



Department of Justice

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NINE AUTOMOBILE PARTS MANUFACTURERS AND TWO EXECUTIVES AGREE TO PLEAD GUILTY TO FIXING PRICES ON AUTOMOBILE PARTS SOLD TO U.S. CAR MANUFACTURERS AND INSTALLED IN U.S. CARS

Companies Agree to Pay a Total of More Than \$740 Million in Criminal Fines

WASHINGTON — Nine Japan-based companies and two executives have agreed to plead guilty and to pay a total of more than \$740 million in criminal fines for their roles in separate conspiracies to fix the prices of more than 30 different products sold to U.S. car manufacturers and installed in cars sold in the United States and elsewhere, the Department of Justice announced today. The department said that price-fixed automobile parts were sold to Chrysler, Ford and General Motors, as well as to the U.S. subsidiaries of Honda, Mazda, Mitsubishi, Nissan, Toyota and Fuji Heavy Industries—more commonly known by its brand name, Subaru.

“These international price-fixing conspiracies affected more than \$5 billion in automobile parts sold to U.S. car manufacturers, and more than 25 million cars purchased by American consumers were affected by the illegal conduct,” said Attorney General Eric Holder. “The Department of Justice will continue to crack down on cartel behavior that causes American consumers and businesses to pay higher prices for the products and services they rely upon in their everyday lives.”

“Some of the price-fixing conspiracies lasted for a decade or longer, and many car models were fitted with multiple parts that were fixed by the auto parts suppliers,” said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division’s criminal enforcement program. “The Antitrust Division has worked hand in hand with its international competition colleagues who have provided invaluable assistance to the Justice Department in breaking up these worldwide price-fixing cartels.”

“Today’s charges should send a message to companies who believe they don’t need to follow the rules,” said Ronald Hosko, Assistant Director of the FBI’s Criminal Division. “If you violate the laws of this country, the FBI will investigate and put a stop to the threat you pose to our commercial system. The integrity of our markets is a part of the foundation of a free society.”

Including those announced today, 20 companies and 21 executives have been charged in the Antitrust Division’s ongoing investigation into price fixing and bid rigging in the auto parts industry. All 20 companies have either pleaded guilty or have agreed to plead guilty and have agreed to pay more than \$1.6 billion in criminal fines. Seventeen of the 21 executives have been sentenced to serve time in U.S. prisons or have entered into plea agreements calling for significant prison sentences.

Each of the companies and executives charged today has agreed to cooperate with the department's ongoing antitrust investigation. The plea agreements are subject to court approval. The companies' and executives' agreed-upon fines and sentences are:

- Hitachi Automotive Systems Ltd. to pay a \$195 million criminal fine;
- Jtekt Corporation to pay a \$103.27 million criminal fine;
- Mitsuba Corporation to pay a \$135 million criminal fine;
- Mitsubishi Electric Corporation (MELCO) to pay a \$190 million criminal fine;
- Mitsubishi Heavy Industries Ltd. to pay a \$14.5 million criminal fine;
- NSK Ltd. to pay a \$68.2 million criminal fine;
- T.RAD Co. Ltd. to pay a \$13.75 million criminal fine;
- Valeo Japan Co. Ltd. to pay a \$13.6 million criminal fine;
- Yamashita Rubber Co. Ltd. to pay a \$11 million criminal fine;
- Tetsuya Kunida, a Japanese citizen and former executive of a U.S. subsidiary of a Japan-based automotive anti-vibration rubber products supplier to serve 12 months and one day in a U.S. prison, and to pay a \$20,000 criminal fine; and
- Gary Walker, a U.S. citizen and former executive of a U.S. subsidiary of a Japan-based automotive products supplier to serve 14 months in a U.S. prison, and to pay a \$20,000 criminal fine.

MELCO and Hitachi conspired with each other and other co-conspirator firms not charged today on sales of certain auto parts, including starter motors, alternators, and ignition coils, the department said. Mitsuba and Mitsubishi Electric conspired together and with other co-conspirators not charged today on certain sales of starter motors. Each of the other companies charged today colluded with other unnamed co-conspirators.

Generally, the companies, executives and co-conspirators engaged in the various price-fixing schemes by attending meetings and communicating by telephone in the United States and Japan to reach collusive agreements to rig bids, set prices and allocate the supply of auto parts sold to the car manufacturers. They took measures to keep their conduct secret by using code names and meeting in remote locations. Those charged also had further communications to monitor and enforce the collusive agreements.

The multiple conspiracies also harmed U.S. automobile plants in 14 states: Alabama; California; Georgia; Illinois; Indiana; Kansas; Kentucky; Michigan; Mississippi; Missouri; Ohio; Tennessee; Texas and Wisconsin, the department said.

