

**IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA**

Alexandria Division

UNITED STATES OF AMERICA)	CRIMINAL NO. 03-551-A
)	Filed February 18, 2004
)	
v.)	Count 1: 15 U.S.C. § 1
)	(Conspiracy To Restrain Trade)
GOSSELIN WORLD WIDE MOVING N.V.,)	
)	Count 2: 18 U.S.C § 371
and)	(Conspiracy To Defraud
)	the United States)
THE PASHA GROUP,)	
)	
)	
Defendants.)	

CRIMINAL INFORMATION

Gosselin World Wide Moving N.V. (“GOSSELIN N.V.”) and The Pasha Group (“PASHA”) are made defendants on the charges herein.

**Count One - Conspiracy To Restrain Trade
(15 U.S.C. § 1)**

THE UNITED STATES CHARGES THAT:

1. Beginning in or about October 2001 and continuing until in or about October 2002 (“the relevant period”), the exact dates being unknown to the United States, defendants GOSSELIN N.V. and PASHA (collectively “defendants”) and co-conspirators entered into and engaged in a combination and conspiracy to eliminate competition by fixing and raising through rates filed with the Department of Defense (“DOD”) for the transportation of household goods owned by U.S. military and civilian DOD personnel (“military household goods”) from Germany to the United States. The charged combination and conspiracy engaged in by

defendants and co-conspirators in unreasonable restraint of interstate and foreign trade and commerce violated Section 1 of the Sherman Act, 15 U.S.C. § 1.

2. The charged combination and conspiracy consisted of a continuing agreement, understanding and concert of action among defendants and co-conspirators, the substantial term of which was to increase the rates paid by DOD for the transportation of military household goods from Germany to the United States.

Defendants and Co-Conspirators

3. Defendant GOSSELIN N.V. is a Belgian company headquartered in Antwerp, Belgium. During the relevant period, defendant GOSSELIN N.V. was in the business of providing, inter alia, services related to the transportation of military household goods. Defendant GOSSELIN N.V., through various subsidiaries and affiliated companies, including Gosselin World Wide Moving GmbH, a company majority-owned by defendant GOSSELIN N.V., provided local agent services in Germany as described in Paragraph 10.

4. Defendant PASHA is a United States company headquartered in Corte Madera, California. During the relevant period, defendant PASHA was in the business of providing, inter alia, services related to the transportation of military household goods. During the relevant period, defendant PASHA, through its subsidiary, Gateways International, Inc., provided freight forwarder services related to the transportation of military household goods.

5. Various companies, partnerships and individuals, not made defendants in this Count, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance of the conspiracy.

6. Whenever this Court refers to any act, deed or transaction of any company, it means that the company engaged in the act, deed or transaction by or through its officers, directors, employees, agents or other representatives while they were actively engaged in the management, direction, control or transaction of its business or affairs.

Background

7. DOD administers and coordinates its International Through Government Bill of Lading (“ITGBL”) program for the transportation of military household goods between the United States and other countries where U.S. military forces are stationed through the Military Traffic Management Command (“MTMC”). MTMC, recently renamed Surface Distribution Deployment Command, is headquartered in Alexandria, Virginia, in the Eastern District of Virginia.

8. “Freight Forwarders,” also known as “forwarders” or “ITGBL carriers,” are U.S. companies that submit bids, contract with MTMC and shoulder the ultimate responsibility for ITGBL shipments.

9. “Through rates” are the prices filed by U.S. freight forwarders directly with MTMC for the transportation services provided in a door-to-door move of military household goods from Germany to the United States. Through rates are expressed in dollars per hundredweight.

10. Each ITGBL move is comprised of five steps. A move from Germany to the U.S. requires the following: (1) local German agent services, (2) European port agent services, (3) ocean transport services, (4) U.S. port agent services and (5) U.S. destination agent services. “Local German agents” are firms that provide services in Germany (whether or not they are

owned by German nationals or are incorporated in Germany) including “origin” services, such as packing “liftvans” (large wooden crates used for shipping military household goods) at the German living quarters of the soldier or civilian DOD employee returning to the United States and transporting the liftvans to a warehouse in Europe. European port agents arrange for transportation from the warehouse to a port in Northern Europe (Antwerp, Belgium or Bremerhaven, Germany). European port agents also load the liftvans onto U.S.-flag ocean vessels and handle customs and clearance matters.

11. Ocean transport services involve shipping the military household goods from the European port to the most convenient U.S. port location. U.S. port agents arrange to unload the liftvans from the vessel and handle the shipments through U.S. customs. U.S. destination agents transport the liftvans from the port to the destination location and unpack the shipment.

12. A “landed rate” is a single rate which combines or bundles origin services, foreign port services and ocean freight, and includes a mark-up. Defendants GOSSELIN N.V. and PASHA participate in the ITGBL business, inter alia, as landed rate providers, by offering their U.S. freight forwarder customers, either directly or through subcontractors, the services in steps 1 to 3 of an ITGBL move, as described in Paragraphs 10 and 11.

