

\$295 Million Cash Settlement in Diamonds Antitrust Case

March 2009

On May 22, 2008, Judge Stanley Chesler of the U.S. District Court in Newark, New Jersey entered an order granting final approval of a \$295 million settlement of an antitrust class action brought against De Beers by purchasers of diamonds and diamond jewelry in the United States. The case is captioned *Sullivan et al. v. DB Investments, Inc. et al.* Plaintiffs alleged that De Beers, a privately held group of foreign-based companies, illegally monopolized the international diamond business through its control of mines and a web of agreements with diamond suppliers in other countries. Zelle Hofmann represents consumer purchasers.

The settlement agreement provides for monetary and injunctive relief. De Beers will pay \$272.5 million in cash to U.S. jewelry makers, wholesalers, retailers, and consumers who purchased diamonds or diamond jewelry or watches between January 1, 1994, and March 31, 2006, and an additional \$22.5 million to direct purchasers. Additionally, De Beers agreed to an injunction requiring it for the first time to conduct its business in accordance with United States federal and state antitrust laws, prohibiting it from engaging in certain conduct to control prices or restrict supply, and requiring it to submit to the jurisdiction of the United States district court for enforcement of the injunction. Payments to class members are being delayed because Judge Chesler's order has been appealed by a small handful of class members to the United States Court of Appeals for the Third Circuit. A decision by the Third Circuit is expected by the end of 2009. Distribution of settlement proceeds will occur once the appeal is resolved.