



NEWS RELEASE

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14 ENTITIES PAY \$15.4 MILLION TO RESOLVE ALLEGATIONS OF BID-RIGGING AND PRICE-FIXING ON DEFENSE CONTRACTS

LOS ANGELES – Trelleborg AB, a Swedish manufacturer of marine fenders and marine hose, and 13 other corporations and individuals, have paid the government a total of \$15,448,728 to resolve civil allegations that they fraudulently overbilled the Navy and other federal agencies by bid-rigging and price-fixing on sales of materials used on piers and other marine construction projects.

The payments by the 14 companies and individuals are part of settlements that resolve allegations contained in a “whistleblower” lawsuit filed in 2005 by an executive at a Trelleborg competitor. Pursuant to the settlements, United States District Judge George H. Wu has dismissed the lawsuit against the settling defendants. Judge Wu unsealed the case last week, and the United States Attorney's Office learned of the unsealing yesterday.

The lawsuit alleged that Trelleborg AB and four of its subsidiaries conspired to submit rigged bids, fix prices, and allocate market shares on marine fenders and plastic pilings purchased by the Navy and other federal departments and agencies. As part of its settlement, Trelleborg has paid the United States \$14 million to settle the lawsuit that alleged the conspiracy ran from approximately June 2000 until August 2005.

The lawsuit also alleged that Frank March, of Sevierville, Tennessee, and two Virginia corporations he formerly held a controlling interest in – SHI, Inc. and SII, Inc. – participated in the conspiracy with Trelleborg. March has paid \$1 million to resolve the

allegations.

The settlements arise from a *qui tam*, or whistleblower, lawsuit originally filed under seal in May 2005 by Douglas Farrow pursuant to the provisions of the federal False Claims Act. The government investigated Mr. Farrow's civil allegations, elected to intervene in the lawsuit, and negotiated the settlement. Pursuant to the False Claims Act, Mr. Farrow will receive between 15 percent and 25 percent of the recovery.

The lawsuit also alleged that, between approximately 1999 and May 2007, Bridgestone Corporation and Bridgestone Industrial Products America, Inc.; The Yokohama Rubber Co., Ltd.; Dunlop Oil & Marine, Ltd. and related companies Continental AG and Phoenix AG; and Trelleborg conspired to submit rigged bids, fix prices, and allocate market shares on marine hose purchased by various federal agencies. To resolve the allegations, Bridgestone has paid \$178,108, Yokohama has paid \$173,410, and Dunlop has paid \$97,210.

Trelleborg, March, Bridgestone, Yokohama, and Dunlop agreed to the settlements without admitting any wrongdoing.

Marine fenders are used as a cushion between ships and structures such as docks, piers, and other ships. Marine hose is a flexible rubber hose used to transfer oil between tankers and storage facilities. Plastic marine pilings are used as substitutes for traditional wood timbers in piers and other marine construction projects.

After Mr. Farrow filed his lawsuit on the behalf of the United States, the Justice Department's Antitrust Division commenced a parallel criminal investigation of the marine products industry, which has resulted in criminal convictions of nearly two dozen corporations and individuals. Trelleborg AB subsidiaries Virginia Harbor Services, Inc. and Trelleborg Industrie S.A.S. each pleaded guilty to felony antitrust charges and were sentenced to pay criminal fines of \$7.5 million and \$3.5 million, respectively (see: http://www.justice.gov/atr/public/press_releases/2009/245025.htm). The criminal fines are in addition to the \$14 million Trelleborg civil settlement.

Richard Gwin, Special Agent in Charge of the Western Field Office of the Defense Criminal Investigative Service, stated: "The settlements send a clear message that those engaged in price fixing will be held accountable both criminally and civilly for cheating the Department of Defense and the American taxpayer. The DCIS takes all

violations of U.S. antitrust laws affecting products and services procured for our military members very seriously and will continue to aggressively investigate those who conspire to suppress fair and open competition.”

The government’s civil case against Trelleborg and the other 13 defendants was investigated by the Defense Contract Audit Agency and the Defense Criminal Investigative Service.

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