The department has coordinated its investigation with the Japanese Fair Trade Commission, the European Commission, Canadian Competition Bureau, Korean Fair Trade Commission, Mexican Federal Economic Competition Commission and Australian Competition and Consumer Commission.

The following charges were filed today in U.S. District Court for the Eastern District of Michigan in Detroit:

Hitachi Automotive Systems Ltd.

According to a one-count felony charge, Hitachi and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to rig bids for, and to fix, stabilize and maintain the prices of auto parts it sold to Ford, General Motors, Honda, Nissan and Toyota, in the United States and elsewhere. The affected auto parts include starter motors, alternators, air flow meters, valve timing control devices, fuel injection systems, electronic throttle bodies, ignition coils, inverters and motor generators. According to the charge, Hitachi and its co-conspirators carried out the conspiracy from at least as early as January 2000 until at least February 2010.

Hitachi manufactures and sells auto parts to automobile manufacturers throughout the world. The affected auto parts perform an array of functions in automobile engines, from regulating air and fuel flow to starting the engine to controlling the timing of engine valves.

Mitsuba Corporation

According to a two-count felony charge, Mitsuba and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to rig bids for, and to fix, stabilize and maintain the prices of windshield washer systems and components, windshield wiper systems and components, starter motors, power window motors, and fan motors it sold to Chrysler, Honda, Subaru, Nissan and Toyota in the United States and elsewhere. According to the charge, Mitsuba and its co-conspirators carried out the conspiracy from January 2000 until February 2010. Mitsuba also agreed to plead guilty to one count of obstruction of justice, because of the company's efforts to destroy evidence ordered by a high-level U.S.-based executive after learning of the U.S. investigation of collusion in the auto parts industry.

Mitsuba manufactures and sells numerous automotive parts to automobile manufacturers throughout the world. The affected auto parts perform an array of functions in automobiles. Windshield washer and wiper systems include a number of components and are designed to clear water or snow from vehicle windows. Starter motors are small electric motors used in starting internal combustion engines. Power window motors are small electric motors used to raise and lower vehicle windows. Fan motors are small electric motors used to turn radiator cooling fans.

Mitsubishi Electric Corporation (MELCO)

According to a one-count felony charge, MELCO and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to rig bids for, and to fix, stabilize and maintain the prices of automotive parts, including starter motors, alternators and ignition coils, it sold to Chrysler, Ford, General Motors, Honda, Fuji Heavy Industries Ltd. (Subaru), Nissan, and certain of their subsidiaries in the United States and elsewhere. According to the charge, MELCO and its co-conspirators carried out the conspiracy from at least as early as January 2000 until at least February 2010.

MELCO manufactures and sells automotive parts, including starter motors, alternators, and ignition coils. Starter motors are small electric motors used in starting internal combustion engines. Alternators generate an electric current while the engine is in operation. Ignition coils are part of the fuel ignition system and release electric energy suddenly to ignite a fuel mixture.

Mitsubishi Heavy Industries Ltd.

According to a one-count felony charge, Mitsubishi Heavy Industries Ltd. (MHI) and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to rig bids for, and to fix, stabilize and maintain the prices of compressors and condensers it sold to General Motors and Mitsubishi Motors North America in the United States and elsewhere. According to the charge, MHI and its co-conspirators carried out the conspiracy from at least as early as January 2001 until at least February 2010.

MHI manufactures and sells compressors and condensers. A compressor produces and circulates highly pressurized refrigerant gas throughout the car air conditioning system. A condenser cools the engine by condensing the refrigerant gas into liquid and releasing heat.

T.RAD Co. Ltd.

According to a one-count felony charge, T.RAD Co. Ltd. and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to rig bids for, and to fix, stabilize and maintain the prices of radiators it sold to Toyota and Honda and the prices of automatic transmission fluid warmers (ATF warmers) sold to Toyota in the United States and elsewhere. According to the charge, T.RAD and its co-conspirators carried out the conspiracy from November 2002 until February 2010.

T.RAD manufactures and sells heat exchangers, including radiators and ATF Warmers. Radiators are devices located in the engine compartment of a vehicle that cool the engine. ATF warmers are devices located in the engine compartment of a vehicle that warm the automatic transmission fluid.

Valeo Japan Co. Ltd.

According to a one-count felony charge, Valeo Japan Co. Ltd. and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to allocate the supply of, rig bids for, and to fix, stabilize and maintain the prices of air conditioning systems it sold to Nissan North America Inc., Suzuki Motor Corporation and Subaru, in the United States and elsewhere. According to the charge, Valeo and its co-conspirators carried out the conspiracy from April 2006 until February 2010.

