attorney General Bob Ferguson is working hard to protect consumers and seniors against fraud, keep our communities safe, protect our environment and stand up for our veterans. Visit www.atg.wa.gov to learn more.

Contact:

Peter Lavallee, Communications Director, (360) 586-0725; PeterL@atg.wa.gov