

## Cartel Snapshot: Mid-Year Update

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The Department of Justice (DOJ) Antitrust Division announced three new investigations and several developments in its other investigations, including new investigations in the commercial flooring industry, online auctions for surplus government equipment and insulation installation contracts. The Antitrust Division also released its Spring 2019 Division Update, which notes that the Division “is preparing for trial in six matters and had 91 pending grand jury investigations at the close of FY 2018.”

In April 2019, the Division [held a public roundtable discussion](#) on the Antitrust Criminal Penalty Enhancement & Reform Act (ACPERA), which is due to sunset next year. ACPERA reduces the criminal liability and civil damages exposure of companies and individuals who are granted leniency under the [Division’s Leniency Program](#) for cooperating in investigations into cartel and other anticompetitive conduct. The roundtable consisted of a series of panel discussions allowing judges, attorneys, economists, academics, the business community and other interested stakeholders to weigh in on how the law can be improved. The Division was particularly interested in the public’s views on whether ACPERA has properly incentivized the self-reporting of criminal conduct and whether there are issues that have impeded the law’s intended effect.

The European Commission (Commission) announced developments in ongoing investigations in the auto parts industry, and in its government bonds and car emissions cases. The Commission also launched a new online tool to make it easier

for companies to submit statements and documents as part of leniency and settlement proceedings in cartel cases.

## **CARTEL DEVELOPMENTS**

### **US DEVELOPMENTS**

The first new investigation disclosed by the DOJ is in the commercial flooring industry. The DOJ charged a former vice president of a commercial flooring contractor in Chicago of exchanging price information with its rivals to fix prices of contracts for removal and installation of commercial flooring. Assistant Attorney General Delrahim of the Antitrust Division said that the indictment “is the first of what we expect to be many in this ongoing investigation into bid rigging” in the commercial flooring industry.

The DOJ disclosed a second new investigation into bid rigging of Government Services Administration (GSA) contracts. The owner of a Texas company pleaded guilty to rigging bids for surplus government equipment—computers for resale and for recycling—in online GSA auctions.

The DOJ announced a third new investigation into bid rigging by insulation installation contractors. A manager for a Connecticut-based insulation contractor pleaded guilty for his role in rigging \$45 million worth of bids for insulation installation contracts in New England from 2011 to 2018.

The DOJ’s investigation into fuel-supply contracts for the armed services remains active. Two more Korean companies pleaded guilty for their involvement in a bid-rigging conspiracy that targeted contracts to supply fuel to US Armed Forces in South Korea.

The DOJ’s investigation into price fixing in the promotional products space appears quite active.

In May 2019, state attorneys general for 43 states and Puerto Rico brought federal and state antitrust, consumer protection and common law claims against 18 generic drug manufacturers and 15 individuals for what the States call an “overarching conspiracy” to fix the prices of at least 114 generic drugs. The States’ June 2018 complaint alleged 18 drug-specific conspiracies, whereas their new complaint alleges an industry-wide conspiracy.

### **EU DEVELOPMENTS**

The Commission sent Statement of Objections in two investigations: European Government Bonds and Car Emissions.

For the second time, the Commission imposed a fine on suppliers of car safety equipment. This is the latest Commission decision in the auto parts industry.

## **CARTEL INVESTIGATIONS**

### **US DOJ CARTEL INVESTIGATIONS**

## **Real Estate Foreclosure Auctions**

The DOJ has charged more than 130 individuals with rigging bids in public real estate foreclosure auctions in Alabama, California, Georgia, North Carolina, Florida and Mississippi. Before a foreclosure auction on the courthouse steps, the conspirators would agree on a bidding scheme to depress the selling price of foreclosed properties. Across the country, the conspiracies operated similarly, which involved separate, mini auctions (sometimes called “rounds”) to award the properties to members of the conspiracy and to determine payoffs for the co-conspirators who had agreed not to bid up the selling price. These “rounds” were often held near the courthouse steps. Some of the bid-rigging schemes even operated online.

