

Department of Justice

U.S. Attorney's Office

District of Connecticut

FOR IMMEDIATE RELEASE

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Six Aerospace Executives and Managers Indicted for Leading Roles in Labor Market Conspiracy that Limited Workers' Mobility and Career Prospects

A federal grand jury in Bridgeport, Connecticut, returned an indictment yesterday charging a former manager of a major aerospace engineering company and five executives of outsource engineering suppliers (Suppliers) for participating in a long-running conspiracy to restrict the hiring and recruiting of employees among their respective companies. The conspiracy affected thousands of engineers and other skilled workers in the aerospace industry who perform services in the design, manufacturing and servicing of aircraft components for both commercial and military purposes.

According to the one-count felony indictment unsealed today in the U.S. District Court for the District of Connecticut, six individuals — Mahesh Patel, of Connecticut; Robert Harvey, of South Carolina; Harpreet Wasan, of Connecticut; Steven Houghtaling, of Connecticut; Tom Edwards, of Connecticut; and Gary Prus, of Florida — conspired with unnamed others to allocate employees by agreeing not to hire or solicit employees from each other's companies.

This indictment is the first in an ongoing investigation into labor market allocation in the aerospace engineering services industry. Patel, described as a leader of the conspiracy given his position and authority as the Suppliers' common customer, was previously charged by complaint. He was arrested and appeared before a federal magistrate judge on the charge last week, and was released on a \$100,000 appearance bond. The remaining defendants are expected to appear before federal district courts in different districts this week.

"Conduct that corrupts competition for workers has no place in our economy," said Assistant Attorney General Jonathan S. Kanter of the Department of Justice's Antitrust Division. "Our investigation revealed a prolonged and widespread scheme to deprive aerospace workers of the ability to plan their own careers and earn competitive pay. The Department of Justice and our law enforcement partners will continue to hold individuals and companies accountable for criminal conduct aimed at depriving workers of the myriad benefits that flow from competition."

"No one should be illegally denied the opportunity to pursue better jobs, higher pay and greater benefits," said Peter S. Jongbloed, Counsel to the U.S. Attorney for the District of Connecticut. "It is vital that the labor market in the defense and aerospace remain fair, open and competitive, and we look forward to continuing the partnership with the Antitrust Division and our law enforcement partners to prosecute this important case."

"Anticompetitive practices undermine legitimate procurement and acquisition processes designed to ensure equity among parties that do business with the government. The DoD Office of Inspector General's Defense Criminal Investigative Service (DCIS) is fully committed to prioritizing investigations involving corruption of the DoD labor market," said Principal Deputy Director James R. Ives of the DCIS. "We will continue to partner with the Department of Justice to ensure the labor market that supplies goods and services to the U.S. military remains competitive."

According to the indictment, the defendants and co-conspirators recognized the mutual financial benefit of the conspiracy — namely, reducing the rise in labor costs that would occur when aerospace workers were free to find new employment in a competitive environment. Patel and certain other co-conspirators explicitly appealed to this financial benefit when communicating with each other about the agreement.

The maximum penalty under the Sherman Act for a conspiracy to restrain trade is 10 years of imprisonment and a fine of \$1 million. 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 amount is greater than the statutory maximum fine.

The charges are the result of an ongoing federal antitrust investigation into labor market allocation in the aerospace engineering services industry, conducted by the Antitrust Division's New York Office, the U.S. Attorney's Office for the District of Connecticut, and the New Haven and New York Resident Agencies of DCIS. Anyone with information in connection with this investigation should contact the Antitrust Division's Complaint Center at 888-647-3258, or visit <http://www.justice.gov/atr/report-violations>.

An indictment merely alleges that a crime has been committed, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

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