



# Department of Justice

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## **FORMER QANTAS AIRLINE EXECUTIVE AGREES TO PLEAD GUILTY TO PARTICIPATING IN PRICE-FIXING CONSPIRACY ON AIR CARGO SHIPMENTS**

### *Executive Agrees to Serve 8 Months in Jail*

WASHINGTON — The former highest-ranking Qantas Airways Limited cargo executive employed in the United States has agreed to plead guilty, serve 8 months in jail, and pay a criminal fine for participating in a conspiracy to fix rates for international air cargo shipments, the Department of Justice announced today.

According to the charges filed in U.S. District Court in the District of Columbia, Bruce McCaffrey, former Qantas Vice President of Freight for the Americas, and his co-conspirators, engaged in a conspiracy to fix rates on air cargo shipments charged to U.S. and international customers from at least as early as January 2000 and continuing until at least February 2006, in violation of the Sherman Act. Under the plea agreement, which is subject to court approval, McCaffrey has agreed to pay a \$20,000 criminal fine and cooperate with the Department's ongoing investigation.

"Today's guilty plea demonstrates that our ongoing investigation into the air transportation industry will hold individuals, as well as corporations, responsible for engaging in criminal conduct," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The air transportation of products for both businesses and consumers is a critical piece of the global economy. The Department remains dedicated to aggressively pursuing those who conspire to cheat American businesses and consumers with price-fixing schemes."

McCaffrey is charged with carrying out the price-fixing conspiracy with co-conspirators by:

- Participating in meetings, conversations, and communications in the United States and elsewhere to discuss the cargo rates to be charged on certain routes to and from the United States;
- Agreeing, during those meetings, conversations, and communications, on certain components of cargo rates to charge for shipments on certain routes to and from the United States;

- Charging cargo rates in the United States and elsewhere in accordance with the agreements reached; and
- Engaging in meetings, conversations, and communications in the United States and elsewhere for the purpose of monitoring and enforcing adherence to the agreed-upon cargo rates.

McCaffrey is the first individual to be charged, and this is the fifth case to arise, in the wide-ranging investigation into the air transportation industry. In April 2008, Japan Airlines International Co. Ltd. agreed to plead guilty and on May 7 was sentenced to pay a \$110 million fine for its role in a conspiracy to fix rates for international cargo shipments. In January 2008, McCaffrey's former employer, Qantas, pleaded guilty and was sentenced to pay a \$61 million criminal fine for engaging in a conspiracy to fix the cargo rates charged to customers in the United States and elsewhere for international air shipments. In August 2007, British Airways Plc and Korean Air Lines Co. Ltd. pleaded guilty and were each sentenced to pay separate \$300 million criminal fines for their involvement in price-fixing conspiracies. British Airways participated in a conspiracy to eliminate competition in the air cargo industry by fixing the cargo rates charged to customers for international air shipments, including to and from the United States and by fixing the passenger fuel surcharge charged to passengers for long-haul international air transportation, including between the U.S. and the United Kingdom. Korean Air Lines participated in a conspiracy to eliminate competition in the air cargo industry by fixing the cargo rates charged to customers in the U.S. and elsewhere for international air shipments by fixing wholesale and passenger fares charged for flights from the U.S. to Korea and by fixing the cargo rates charged to customers in the U.S. and elsewhere for international air shipments.

McCaffrey is charged with price fixing in violation of the Sherman Act, which carries a maximum fine of \$1 million and up to 10 years in prison for an individual. 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 ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the FBI. Anyone with information concerning price fixing or other anticompetitive conduct in the air transportation industry is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694.

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