Marine Hose Case
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Introduction and overview

- Origins and covert operation
- Searches and US arrests
- Investigations and evidence
- US plea agreements – ‘The UK Three’
- Multi-jurisdictional enforcement
- Significance/ lessons learned
- Questions/ discussion
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Introduction and overview
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- All major suppliers of marine hose
  - Japan, UK, Italy and France
  - Key elements of the cartel arrangement
    - Agreed market shares
    - Allocation of customers and bid-rigging
    - Common price list
    - Operation of ‘home territory’ principle
- Full-time coordinator (based in UK)
  - Organise and chair meetings
  - Coordinate bids on individual contracts
  - Prepare and circulate monthly market share reports
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Origins and covert operation

- Parallel leniency applications
- Initial coordination
- Opportunity for covert recording and US arrests
  - Strategy coordinated with international partners
- Covert US operation
  - Houston cartel meeting and recording
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Searches and US arrests
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Searches and US arrests

- Strategy and timing
- Simultaneous searches/ arrests
  - US/ EC/ UK
- Coordination of EC/ OFT searches in UK
- Search of domestic premises (EC/ OFT)
- JFTC searches – risk to evidence
- US arrests and initial interviews
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Investigations and evidence

- Separate but coordinated investigations
- Coordinated strategy
- Common and separate sources of evidence
  - Common immunity applicant
  - Inspections
  - Witnesses and information requests
- Scope for sharing evidence
  - Constraints
  - Use of waivers/ pragmatic solutions
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Investigations and evidence

- Evidence and investigative measures
  - European Commission
  - Japan Fair Trade Commission
  - US Department of Justice
  - UK Office of Fair Trading
- Use of evidence from others?
  - Direct transfer of information (from DoJ to OFT)
  - Other solutions (DoJ and JFTC)
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Evidence available to OFT

- Extensive evidence from immunity applicant
  - Documents and witness evidence
- Further extensive evidence from searches
  - Notes and agendas of cartel meetings, incl. price list
  - Market share reports
  - Communications re. allocation and pricing of contracts
- Evidence from the DoJ
  - DVD of Houston cartel meeting
  - Evidence seized at time of arrests
- Confessions from interviews conducted in US
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US plea agreements – ‘The UK Three’
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US plea agreements

- Key provisions
  - UK defendants pleaded guilty to violations of US law but were allowed to return to UK for prosecution by OFT
- Sentences for violations of US law
  - Prison sentences (between 20 and 30 months)
  - Fines (between US$75,000 and US$100,000)
- US prison sentences reduced by length of any UK sentence
- Issues/ concerns for the DoJ
- Issues/ concerns for the OFT
Multi-jurisdictional enforcement
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Enforcement measures

- Proceedings and specific issues and outcomes
  - Japan
  - US
  - EC
  - UK
- On-going coordination
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Significance and lessons learned
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Significance

- Example of international cooperation in action
- Additional impetus for compliance
  - Increase importance of competition compliance
  - Encourage a more proactive approach to compliance
- Further destabilise cartels
  - Impetus for leniency
- Strong deterrence message
  - Concrete demonstration of both corporate and personal risks for those engaging in cartel conduct
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Thank you