## **MID-YEAR UPDATE**

In February 2019, the DOJ announced that nine real-estate investors were sentenced to a term of four months in prison and were ordered to pay fines ranging from \$20,000 to \$48,000, as well as restitution.

## **Electrolytic Capacitors**

This investigation involves price fixing of electrolytic capacitors, which regulate electrical current in electronic products, such as computers, televisions, car engines, airbag systems and home appliances.

Eight companies have pleaded guilty and have been ordered to pay criminal fines of \$150 million. Ten individual executives have been charged: three have pleaded guilty and seven remain under indictment.

Judge Donato in the Northern District of California held a closed-door hearing on Nippon Chemi-Con Corporation’s change of plea after the parties filed a joint statement informing the court of a serious conflict. A DOJ attorney who worked on the case had worked in private practice prior to joining the DOJ and actually represented Nippon in the same price-fixing investigation. The parties reached a plea agreement. Since then, the court ordered Nippon Chemi-Con to pay a \$60 million fine and ordered Nippon Chemi-Con to a five-year term of probation that requires annual certifications of its implementation of an antitrust compliance program. The court expressed “significant concern” that the judgment was a “windfall” given Nippon’s anticipated \$190 million fine stemming from its \$530 million market effect, and added that Nippon received a “discount” due to the government’s conflict that jeopardized its case.

Follow-on civil litigation: In re Capacitors Antitrust Litigation, No. 14-cv-03264 (N.D. Cal.).

There are no Mid-Year Updates to the capacitors investigation.

## **Packaged Seafood**

These cases relate to the DOJ’s investigation into price fixing of packaged seafood products, particularly albacore, skipjack and yellowfin tuna in shelf-stable foil or

cans. One company, Tri Union Seafoods LLC, acknowledged publicly that it applied for leniency from the DOJ.

In 2016, two senior vice presidents of Bumble Bee Foods, LLC, pleaded guilty to fixing the price of shelf-stable tuna from at least 2011 through 2013. In June 2017, a former senior vice president of StarKist Co. pleaded guilty to one count of price fixing and agreed to cooperate with the government's investigation. In Q4 2018, StarKist pleaded guilty for its role in a conspiracy to fix prices of canned tuna and agreed to cooperate with the government's investigation. Bumble Bee Foods pleaded guilty and was ordered to pay a \$25 million criminal fine, which could jump to over \$80 million if the company is sold.

In May 2018, a federal grand jury indicted the president and CEO of Bumble Bee for his role in the tuna price-fixing scheme. The CEO pleaded not guilty, and trial is scheduled for November 2019. In September 2018, the DOJ filed a motion in one of the follow-on civil suits requesting a stay of discovery against Bumble Bee's CEO. The DOJ argued that discovery in the civil matter could compromise their criminal investigation, since the CEO would be able to obtain discovery from potential government trial witnesses in their criminal case against him. In November 2018, the court granted the DOJ's motion.

Follow-on civil litigation: In re Packaged Seafood Products Antitrust Litigation, No. 15-md-02670 (S.D. Cal.).

### **Foreign Currency Benchmarks**

This investigation relates to global price fixing and bid rigging of financial benchmarks in the broader foreign currency market (Forex or FX), specifically the London Interbank Offered Rates (LIBOR), US Dollar International Swaps and Derivatives Association Fix (ISDAFIX), Euro Interbank Offered Rate (EURIBOR), Singapor Interbank Offered Rate (SIBOR) and Swap Offer Rate (SOR), the Australian Bank Bill Sweep Rate (BSW), and Central and Eastern European, Middle Eastern, and African currencies (CEEMEA).

The DOJ obtained blockbuster guilty pleas in May 2015 from five major banks, including Citigroup, JPMorgan Chase & Co. and Barclays PLC. The DOJ has collected more than \$2.5 billion in fines to date.

