**Virgin targeted in price fixing probe**

23 April 2010

Sir Richard Branson's Virgin Atlantic is embroiled in a second price fixing case after the Office of Fair Trading accused it of colluding with Cathay Pacific to fix passenger fares on the busy London to Hong Kong route.



**Whistleblown:** Virgin would not avoid OFT punishment this time.

Industry sources said Virgin's former commercial director, Willy Boulter, is at the centre of the OFT allegations. Boulter is currently the regional head of Asia Pacific for industry body IATA.

Asked whether IATA would suspend Boulter while the OFT investigation is ongoing, a spokesman for the body declined to comment, adding: 'As I understand it, the OFT focus is at the corporate level, not individual.'

Boulter was also named in court documents relating to the previous price fixing case, when Virgin colluded with British Airways four years ago to set fuel surcharge price rises.

Virgin avoided any penalties on that occasion because it blew the whistle. This time Cathay raised the alarm, so it will get off scot free.

The OFT and Virgin declined to reveal whether Boulter was implicated. Virgin would only say: 'Steve Ridgway (chief executive) is not involved in any way and neither is Richard (Branson).'

The watchdog said its allegations relate to a 'small number of people' who are said to have exchanged commercially sensitive information in order to fix fares on the London to Hong Kong route between September 2002 and July 2006.

Cathay applied to the OFT for immunity from prosecution in March 2007. This was just months after the competition watchdog revealed in June 2006 that it was investigating BA and Virgin for price fixing.

BA has so far been hit with regulatory fines and court settlements of more than £340m. The OFT has the power to fine companies up to 10% of their global sales. Virgin Atlantic reported revenues of almost £2.6bn last year, so could face a bill for up to £260m.

The latest allegation of price fixing could not have come at a more difficult time for Virgin Atlantic because the OFT's case against three former and one current BA employees, who are accused of price fixing, is due to start at Southwark Crown Court in London. Even though Virgin escaped charges because it blew the whistle, the case is still likely to paint Branson's airline in a bad light.

Virgin said it would defend itself 'robustly' against the Cathay claims, adding: 'The airline does not believe that it has acted in any way contrary to the interests of consumers.'

It noted that no decision will be made by the OFT until Virgin has had an opportunity to formally respond to the allegations.

<http://www.dailymail.co.uk/money/markets/article-1692975/Virgin-targeted-in-price-fixing-probe.html>