

JUSTICE NEWS

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Former Sea Star Line President Sentenced to Serve Five Years in Prison for Role in Price-Fixing Conspiracy Involving Coastal Freight Services Between the Continental United States and Puerto Rico

The former president of Sea Star Line LLC, a Jacksonville, Fla.-based water freight carrier, was sentenced to serve five years in prison and to pay a \$25,000 criminal fine for his participation in a conspiracy to fix rates and surcharges for freight transported by water between the continental United States and Puerto Rico, the Department of Justice announced today.

Frank Peake was sentenced today by Judge Daniel R. Dominguez in U.S. District Court for the District of Puerto Rico in San Juan. Peake's two-week trial took place in January 2013.

"The sentence imposed today reflects the serious harm these conspirators inflicted on American consumers, both in the continental United States and in Puerto Rico," said Bill Baer, Assistant Attorney General in charge of Department of Justice's Antitrust Division. "The Antitrust Division will continue to vigorously prosecute executives who collude to fix prices at the expense of consumers."

According to court documents and evidence presented at trial, Peake and his co-conspirators conspired through meetings and other communications in the continental United States and Puerto Rico to fix, stabilize and maintain rates and surcharges for Puerto Rico freight services, to allocate customers of Puerto Rico freight services between and among the conspirators and to rig bids submitted to customers of Puerto Rico freight services. Peake was involved in the conspiracy from at least late 2005 until at least April 2008.

As a result of the ongoing investigation, the three largest water freight carriers serving routes between the continental United States and Puerto Rico, including Peake's former employer Sea Star, have pleaded guilty and been ordered to pay more than \$46 million in criminal fines for their roles in the conspiracy. Sea Star pleaded guilty on Dec. 20, 2011, and was sentenced by Judge Dominguez to pay a \$14.2 million criminal fine. Sea Star transports a variety of cargo shipments, such as heavy equipment, perishable food items, medicines and consumer goods, on scheduled ocean voyages between the continental United States and Puerto Rico.

Peake and five other individuals have been ordered to serve prison sentences ranging from seven months to five years. Additionally, Thomas Farmer, the former vice president of price and yield management of Crowley Liner Services, was indicted in March 2013 for his role in the conspiracy and is scheduled to go to trial in May 2014.

This case is part of an ongoing investigation being conducted by the Antitrust Division's National Criminal Enforcement Section and the Defense Criminal Investigative Service. Anyone with information concerning price fixing or other anticompetitive conduct in the coastal water freight transportation industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694.