In October 2018, two former traders were convicted in Manhattan federal court of conspiring to skew LIBOR to benefit their own derivative trades. In December 2018, the ex-traders asked the court for a new trial or for acquittal, because the prosecutors lied to their attorneys and the court and failed to hand over favorable evidence. The court has not yet ruled on the defendants' motions. United States v. Connolly & Black, No. 16-cr-00370 (S.D.N.Y.).

Also in October 2018, three former London-based traders were acquitted by a federal jury in Manhattan on charges of manipulating the Forex market. During the two-week trial, the DOJ argued that the three traders, along with a cooperating witness, frequently agreed not to trade against one another and used an online chat room to coordinate their transactions and manipulate daily benchmark rates, known as fixes, on the Forex spot markets. United States v. Usher, Asher, & Ramchandi, No. 17-cr-

00019 (S.D.N.Y.).

Follow-on civil litigation: In re Foreign Exchange Benchmark Rates Antitrust Litigation, No. 13-cv-07789 (S.D.N.Y.).

## **MID-YEAR UPDATE:**

In May 2019, a former New York-based trader of CEEMEA currencies who was indicted by a federal grand jury in May 2018 moved to dismiss the indictment against him on two grounds: first, the conduct alleged in the indictment does not constitute a per se illegal crime; and second, the indictment describes “numerous distinct trading practices that occurred episodically and at different points in time” and a single count of conspiracy is “impermissibly duplicitous.” Trial is scheduled for October 2019. United States v. Aiyer, No. 18-cr-00333 (S.D.N.Y.).

### **Generic Drugs**

This investigation involves allegations of price fixing and customer allocation in the generic pharmaceutical industry.

In December, 2016, the DOJ charged two former executives of Heritage Pharmaceuticals, Inc., for their role in the fixing of prices of Doxycycline Hyclate, a tetracycline-class antimicrobial used as adjunctive therapy for severe acne, and Glyburide, an oral diabetes medication used to control blood sugar levels for Type 2 diabetes. The two executives pleaded guilty and are awaiting sentencing. To date, DOJ has not announced any further charges.

Beginning in 2016, several putative class actions were filed on behalf of direct purchasers, end-payors and indirect resellers. The class actions were consolidated into a multi-district litigation in the Eastern District of Pennsylvania. In August 2017, the class plaintiffs filed complaints alleging various generic pharmaceutical manufactures participated in individual conspiracies to fix prices for 18 drugs. Later in 2018, class plaintiffs filed additional complaints asserting that numerous defendants engaged in a larger conspiracy to fix prices and allocate markets across the industry. To date, more than 30 defendants are involved in the multi-district litigation.

Attorneys general for 47 states, D.C. and Puerto Rico also filed a civil suit alleging 18 companies, and two individuals participated in a conspiracy to fix prices and divide markets for 15 generic pharmaceutical drugs. The attorneys general suit was consolidated into the multidistrict litigation.

Follow-on civil litigation: In re Generic Pharmaceutical Drugs Pricing Antitrust Litig., No. 16-cv-2724 (E.D. Pa.).

## **MID-YEAR UPDATE:**

In May 2019, 43 states and Puerto Rico filed a 524-page complaint against 18 manufactures and 15 individuals alleging an industry-wide “overarching conspiracy” centered around Teva Pharmaceuticals to allocate customers, divide markets and fix

the prices of 114 generic pharmaceutical drugs. Along with its 33 federal antitrust claims under Section 1 of the Sherman Act, the complaint adds antitrust, consumer protection and common law unjust enrichment claims under the laws of 43 states and Puerto Rico. The States' earlier, June 2018 complaint, which was consolidated in the MDL proceedings in the Eastern District of Pennsylvania, also alleged an industry-wide overarching conspiracy, but centered around Heritage Pharmaceuticals. The States' new "Teva-centric" complaint has also been consolidated into the MDL.

