



Department of Justice

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G.S. ELECTECH INC. EXECUTIVE INDICTED FOR ROLE IN BID RIGGING AND PRICE FIXING ON AUTOMOBILE PARTS INSTALLED IN U.S. CARS

WASHINGTON – A federal grand jury in Covington, Ky., has returned an indictment against G.S. Electech Inc. executive, Shingo Okuda for his role in an international conspiracy to fix prices and rig bids of auto parts used on antilock brake systems installed in U.S. cars, the Department of Justice announced today. Today’s charge is the first to be filed in Kentucky in the department’s ongoing investigation into anticompetitive conduct in the automotive parts industry.

The indictment, filed today in the U.S. District Court for the Eastern District of Kentucky, charges Okuda, a Japanese national, with engaging in a conspiracy to rig bids for, and to fix, stabilize, and maintain the prices of speed sensor wire assemblies, which are installed in automobiles with an antilock brake system (ABS), sold to Toyota Motor Corp. and Toyota Motor Engineering and Manufacturing North America Inc. (collectively Toyota) in the United States and elsewhere.

G.S. Electech Inc. manufactures, assembles and sells a variety of automotive electrical parts, including speed sensor wire assemblies. The speed sensor wire assemblies connect a sensor on each wheel to the ABS to instruct it when to engage.

According to the charge, Okuda and his co-conspirators carried out the conspiracy by, among other things, agreeing during meetings and discussions to coordinate bids and fix prices of automotive parts submitted to Toyota. According to the charge, Okuda’s involvement in the conspiracy lasted from at least as early as January 2003 until at least February 2010.

“Today’s indictment marks the 16th executive to be charged in the Antitrust Division’s continuing investigation of price fixing in the auto parts industry,” said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division’s criminal enforcement program. “Holding individuals accountable for their actions is the surest way to deter executives from choosing to collude rather than to compete for business.”

“Those who engage in price fixing, bid rigging and other fraudulent schemes harm the automotive industry by driving up costs for vehicle makers and buyers,” said John Robert Shoup,

Acting Special Agent in Charge, FBI Detroit Division. “The FBI is committed to pursuing and prosecuting these individuals for their crimes.”

Okuda is charged with price fixing in violation of the Sherman Act, which carries a maximum sentence for individuals of 10 years in prison and a criminal fine of \$1 million. The maximum fine for an individual 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.

Including Okuda, 11 companies and 16 executives have been charged in the Justice Department’s ongoing investigation into the automotive parts industry. To date, more than \$874 million in criminal fines have been imposed and 14 individuals have been sentenced to pay criminal fines and to serve jail sentences ranging from a year and a day to two years each. One other executive has agreed to serve time in prison and is scheduled to be sentenced on Sept. 25, 2013.

In May 2012, G.S. Electech Inc. pleaded guilty and was sentenced to pay a \$2.75 million criminal fine for its role in the conspiracy related to speed sensor wire assemblies.

Today’s charge is the result of an ongoing federal antitrust investigation into price fixing, bid rigging and other anticompetitive conduct in the automotive parts industry, which is being conducted by each of the Antitrust Division’s criminal enforcement sections and the FBI. Today’s charges were brought by the Antitrust Division’s National Criminal Enforcement Section and the FBI’s Detroit Field Office, with the assistance of the FBI headquarters’ International Corruption Unit. Anyone with information on price fixing, bid rigging and other anticompetitive conduct related to other products in the automotive parts industry should contact the Antitrust Division’s Citizen Complaint Center at 1-888-647-3258, visit www.justice.gov/atr/contact/newcase.html or call the FBI’s Detroit Field Office at 313-965-2323.

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