



Department of Justice

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**FOUR SHIPPING EXECUTIVES AGREE TO PLEAD GUILTY TO
CONSPIRACY TO ELIMINATE COMPETITION AND RAISE PRICES FOR
MOVING FREIGHT TO AND FROM THE CONTINENTAL U.S. AND PUERTO RICO**

Fifth Executive Agrees to Plead Guilty to Destroying Evidence

WASHINGTON — Four U.S. shipping company executives have agreed to plead guilty and serve jail sentences for their roles in a wide-ranging conspiracy to rig bids, fix prices and allocate market shares for customers transporting goods between the continental United States and Puerto Rico by ocean vessel, the Department of Justice announced today. The Department also announced that a fifth shipping executive has agreed to plead guilty to destroying evidence of the shipping conspiracy. These are the first charges in the Antitrust Division's ongoing investigation into collusion in the coastal shipping industry.

A one-count felony antitrust charge was filed today in U.S. District Court in Jacksonville, Fla., against each of the four shipping executives: Peter Baci of Jacksonville; Kevin Gill and Gregory Glova of Charlotte, N.C.; and Gabriel Serra of San Juan, Puerto Rico. Under the terms of their plea agreements, each of the four executives has agreed to serve a jail term that will be determined by the court, pay a \$20,000 criminal fine and cooperate fully in the Department's ongoing antitrust investigation. The pleas, fines and jail sentences are subject to court approval.

A one-count felony obstruction of justice charge also was filed against a fifth shipping executive, Alexander Chisholm, of Jacksonville, who has agreed to plead guilty and serve jail time, subject to court approval.

"We are committed to prosecuting executives who violate U.S. antitrust laws and harm consumers and competition in the United States," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "Acts of obstruction of justice threaten the ability of the Department to fully uncover and prosecute antitrust crimes, and we will pursue individuals who engage in obstruction with the same vigor as we pursue those who engage in the underlying criminal violations."

The five executives charged today work for large U.S. companies that provide freight shipping services to customers transporting goods between the continental U.S. and Puerto Rico. These companies transport a variety of cargo shipments, such as heavy equipment, medicines and consumer goods, on scheduled ocean voyages between the continental U.S. and Puerto Rico. The U.S. to Puerto Rico shipping lane is governed by the Jones Act, a portion of the Merchant Marine Act of 1920. The Jones Act dictates that any cargo being sent between two U.S. ports

(including U.S. possessions and territories like Puerto Rico) must be on ships that were built in the U.S., owned by U.S. citizens, and fly the American flag. Sales of freight services in the U.S. to Puerto Rico shipping lane total hundreds of millions of dollars every year, as ocean shipping is a primary way for customers to move goods to and from the island of Puerto Rico.

The four individuals charged with violating the federal antitrust laws have agreed to plead guilty for their roles in a conspiracy that began at least as early as May 2002 and continued until as late as April 2008, the object of which was to eliminate competition and raise prices for the movement of goods in the U.S. to Puerto Rico shipping lane. The Department charged that the executives sought to eliminate competition and raise prices by agreeing not to compete for one another's customers; agreeing to rig bids submitted to government and commercial buyers; and agreeing to fix the prices of rates, surcharges and other fees charged to customers.

Baci, Gill, Glova and Serra are each charged with violating the Sherman Act, which carries a maximum sentence of 10 years imprisonment and fines of \$1 million 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.

Chisholm has agreed to plead guilty for his conduct in obstructing the Department of Justice's investigation of the shipping conspiracy. The charge alleges he destroyed documents on a computer server that were material to the coastal shipping grand jury investigation and responsive to a grand jury subpoena. He faces a maximum sentence of 20 years imprisonment and a fine of \$250,000.

The investigation is being conducted by the National Criminal Enforcement Section of the Antitrust Division and the Jacksonville Field Office of the Federal Bureau of Investigation (FBI). Anyone with information concerning bid rigging or other anticompetitive conduct in the shipping industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694, or the FBI's Jacksonville Field Office at 904-721-1211.

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