In June 2019, Heritage Pharmaceuticals Inc., entered into a deferred prosecution agreement with the DOJ on a single felony count of conspiring to fix prices, rig bids and allocate customers for the generic diabetes drug glyburide in violation of Section 1 of the Sherman Act. This is the third formal charge in the Division's ongoing investigation into the generic pharmaceutical industry—Heritage's former CEO and its former president previously pleaded guilty to Section 1 violations for glyburide and another drug, doxycycline hyclate. Under the deferred prosecution agreement, which is subject to court approval, Heritage admitted that it conspired to fix prices, rig bids and allocate customers for glyburide, will pay a \$225,000 criminal penalty, and will cooperate fully with the ongoing criminal investigation.

Heritage also agreed to pay \$7.1 million to resolve related allegations under the False Claims Act. The government alleged that between 2012 and 2015, Heritage's sale of glyburide, the high blood pressure drug hydralazine, and the respiratory drug theophylline, resulted in claims submitted to or purchased by federal health care programs, which violated the Anti-Kickback Statute.

### **International Shipping**

These cases relate to price fixing of international roll-on/roll-off ocean shipping of cars, trucks and other vehicles.

The DOJ has charged at least 11 individuals, including nationals of Germany, Sweden, Japan and Chile. Of these, four have pleaded guilty and each has been sentenced to imprisonment of 14 months or more.

Two Japanese, two Norwegian and one Chilean carrier have pleaded guilty and agreed to pay fines totalling over \$255 million. One of the carriers, Höegh Autoliners AS, also agreed to serve a three-year term of probation to ensure compliance with the antitrust laws. Korea's Fair Trade Commission and South Africa's Competition Commission have imposed fines in this matter totalling \$19 million and \$14.5 million, respectively. Australia filed its criminal charge against a corporation under the criminal cartel provision of its competition law, and the Australia Federal Court ordered NYK Line to pay \$17.5 million.

Follow-on civil litigation: Ruggiero & Sons, Inc., et al v. NYK Line (North America) Inc. et al, No. 13-cv-03306 (D.N.J.).

### **Heir-Location Services**

In 2016, a federal grand jury indicted Kemp & Associates and its vice president and

COO, Daniel J. Mannix, for allocating customers and dividing the market for heir-location services in the United States. During probate proceedings, companies locate unknown claimants to a decedent's estate and help them to substantiate their claims in exchange for a percentage of the claimant's inheritance. Two companies and two executives agreed to split fees and to not contact the other's clients. One company and its executive pleaded guilty, while the other company and its executive proceeded to trial.

Prior to trial, the district court made two important holdings. First, the rule of reason would apply to the heir-location agreement, not the per se. The court reasoned that per se treatment was inappropriate for an agreement "structured in an unusual way" that affected only a small number of estates in a "relatively obscure industry." The court added that the agreement may have contained "efficiency-enhancing potential." Second, the court held that the statute of limitations barred prosecution, and mere ministerial tasks like distributing payments did not extend the conspiracy beyond the agreement's stated termination date in July 2008. *United States v. Kemp & Assocs., Inc.*, No. 16-cr-00403 (D. Utah Aug. 28, 2017). The government appealed both rulings to the Tenth Circuit Court of Appeals.

## **MID-YEAR UPDATE:**

As discussed in the prior Update, the Tenth Circuit reversed the district court's second ruling—that the statute of limitations barred prosecution—but found that it lacked jurisdiction to review the district court's rule of reason decision. However, the appeals court suggested that the district court might want to revisit its rule of reason order on remand, since additional briefing at the appellate stage might be helpful in determining whether the rule of reason should apply. *United States v. Kemp & Assocs., Inc.*, 907 F.3d 1264 (10th Cir. 2018).

In February 2019, the district court reversed its earlier rule of reason decision and determined that "the agreement in the present case is a horizontal customer allocation agreement, and therefore subject to the per se" Trial is scheduled for October 2019.

