

United States v. G Nova Corp.

Press Release No. 19-54
U.S. Department of Justice
Office of Public Affairs
January 31, 2019, updated March 12, 2019

DOJ Components: Antitrust Division; Federal Bureau of Investigation (FBI); USAO - Texas, Southern. Source: <https://www.justice.gov/opa/pr/justice-department-announces-multiple-charges-price-fixing-conspiracies-customized>

FOR IMMEDIATE RELEASE

Justice Department Announces Multiple Charges for Price-Fixing Conspiracies in Customized Promotional Products Industry

*G Nova Corporation and Its CEO Indicted for Conspiracy to
Fix Prices of Insulated Beverage Containers; Netbrands
Media Corporation and Two of Its Top Executives Agree to
Plead Guilty to Conspiracy to Fix Prices of Wristbands,
Lanyards, Temporary Tattoos, and Buttons*

A federal grand jury in Houston returned an indictment yesterday against Taiwan-based G Nova Corporation and its Chief Executive Officer Yeh Fei Chu, aka Jim Chu, for participating in a conspiracy to fix prices of insulated beverage containers sold in the United States, the Department of Justice announced today.

The Department of Justice also announced that it has filed criminal charges against Netbrands Media Corporation and two of Netbrands' top executives, Mashnoon Ahmed and Mueen Akhter, for their roles in a separate conspiracy to fix prices of wristbands, lanyards, temporary tattoos, and buttons sold in the United States. Netbrands has agreed to plead guilty and pay a criminal fine of over \$6 million. Ahmed and Akhter entered guilty pleas on January 8, 2019.

Assistant Attorney General Makan Delrahim of the Department of Justice's Antitrust Division, U.S. Attorney Ryan K. Patrick for the

Southern District of Texas, and Special Agent in Charge Perrye K. Turner of the FBI's Houston Field Division made the announcements.

"The results announced today are the latest in a series of charges against eleven defendants filed in the Division's ongoing investigation into conspiracies that corrupted the online marketplace and deprived consumers of the benefits of competition," said Assistant Attorney General Delrahim. "Whether the conspiracy takes place in smoke-filled rooms that are real or virtual, the Department of Justice and its law enforcement partners are committed to uncovering and prosecuting collusion."

"We will continue to prosecute those who seek to harm consumers by conspiring to fix prices," said U.S. Attorney Patrick. "It doesn't matter if the products are fifty cent insulated beverage containers or million dollar pieces of oil field equipment, the U.S. Attorney's Office is committed to protecting competition in the marketplace and protecting consumers from people who cheat the system."

"Antitrust violations raise prices and suppress competition, hurting businesses who play by the rules as well as consumers who pay more for products or services," said Special Agent in Charge Turner. "In these cases, people got greedy and their greed usurped the consumers' right to choose between competitors. The defendants in these cases took advantage of the niche in the markets they created and thought they could get away it. Well, they didn't thanks to the FBI's unique partnership with the DOJ's Antitrust Division and our commitment to put an end to this type of unlawful activity."

Including the results announced today, the investigation into the customized promotional products industry has resulted in charges against five companies and six individuals.

The charges announced today against G Nova and Chu are the first that relate to a conspiracy to fix prices of insulated beverage containers.

Including Netbrands, Akhter, and Ahmed, nine defendants have been charged for their roles in a separate price-fixing conspiracy related to sales of other customized promotional products, including wristbands. All nine of those defendants have agreed to plead guilty.

The Case Against G Nova and Chu:

The indictment against G Nova and Chu, filed in the U.S. District Court for the Southern District of Texas in Houston, charges the two

defendants with participating in a conspiracy to fix prices of insulated beverage containers (also known as can coolers or coolies) beginning in about May 2012 and continuing until at least February 2014. The one-count felony indictment charges that G Nova and Chu carried out the conspiracy by agreeing to fix the prices of insulated beverage containers during meetings and other communications.

An indictment merely alleges that crimes have been committed, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt.

The Cases Against Netbrands, Ahmed, and Akhter:

According to the felony charge filed against Netbrands on January 24, 2019, the felony charges filed against Ahmed and Akhter on December 3, 2018, and the plea documents filed in the cases against Ahmed and Akhter on January 8, 2019, in the U.S. District Court of the Southern District of Texas in Houston, the defendants and their co-conspirators agreed to fix the prices of customized promotional products, including wristbands, lanyards, temporary tattoos, and buttons, sold online from as early as May 2014 until at least June 2016. The defendants and their co-conspirators used social media platforms and encrypted messaging applications, such as Facebook, Skype, and Whatsapp, to reach and implement their illegal agreements.

In addition to pleading guilty, Netbrands has agreed to pay a \$6,531,687 million criminal fine and cooperate with the Antitrust Division's ongoing investigation. As part of their guilty pleas, Ahmed and Akhter also agreed to cooperate with the ongoing investigation.

A criminal violation of Section 1 of the Sherman Act carries a maximum sentence of 10 years in federal prison and a fine of \$1 million for individuals, and a maximum fine of \$100 million for corporations. The maximum fines 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.

This prosecution arose from an ongoing federal antitrust investigation into price fixing in the customized promotional products industry, which is being conducted by the Antitrust Division's Washington Criminal I Section and the FBI's Houston Field Division, with assistance from the U.S. Attorney's Office for the Southern District of Texas. Anyone with information on price fixing or other anticompetitive

conduct related to other products in the customized promotional products industry should contact the Antitrust Division's Citizen Complaint Center at 888-647-3258 or visit www.justice.gov/atr/contact/newcase.html.

****An earlier version of this release incorrectly referred to "insulated beverage containers" as "Koozies," a trademarked term.****

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