



March 9, 2011

ATTORNEY GENERAL MADIGAN SUES PACKAGED ICE MANUFACTURERS FOR ANTITRUST VIOLATIONS

Illegal Activity Deprived Illinoisans of Lower Prices and Better Quality Service

Chicago — Attorney General Lisa Madigan has filed an Antitrust action against four packaged ice manufacturers alleging the companies illegally conspired not to compete against each other for packaged ice business in Northern and central Illinois.

Instead, the companies allegedly engaged in unlawful cooperative arrangements with their co-conspirators divvying up markets, trading customers, sharing pricing information, discussing price increases, and discouraging customers from switching suppliers by either quoting non-competitive prices to each other's customers or refusing to accept new business.

Attorney General Madigan filed the complaint yesterday in the Circuit Court of Cook County alleging that the cooperative agreements were "market allocation conspiracies" that violate Illinois' Antitrust Act, depriving businesses and consumers of competition.

"My office will not allow for illegal conspiracies that effectively penalize consumers both on price and service," said Attorney General Madigan. "These companies circumvented market forces to maximize profits at the cost and detriment of their customers. They will be held accountable for their actions."

The suit names as defendants four packaged ice companies: Lang Ice Co., Chicago, Ill.; Home City Ice, Cincinnati, Ohio; Sisler's Dairy and Products, Inc., Ohio, Ill.; and Tinley Ice Company, University Park, Ill., along with two individual defendants: Tinley Ice Company's former president Harold M. Teehan III and its current president Timothy Teehan, both of Tinley Park, Ill. The defendants manufacture and deliver packaged ice for individual consumption and for use by retailers such as convenience and grocery stores that sell packaged ice to consumers. The manufacturers also sell ice to government entities and groups for special events.

The suit alleges that the conspiracy began in January 2003 when Crystal Clear Ice, a large ice manufacturer and distributor in the Chicago area went out of business and agreed to refer all of its customers to Home City Ice. Home City decided to split those customers with its remaining competitors in the Chicago area and met with them to discuss how they were going to divide the Crystal Clear Ice customers among themselves. From there an elaborate conspiracy ensued, allocating customers based on geographic location and yearly sales revenue.

In addition, in order to facilitate the non-compete agreement, the conspirators agreed that they would not solicit or take each other's customers and that violations of this agreement would require a compensation or trade from the other party. Competitors also tried to discourage customers from switching suppliers by notifying competitors of customer inquiries, by quoting those customers non-competitive prices to discourage them from switching or by telling the customer that they were not accepting any new business at all.

The defendants communicated by phone, e-mail, fax, letter and in person to monitor and continue the illegal non-compete agreement and fraudulently concealed the existence of the conspiracy by routinely giving potential customers false information in order to conceal the real reason they would not accept their business. For example, the defendants would cite the need to reevaluate their delivery routes due to higher fuel costs, or say they lacked the necessary freezers.

The Attorney General is seeking an injunction against the illegal conduct, civil penalties, damages for overcharges on behalf of the State of Illinois, and fees and costs of the investigation and litigation.

Attorney General Madigan's Antitrust Bureau Senior Assistant Attorney General Blake Harrop is handling this case along with Assistant Attorney General Jamie Manning.

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