## **Freight Forwarding**

In Q3 2018, the DOJ announced the arrest of the owner and a high-level manager of a freight-forwarding company in Miami, Florida, on charges of conspiring to fix prices for international freight forwarding services from as early as March 2014 until at least March 2015. Freight forwarders prepare cargo and arrange for its international shipping. The DOJ alleged that the conspirators met at several locations in Honduras and the United States and conspired to raise prices charged to US customers through "commissions" in port cities throughout the United States. According to the DOJ's filings, the two executives also instructed their co-conspirators not to leave a document trail for fear of US antitrust liability.

The two executives have since pleaded guilty to the DOJ's charges and have agreed to cooperate with its investigation. The owner could face a sentence between 18 and 24 months, and the manager 12 to 21 months. Sentencing is set for May 2019 in the Southern District of Florida. *United States v. Dip et al.*, No. 18-cr-20877 (S.D. Fla.).

## **No-Poach Agreements**

In 2016, the FTC and DOJ released joint guidance arguing that anti-poaching agreements are per se Such “no-poach” or “no-hire” clauses in employment contracts prohibit companies from soliciting one another’s employees. The guidance also stated that certain no-poach agreements that are ancillary to otherwise pro-competitive conduct will be subject to a “quick look” or “rule of reason” level of scrutiny. While the recent activity has been confined to the franchise setting, there is no reason to believe it will remain so confined.

In early 2018, DOJ Assistant Attorney General Makan Delrahim stated that the DOJ will criminally investigate and prosecute so-called “no-poach” agreements. The DOJ brought its first case since the policy was announced, reaching a civil settlement with two firms, Knorr-Bremse AG and Westinghouse Air Brake Technologies Corp., for allegedly agreeing not to recruit and hire each other’s employees. In announcing the settlement, DOJ specified that it was handled civilly, rather than criminally, only because the conduct ceased when the guidance was announced in 2016.

Since then, numerous state attorneys general have initiated antitrust investigations into the use of “no-poach” agreements by franchise-based fast food operations. The Washington Attorney General has led the charge:

The Washington AG has obtained agreements from 30 nationwide chains to eliminate the use of no-poach clauses in their franchise contracts. While the Washington AG’s investigation has expanded from fast-food chains to other industries, including hotels, car repair, gyms, home health care, convenience stores, cleaning, tax preparation, parcel, electronics repair, child care, custom window covering, travel and insurance adjuster services.

Several follow-on civil class actions have since been filed by employees of certain franchise-based companies.

### **MID-YEAR UPDATE:**

The DOJ filed statements of interest in three civil suits in the Eastern District of Washington to inform the court of the DOJ’s view as to what standard the court should apply to individual no-poach agreements—per se or rule of reason. The DOJ maintains that strictly horizontal no-poach agreements between competitors should be governed by the per se rule, whereas vertical no-poach agreements that are reasonably related to a legitimate business goal should be governed by the rule of reason.

In May 2019, the DOJ intervened in a class action alleging that Duke University and the University of North Carolina agreed not to permit the hiring of each other’s medical faculty. In 2018, the court certified a class consisting of faculty members with an academic appointment at either facility, and in April 2019, the parties entered a proposed settlement. The DOJ intervened to join the proposed settlement and to obtain the right to enforce an injunction to prevent any future unlawful no-poach agreements. *Seaman v. Duke University and Duke University Health System*, No. 15-cv-00462 (M.D.N.C.)

## **Polyurethane Industry**

In its July 2018 complaint against seven chemical companies over supply restrictions of polyurethane products, a foam maker stated that in February 2018 the DOJ's Antitrust Division "caused a federal grand jury to issue subpoenas to manufacturers" of polyurethane products methylene diphenyl diisocyanate (MDI) and toluene diisocyanate (TDI).

