



Department of Justice

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Subsidiaries of Swedish Company, Trelleborg AB, Agree to Plead Guilty and Pay \$11 Million in Criminal Fines

Virginia Harbor Services Inc. of Clearbrook, Va., and Trelleborg Industrie S.A.S. of France Agree to Plead Guilty

WASHINGTON — Two subsidiaries of the Swedish company Trelleborg AB, one based in Virginia and the other in France, have agreed to plead guilty and pay a total of \$11 million in criminal fines for their participation in separate conspiracies affecting the sales of marine products sold in the United States and elsewhere, the Department of Justice announced today.

A two-count felony charge was filed today in U.S. District Court in Norfolk, Va., against Virginia Harbor Services Inc., formerly known as Trelleborg Engineered Products Inc. (VHS/TEPI), a manufacturer of foam-filled marine fenders, buoys and plastic marine pilings headquartered in Clearbrook, Va.

According to the charges, VHS/TEPI participated in a conspiracy between December 2002 and August 2005 to allocate customers and rig bids for contracts to sell foam-filled marine fenders and buoys, and also participated in a separate conspiracy between December 2002 and May 2003 to allocate customers and rig bids for contracts to sell plastic marine pilings. Under the terms of the plea agreement, which is subject to court approval, VHS/TEPI has agreed to pay a \$7.5 million criminal fine and to cooperate fully in the Department's ongoing antitrust investigation.

To date, six individuals and two corporations have pleaded guilty or agreed to plead guilty in the Antitrust Division's ongoing investigation of fraud and collusion in the marine fenders and pilings industries.

Foam-filled marine fenders are used as a cushion between ships and either fixed structures, such as docks or piers, or floating structures, such as other ships. Foam-filled buoys are used in a variety of applications, including as channel markers and navigational aids. Plastic marine pilings are substitutes for traditional wood timber pilings and are often used in port and pier construction projects in conjunction with foam-filled fenders.

In addition, a one-count felony charge was filed today in U.S. District Court in Fort Lauderdale, Fla., against Trelleborg Industrie S.A.S. (TISAS), a manufacturer of marine hose headquartered in Clermont-Ferrand, France. TISAS is charged with participating in a conspiracy from at least as early as 1999 and continuing until as late as May 2, 2007, to allocate market shares, fix prices and rig bids for contracts to sell marine hose to purchasers in the United States and elsewhere. Marine hose is a flexible rubber hose used to transfer oil between tankers and storage facilities.

Under the terms of the plea agreement, which is subject to court approval, TISAS has agreed to pay a \$3.5 million criminal fine and to cooperate fully in the Department's ongoing antitrust investigation. To date, three corporations have pleaded guilty or agreed to plead guilty in the Antitrust Division's ongoing investigation in the marine hose industry. Twelve individuals have also been charged to date, nine of whom have pleaded guilty.

"The cases filed today follow the prosecution of numerous other participants in these worldwide conspiracies to inflate the price of marine products critical to both the military and to industry," said Scott D. Hammond, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "Those who harm U.S. purchasers by rigging bids will pay the price through stiff fines and jail sentences."

"Price fixing and bid rigging are serious crimes that drain resources from the Department of Defense and the American taxpayer. The Defense Criminal Investigative Service takes very seriously all violations of U.S. antitrust laws that affect products and services procured for our soldiers, sailors, airmen and Marines. DCIS aggressively investigates those

who seek to cheat the DOD and the public by conspiring to suppress competition," said Sharon Woods, Director, DCIS.

Five former executives of TISAS and VHS/TEPI previously pleaded guilty to participating in the conspiracies charged today. Former VHS/TEPI president Robert B. Taylor was sentenced in January 2008 to serve 24 months in prison and pay a \$300,000 criminal fine. Former VHS/TEPI chief financial officer Donald L. Murray was sentenced in March 2008 to serve 18 months in prison and pay a \$75,000 criminal fine. William Alan Potts, a former vice president of VHS/TEPI, was sentenced in June 2008 to serve six months in prison and six months in home detention, and to pay a \$60,000 criminal fine. Former TISAS executives Christian Caleca and Jacques Cognard were each sentenced in December 2007 to serve 14 months in prison and to pay criminal fines of \$75,000 and \$100,000, respectively.

VHS/TEPI and TISAS are charged with violating the Sherman Act, which carries a maximum fine of \$100 million for corporations. 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.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section, the Defense Criminal Investigative Service (DCIS) of the Department of Defense's Office of Inspector General, the U.S. Navy Criminal Investigative Service and the Federal Bureau of Investigation. Anyone with information concerning bid rigging or other anticompetitive conduct in the marine products industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694, the Arlington, Va., Resident Agency of the DCIS at 703-604-8439, or the Long Beach, Calif., Resident Agency of the DCIS at 562-256-2501.

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