13. Under the ITGBL program, freight forwarders file rates with MTMC twice a year in a two-step bidding process. The rates filed are expressed in U.S. dollars per hundredweight and are specific to particular “channels.” Channels are routes to or from a particular state, or portion of a state, and a specific foreign country (e.g., Germany-Virginia). Of the channels between Germany and the United States, a majority of military household goods tonnage moves

to and from approximately 20 high-volume states. Virginia, with large U.S. Army bases such as Ft. Myer and Ft. Belvoir, is a high-volume state.

14. Each rate submission covers a six-month cycle. The summer cycle runs from April 1 through September 30; the winter cycle runs from October 1 through March 31. The ITGBL cycles are referred to by the abbreviation “IS,” for International Summer, or “IW,” for International Winter, combined with the relevant year. Thus, “IS-02 cycle” is shorthand for the international summer cycle running from April 1, 2002 through September 30, 2002.

15. For each rate cycle, MTMC receives two sets of prices from the U.S. freight forwarders. The first step of the rate filing process, the “initial filing,” occurs about four months before a cycle begins. In the initial filing, freight forwarders file rates in each channel, eastbound and westbound. Freight forwarders may either file an actual rate or an “administrative high” rate to preserve their right to submit a rate in the second phase of the rate filing process.

16. After the initial filing, MTMC publishes the lowest five (“low-5”) rates offered in each channel and the names of the freight forwarders filing those low-5 rates. The lowest rate bid for a channel becomes the “prime through rate.” MTMC guarantees to the U.S. freight forwarder that sets the prime through rate a certain percentage of the shipments in a channel as an incentive to set the prime through rate. The second lowest rate becomes the “second-low level.” In the second phase of the rate filing process, every forwarder that filed a rate in the initial filing, as described in Paragraph 15, has the opportunity to match, or “me-too,” the prime through rate or to file any rate higher than the prime through rate for each individual channel.

17. Over the course of a cycle, the vast majority of the shipments in each channel move at the prime through rate. Thus, a freight forwarder typically must “me-too” the prime through rate in a given channel in order to be offered shipments.

18. Freight forwarders were required to file their initial rates for ITGBL shipments from Germany to the United States for the IS-02 cycle with MTMC by November 8, 2001. In mid-December 2001, MTMC published the low-5, which indicated that a particular U.S. freight forwarder (“FF1”) had set the prime through rates for 26 traffic channels from Germany to the United States for the IS-02 cycle. FF1 did not use a landed rate offered by either defendant GOSSELIN N.V. or defendant PASHA in determining its initial rates. FF1 was not a landed rate customer of either defendant during the IS-02 cycle.

19. For the IS-02 cycle, U.S. freight forwarders were required to file their final or “me-too” rates with MTMC by January 16, 2002.

Manner and Means of the Conspiracy

20. For purposes of forming and carrying out the charged combination and conspiracy, defendants and co-conspirators did the following things, among others:

a. targeted for elimination the prime through rates filed by FF1 in 12 of the 26 channels referenced in Paragraph 18, with the intent to increase to the second-low level the through rates paid by DOD in those 12 channels, to wit: US24 (Washington, D.C.), US25 (Virginia), US30 (Michigan), US40 (North Carolina), US44 (South Carolina), US49 (Florida-North), US58 (Kansas), US62 (Oklahoma), US66 (Texas-North), US68 (Texas-South), US76 (Utah) and US79 (Arizona);

- b. agreed with co-conspirator FF1 that FF1 would cancel its prime through rates in the 12 specific channels if no other freight forwarder “me-toed” those prime through rates or filed any rate lower than the second-low level in those channels;
- c. directed co-conspirator U.S. freight forwarders not to “me-too” the prime through rates in the 12 specific channels;
- d. directed co-conspirator U.S. freight forwarders to file “me-too” through rates at the second-low level or higher in the 12 specific channels;
- e. agreed that co-conspirator U.S. freight forwarders would not “me-too” the prime through rates;
- f. agreed that co-conspirator U.S. freight forwarders would file “me-too” through rates at the second-low level or higher in the 12 specific channels;
- g. directed co-conspirator U.S. freight forwarders that filed a “me-too” through rate lower than the second-low level in any of the 12 specific channels to cancel their “me-too” through rates;
- h. agreed that co-conspirator U.S. freight forwarders that filed a “me-too” through rate lower than the second-low level in any of the 12 specific channels would cancel their “me-too” through rates; and
- i. carried out the agreements and directives described in subparagraphs a – h above.

21. The activities undertaken by defendants GOSSELIN N.V. and PASHA and co-conspirators, as described in Paragraph 20, increased the rates paid by DOD to transport military household goods from Germany to the U.S. during the IS-02 cycle.