The DOJ has not formally announced an investigation into the polyurethane industry, but one defendant in the foam maker's complaint confirmed that it had been contacted by the DOJ in relation to an investigation in the polyurethane industry.

Any DOJ investigation in the polyurethane industry would be separate from its 2006 investigation into sales of TDI, MDI and polyether polyols products that concluded in 2007 without any charges.

## **Promotional Products**

These cases relate to an investigation over price fixing of customized promotional products, such as wristbands and lanyards. Five companies and six executives have been charged with fixing the prices of customized promotional products sold online. Two companies and two executives have pleaded guilty, and the companies have been ordered to pay nearly \$8.5 million dollars in criminal fines.

The DOJ alleged that the individuals met in person and used encrypted messaging apps to reach and implement the price-fixing agreements.

## **MID-YEAR UPDATE:**

In January 2019, the DOJ revealed that one executive, who was indicted in August 2015 but was in Spanish custody since May 2018, agreed to submit to US jurisdiction and plead guilty to charges of fixing the prices of posters sold online.

Also in January, a company and its executive were indicted for fixing the prices of insulated beverage containers, known as "koozies."

The DOJ also announced criminal charges against an e-commerce company and two of its top executives for their roles in a separate conspiracy to fix prices of wristbands, lanyards, temporary tattoos and buttons sold in the United States. One executive pleaded guilty in April.

The DOJ's investigation into the promotional products space appears quite active.

## **Fuel-Supply Contracts**

In November 2018, the DOJ revealed a new investigation into bid rigging of fuel-supply contracts for US armed forces abroad. From approximately March 2005 to 2016, South Korean petroleum and refinery companies conspired to suppress competition during the bidding process for US government fuel supply contracts. Three South Korea-based companies have agreed to plead guilty to criminal charges

and pay approximately \$82 million in criminal fines and \$154 million in civil fines relating to antitrust and False Claims Act violations.

## **MID-YEAR UPDATE:**

The DOJ obtained guilty pleas in March from two more Korean companies for their involvement in a bid-rigging conspiracy that targeted contracts to supply fuel to US Army, Navy, Marine Corps and Air Force bases in South Korea. The companies agreed to pay approximately \$75 million in criminal fines and approximately \$52 million in civil antitrust and False Claims Act fines.

### **Commercial Flooring—New for 2019**

The DOJ announced a new investigation into price fixing and bid rigging in the commercial flooring industry. Commercial flooring contractors remove existing flooring, prepare the floors for new installation and install the new flooring. As alleged, the conspirators shared prices and submitted complementary bids, which allowed the contractors to obtain the jobs at supracompetitive prices.

The charges in the Northern District of Illinois cite 11 instances of bid-rigging for certain jobs valued from \$11,000 to more than \$3.3 million. The victims include hospitals, schools, a non-profit, an electronics company, a professional services firm and a broadband provider. One Chicago-based contractor was indicted by a federal grand jury for his role in rigging bids for commercial flooring jobs by exchanging pricing information with rivals from 2009 to June 2017.

### **Surplus Government Equipment—New for 2019**

The DOJ revealed an investigation of big-rigging of Government Services Administration (GSA) contracts for surplus government equipment. The DOJ announced in April that the owner of a Texas company pleaded guilty to rigging GSA bids online for computers meant for resale and for recycling from February 2017 until approximately May 2018.

GSA Auctions offer the general public the opportunity to bid electronically on a wide variety of federal assets, including used computer equipment. The proceeds of the online auctions are distributed to the respective agencies or the US Treasury's general fund. According to the charge, the primary purpose of the conspiracy was to suppress and eliminate competition. Additionally, the co-conspirators obtained the equipment by agreeing which co-conspirators would submit bids for particular lots offered for sale by GSA Auctions and which co-conspirator would be designated to win a particular lot.

This is the first indictment announced in the DOJ's ongoing investigation. The individual has agreed to cooperate with the DOJ's investigation.