Valeo was engaged in the manufacture and sale of automotive air conditioning systems, which are systems that cool the interior environment of a vehicle. Air conditioning systems, whether sold together or separately, are defined as automotive compressors, condensers, HVAC units (typically consisting of a blower motor, actuators, flaps, evaporator, heater core, and filter embedded in a plastic housing), control panels, sensors and associated hoses and pipes.

Gary Walker

According to a one-count felony charge, Gary Walker, a U.S. citizen and former executive of a U.S. subsidiary of a Japan-based automotive products supplier, engaged in a conspiracy to rig bids for,

and to fix, stabilize and maintain the prices of seatbelts sold to Honda, Mazda, Nissan, Subaru and Toyota in the United States and elsewhere. According to the charge, Walker and his co-conspirators carried out the conspiracy from at least Jan. 1, 2003 until at least February 2010.

The following charges were filed today in U.S. District Court for the Southern District of Ohio in Cincinnati:

Jtekt Corporation

According to a two-count felony charge, Jtekt and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to allocate markets, to rig bids for, and to fix, stabilize and maintain the prices of bearings it sold to Toyota and electric powered steering assemblies it sold to Nissan, in the United States and elsewhere. According to the charge, Jtekt and its co-conspirators carried out the bearings conspiracy from 2000 until July 2011 and the steering assemblies conspiracy from 2005 until October 2011.

Jtekt manufactures and sells bearings and steering assemblies. Bearings are widely used in industry in numerous applications for many products. Bearings reduce friction and help components to roll smoothly past on another. Electric powered steering assemblies provide electric power to help the driver more easily steer the automobile. Electric powered steering assemblies link the steering wheel to the tires, and include the column, intermediate shaft and electronic control unit, among other parts, but do not include the steering wheel or tires.

NSK Ltd.

According to a one-count felony charge, NSK and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to allocate markets, to rig bids for, and to fix, stabilize and maintain the prices of bearings it sold to Toyota, in the United States and elsewhere. NSK manufactures and sells bearings. According to the charge, NSK and its co-conspirators carried out the conspiracy from 2000 until July 2011.

The following charges were filed today in U.S. District Court for the Northern District of Ohio in Toledo:

Yamashita Rubber Co. Ltd.

According to a one-count felony charge, Yamashita Rubber Co. Ltd. and co-conspirators engaged in a conspiracy, by agreeing during meetings and conversations, to rig bids for, and to fix, raise, and maintain the prices of automotive anti-vibration rubber products it sold in the United States and elsewhere to Honda Motor Co. Ltd., American Honda Motor Company Inc. and Suzuki Motor Corporation. According to the charge, Yamashita Rubber Co. and its co-conspirators carried out the conspiracy from at least April 2003 until May 2012.

Automotive anti-vibration rubber products are comprised primarily of rubber and metal, and are installed in automobiles to reduce engine and road vibration.

Tetsuya Kunida

According to a one-count felony charge, Tetsuya Kunida, a former executive of a U.S. subsidiary of a Japan-based automotive anti-vibration rubber products supplier, engaged in a conspiracy, by agreeing during meetings and conversations, to rig bids for, and to fix, raise, and maintain the prices of automotive anti-vibration rubber products. The conspiracy affected sales of automotive anti-vibration rubber products to Toyota Motor Corporation and other automakers in the United States and elsewhere. According to the charge, Kunida and his co-conspirators carried out the conspiracy from at least November 2001 until May 2012.

DENSO Corporation, Nippon Seiki Ltd., Tokai Rika Co. Ltd., Furukawa Electric Co. Ltd, Yazaki Corp., G.S. Electech Inc., Fujikura Ltd., Autoliv Inc., TRW Deutschland Holding GmbH, Diamond Electric Mfg. Co. Ltd., and Panasonic Corporation have already pleaded guilty. Fifteen individuals have been sentenced to pay criminal fines and to serve prison sentences ranging from a year and a day to two years each.

The companies and individuals are charged with price fixing in violation of the Sherman Act, which carries maximum penalties of a \$100 million criminal fine for corporations and a \$1 million criminal fine and 10 years in prison for individuals. The maximum fine 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. Additionally, Mitsuba was also charged with obstruction of justice, which carries a maximum penalty of a \$500,000 criminal fine.

The charges are 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 Chicago Office, New York Office, the National Criminal Enforcement Section, and the FBI's Cincinnati, Cleveland, Detroit, New York and Washington Field Offices, 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 or visit www.justice.gov/atr/contact/newcase.html. To report a crime to the FBI, go to www.fbi.gov and click on the "Report a Crime" tab.

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