Interstate and Foreign Trade and Commerce

22. During the relevant period, rates, proposals, contracts, invoices for payment, payments and other documents essential to the provision of ITGBL services were transmitted in interstate and foreign trade and commerce between and among offices of defendants GOSSELIN N.V. and PASHA and co-conspirators located in various States and foreign countries.

23. During the relevant period, defendants GOSSELIN N.V. and PASHA and co-conspirators transported, or arranged for the transportation of, substantial quantities of military household goods, in a continuous and uninterrupted flow of interstate and foreign commerce, from Germany to the United States, through various U.S. ports and States, and ultimately, to final destinations in various States.

24. During the relevant period, DOD paid for ITGBL services by check, wire transfer and other monetary instruments transmitted to the bank accounts of co-conspirator U.S. freight forwarders in a continuous and uninterrupted flow of interstate commerce.

25. Defendants GOSSELIN N.V. and PASHA received payments from co-conspirator U.S. freight forwarders in a continuous and uninterrupted flow of interstate and foreign trade and commerce for services provided as part of the ITGBL transportation of military household goods.

26. The activities of defendants GOSSELIN N.V. and PASHA and co-conspirators in connection with the transportation of military household goods were within the flow of, and substantially affected, interstate and foreign trade and commerce.

Jurisdiction and Venue

27. The combination and conspiracy charged in this Count was formed and carried out, in part, within the Eastern District of Virginia within the five years preceding the filing of this information.

(In violation of Title 15, United States Code, Section 1).

Count Two - Conspiracy To Defraud the United States (18 U.S.C. § 371)

THE UNITED STATES FURTHER CHARGES THAT:

28. Beginning in or about October 2001 and continuing until in or about October 2002 (“the relevant period”), the exact dates being unknown to the United States, defendants GOSSELIN N.V. and PASHA (collectively “defendants”) and co-conspirators did unlawfully, willfully and knowingly combine, conspire and agree to defraud the United States by increasing the rates paid by the Department of Defense (“DOD”) for the transportation of household goods owned by U.S. military and civilian DOD personnel (“military household goods”) from Germany to the United States during the IS-02 cycle to levels higher than would have prevailed in the absence of the conspiracy. The charged conspiracy to defraud the United States engaged in by defendants and co-conspirators violated 18 U.S.C. § 371.

29. Each and every allegation contained in Paragraphs 3 - 19 and 27 of Count One of this information is here realleged as if fully set forth in this Count.

Object of the Conspiracy

30. It was the object of the conspiracy to increase the rates paid by DOD for the transportation of military household goods from Germany to the United States during the IS-02 cycle to levels higher than would have prevailed in the absence of the conspiracy.

Overt Acts

31. In furtherance of the conspiracy and to achieve the objects thereof, defendants and co-conspirators committed within the period of the conspiracy and within the Eastern District of Virginia, and elsewhere, at least one of the following overt acts, among others:

- a. targeted for elimination the prime through rates filed by FF1 in 12 of the 26 channels referenced in Paragraph 18, with the intent to increase to the second-low level the through rates paid by DOD in those 12 channels, to wit: US24 (Washington, D.C.), US25 (Virginia), US30 (Michigan), US40 (North Carolina), US44 (South Carolina), US49 (Florida-North), US58 (Kansas), US62 (Oklahoma), US66 (Texas-North), US68 (Texas-South), US76 (Utah) and US79 (Arizona);
- b. agreed with co-conspirator FF1 that FF1 would cancel its prime through rates in the 12 specific channels if no other freight forwarder “me-tooed” those prime through rates or filed any rate lower than the second-low level in those channels;
- c. directed co-conspirator U.S. freight forwarders not to “me-too” the prime through rates in the 12 specific channels;
- d. directed co-conspirator U.S. freight forwarders to file “me-too” through rates at the second-low level or higher in the 12 specific channels;

e. agreed that co-conspirator U.S. freight forwarders would not “me-too” the prime through rates;

f. agreed that co-conspirator U.S. freight forwarders would file “me-too” through rates at the second-low level or higher in the 12 specific channels;

g. directed co-conspirator U.S. freight forwarders that filed a “me-too” through rate lower than the second-low level in any of the 12 specific channels to cancel their “me-too” through rates;

h. agreed that co-conspirator U.S. freight forwarders that filed a “me-too” through rate lower than the second-low level in any of the 12 specific channels would cancel their “me-too” through rates; and

i. carried out the agreements and directives described in subparagraphs a - h above.

32. Defendants GOSSELIN N.V. and PASHA and co-conspirators provided misleading information to DOD personnel in Germany to ensure that no shipments of military household goods were tendered to U.S. freight forwarders that had filed “me-too” through rates below the second-low level in any of the 12 specific channels, as described in Paragraph 31.

33. The activities undertaken by defendants GOSSELIN N.V. and PASHA and co-conspirators, as described in Paragraphs 31 and 32, defrauded DOD and increased the rates paid by DOD for the transport of military household goods during the IS-02 cycle.

(In violation of Title 18, United States Code, Section 371).

02/18/04

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