### **Insulation Installation—New for 2019**

The DOJ announced its first conviction in its investigation into bid-rigging insulation installation contractors. A manager for a Connecticut-based insulation contractor

pleaded guilty for his role in rigging bids and engaging in fraud on \$45 million worth of insulation installation jobs from October 2011 to March 2018 in Connecticut, New York and Massachusetts.

According to the DOJ's press release, insulation installation contractors install insulation around pipes and ducts on renovation and new construction projects at universities, hospitals and other public and private entities.

## **EUROPEAN CARTEL INVESTIGATIONS**

### **Power Cables**

On July 12, 2018, the General Court of the EU upheld a decision of the Commission imposing a fine on an investment bank for its indirect subsidiary's participation in the power cables cartel.

In its decision of April 2, 2014, the Commission applied its case law according to which a parent company that exercises "decisive influence" over a subsidiary can be found liable for the competition law infringements of that subsidiary. More specifically, the Commission applied its parental liability presumption according to which a parent company is presumed to exercise such decisive influence when it wholly owns its subsidiary or holds almost all of the shares of its subsidiary.

The investment bank appealed the Commission's decision arguing that it held less than 91% of the shares of the subsidiary that had participated in the cartel.

The General Court rejected this argument and held that the parental liability presumption can be applied even if the parent company holds less than 100% of the shares of its subsidiary but is able to exercise all the voting rights in the subsidiary.

The investment bank has appealed the General Court's ruling to the European Court of Justice.

### **Supra-Sovereign, Sovereign and Agency (SSA) Bonds**

On December 20, 2018, the Commission sent Statement of Objections to banks involved in trading supra-sovereign, sovereign and agency bonds denominated in US dollars.

The Commission will determine whether the banks exchanged commercially sensitive information and coordinated prices concerning "SSA bonds" through traders that allegedly communicated principally via online chatrooms.

Bonds are debt securities that are used by entities to raise funds in international financial markets. Supra-sovereign bonds are issued by supranational institutions or agencies, sovereign bonds are issued by central governments under another law and in another currency than their own, and agency bonds are issued by government-related agencies.

### **European Government Bonds**

On January 31, 2019, the Commission sent a Statement of Objections to banks for

having participated in a cartel. The Commission alleges that they exchanged commercially sensitive information and coordinated on strategies when acquiring and trading European government bonds. Similarly to the SSA bonds case (see above), the cartel was apparently implemented through traders that communicated mainly via online chatrooms.

European government bonds are sovereign bonds issued in Euro by the governments of Member States that have adopted the Euro as a currency.

### **Car Safety Equipment Suppliers**

On March 5, 2019, the Commission imposed a fine of €368 million on suppliers of car seatbelts, airbags and steering wheels. This is the second time the Commission fines car safety equipment suppliers for participating in a cartel. While the first cartel concerned the supply to Japanese car manufacturers in the EEA, this second case focuses on the supply to European car producers.

The companies exchanged commercially sensitive information and coordinated their behaviour on the market. All companies acknowledged their participation in the cartel and agreed to enter into a settlement with the Commission.

This is the latest Commission decision in the automotive parts sector. The Commission has already fined suppliers of automotive bearings, wire harnesses, flexible foam used in car seats, parking heaters, alternators and starters, air conditioning and engine cooling systems, lighting systems, spark plugs, and braking systems. The total amount of fines imposed by the Commission on companies that participated in auto parts cartels is €2.15 billion.

### **Car Emissions**

On April 5, 2019, the Commission sent a Statement of Objections to German car manufacturers for colluding on emission cleaning technology.

The Commission's preliminary view is that the companies colluded to avoid competition on the development and roll-out of technology to clean emissions from petrol and diesel passenger cars.

The emissions control systems concerned by the investigation are selective catalytic reduction systems (which reduce nitrogen oxide in diesel engines) and "Otto" particulate filters (which reduce particulate matter in petrol engines).

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