

# Companies Admit They Fixed Prices of Car Parts



Manuel Balce Ceneta/Associated Press

Attorney General Eric H. Holder Jr. announcing that nine Japanese firms and two executives agreed to pay fines of \$740 million.

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In an expanding global antitrust investigation, nine Japanese automotive suppliers, along with two former executives, have agreed to plead guilty to conspiracy and pay more than \$740 million in criminal fines for fixing the price of auto parts sold in the United States and abroad, the Justice Department said Thursday.

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The pleas were the latest in what the Justice Department said was its largest criminal antitrust investigation, one that has involved the authorities from Asia to North America to Europe and has now

resulted in \$1.6 billion in fines since 2011.

More than a dozen separate conspiracies involving more than 30 kinds of parts affected sales to Chrysler, Ford and General Motors, as well as the American subsidiaries of Honda, Mazda, Mitsubishi, Nissan, Subaru and Toyota.

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“These international price-fixing conspiracies affected more than \$5 billion in automobile parts sold to U.S. car manufacturers,” Attorney General Eric H. Holder Jr. [said in a statement](#). “In total, more than 25 million cars purchased by American consumers were affected by the illegal conduct.”

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Hitachi Automotive Systems and Mitsubishi Electric paid the biggest fines, \$195 million and \$190 million. The Justice Department said the two companies' price-fixing schemes lasted from at least January 2000 through February 2010.

The parts included seat belts, radiators, windshield wipers and air-conditioning systems, Mr. Holder said. The Justice Department said that while the price fixing increased the cost of cars for consumers, there was no way to determine exactly how much.

The two former executives — Gary Walker, an American, and Tetsuya Kunida, a Japanese national working for American subsidiaries of Japanese companies — also pleaded guilty for their involvement in the scheme, in which executives met in person and colluded on the phone to rig bids, fix prices and allocate the supply of parts, the Justice Department said.

Mr. Kunida was sentenced to 12 months and a day in an American prison. He pleaded guilty to a felony charge of fixing the price of products sold to Toyota and other automakers from at least November 2001 until May 2012.

Mr. Walker was sentenced to 14 months. The Justice Department said he engaged in a conspiracy to fix the prices of seat belts sold to Honda, Mazda, Nissan, Subaru and Toyota from at least Jan. 1, 2003, through February 2010.

Each man is to pay a \$20,000 fine.

Twenty companies and 21 executives have been charged so far in the Justice Department's investigation. Each company has pleaded guilty or agreed to do so, the Justice Department said. All but four of the 21 executives have been sentenced to prison or have entered into plea agreements that call for prison sentences.

The actions on Thursday underscored a willingness of countries to cooperate as business relationships become more international.

“Twenty years ago, a case of this size would have been inconceivable,” said Spencer Weber Waller, a professor at the Loyola University Chicago School of Law and director of its Institute for Consumer Antitrust Studies. “We often fought with these countries against the application of U.S. antitrust laws, but now they themselves are more stringent in applying their own antitrust laws.”

Scott D. Hammond, assistant attorney general of the Antitrust Division's Criminal Enforcement Program, said that some of the conspiracies announced on Thursday were originally discovered by the Japan Fair Trade Commission.

As for the price fixing, Professor Waller said it “appears to be one of the longest-running international cartels that has come to light.”

General Motors called the price fixing among suppliers unacceptable. “We are greatly concerned by the large number of suppliers in the automotive supplier sector who have pled guilty to serious criminal price-fixing charges,” it said in a statement.

Ford said it was monitoring the investigation and would not comment further.

Toyota said in a statement that it “expects its suppliers to provide the company with

quality parts at competitive prices, while complying with all applicable laws in the markets where they do business.”

It also said: “We are committed to supporting free and fair competition among suppliers, and we have code of conduct guidelines in place that we expect suppliers to meet. We take any violations of these guidelines seriously.”

Hitachi will pay its \$195 million fine in connection with charges that it conspired with other companies to rig the prices of auto parts it sold to General Motors, Ford, Honda, Nissan and Toyota in the United States and other countries.

In a statement, Hitachi said it would institute measures to prevent such actions in the future and was “committed to ensuring to comply with all applicable antitrust laws or competition laws.”

Mitsubishi will pay its \$190 million fine on charges that it conspired to fix the prices of auto parts like starter motors, alternators and ignition coils it sold to Chrysler, Ford, General Motors, Honda, Nissan and Subaru.

“We’ve cooperated fully with the Department of Justice and have concluded our discussions,” Mitsubishi said in a statement.

The charges were filed in United States District Courts in Cincinnati, Detroit and Toledo, Ohio.

“These enforcement actions send a clear and consistent message to all who would take advantage of consumers,” Mr. Holder said.

Mitsuba Corporation will pay \$135 million on charges that it fixed the price of parts sold to Chrysler, Honda, Nissan, Subaru and Toyota. The company also agreed to plead guilty to one count of obstruction of justice, because of orders from a high-level United States-based executive to destroy evidence, the Justice Department said.

Jtekt Corporation will pay \$103 million and NSK Ltd. will pay \$68.2 million. The remaining companies will pay lesser amounts, including a fine of \$14.5 million for Mitsubishi Heavy Industries Ltd., which pleaded guilty to rigging prices for compressors and condensers, and a fine of \$13.75 million for T.RAD Company, which sold radiators and devices that warm the automatic transmission fluid.

Valeo Japan, which sold air-conditioning systems, will pay \$13.6 million. Yamashita Rubber will pay \$11 million for fixing the price of automotive antivibration rubber products.

As the investigation expands, Mr. Holder said, the Justice Department will continue to look into price fixing in the automotive industry. “Our work isn’t done,” he said.

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