



Department of Justice

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THREE UNITED KINGDOM NATIONALS CHARGED WITH PARTICIPATING IN WORLDWIDE BID-RIGGING CONSPIRACY IN THE MARINE HOSE INDUSTRY

WASHINGTON — An independent consultant and two executives of Dunlop Oil & Marine Ltd., a manufacturer of marine hose located in Grimsby, United Kingdom, were charged today with participating in a conspiracy to rig bids, fix prices and allocate market shares of marine hose sold in the United States, announced the Department of Justice.

A one-count felony charge was filed today in U.S. District Court in Houston, against Peter Whittle, sole proprietor of a consulting business named PW Consulting (Oil & Marine) Ltd., Bryan Allison, managing director of Dunlop Oil & Marine Ltd., and David Brammar, Dunlop's sales and marketing director.

“Breaking up international cartels that harm U.S. consumers and businesses continues to be the Antitrust Division’s top law enforcement priority,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division. “The Division will continue to work closely with our antitrust colleagues abroad in order to stop individuals from engaging in price fixing and bid rigging.”

Marine hose is a flexible rubber hose used to transfer oil between tankers and storage facilities. During the conspiracy, hundreds of millions of dollars worth of marine hose and related products were affected by the cartel worldwide. The victims of this conspiracy include companies involved in the off-shore extraction and/or transportation of petroleum products and the U.S. Department of Defense.

Whittle, Allison and Brammar are charged with participating in the conspiracy from 1999 until May 2007. The Department charged that during the conspiracy Whittle, Allison, Brammar and their co-conspirators:

- Discussed the sale of marine hose at meetings, by telephone, fax and e-mail;
- Agreed during meetings and discussions to allocate shares of the marine hose market among conspirators;
- Agreed during meetings and discussions to a price list for marine hose in order to implement and monitor the conspiracy;

- Agreed not to compete for one another's customers either by not submitting prices or bids to certain customers or by submitting intentionally high prices or bids to certain customers;
- Submitted bids in accordance with agreements reached;
- Provided customer information to, Whittle who served as a clearinghouse for information to be shared among conspirators;
- Received marine hose prices for customers in the United States from Whittle;
- Sold marine hose at collusive and noncompetitive prices;
- Accepted payment for marine hose at collusive and noncompetitive prices;
- Authorized subordinate employees to participate in the conspiracy; and
- Concealed the conspiracy by using code names and private e-mail accounts and telephone numbers.

Eight foreign executives, including Whittle, Allison and Brammar, were arrested on May 2, 2007 in Houston and San Francisco and charged for their role in the conspiracy to suppress and eliminate competition by rigging bids, fixing prices and allocating market shares for sales of marine hose in the United States, following their participation in a cartel meeting in Houston. Francesco Scaglia and Val M. Northcutt, executives with Manuli Rubber Industries SpA, were indicted in September 2007 in U.S. District Court in Fort Lauderdale, Fla., for their roles in the conspiracy. The case has been put on the court's May 2008 trial docket. Earlier this month, Christian Caleca and Jacques Cognard, executives with Trelleborg Industrie S.A.S., pleaded guilty to charges stemming from their roles in the conspiracy and have agreed to recommended sentences of 14 months each. In May 2007, two other foreign executives were charged for their involvement in the conspiracy-Vanni Scodeggio, a business unit manager at Parker ITR srl in Italy and Misao Hioki, an executive involved in the sale of marine hose for Bridgestone Corporation in Japan.

Law enforcement agencies from multiple foreign jurisdictions are investigating or assisting in the ongoing matter.

The investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section, the Defense Criminal Investigative Service of the Department of Defense's Office of Inspector General, the U.S. Navy Criminal Investigative Service, and the Federal Bureau of Investigation.

"Price fixing and bid rigging are serious crimes that drain resources from the Department of Defense (DOD) and the American taxpayer. The Defense Criminal Investigative Service (DCIS) 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 Charles W. Beardall, Director, DCIS.

Whittle, Allison and Brammar are each charged with a violation of the Sherman Act which carries a maximum sentence of 10 years imprisonment and a fine of \$1 million for individuals. 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.

Anyone with information concerning bid rigging or other anticompetitive conduct in the marine hose industry is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694, or the Long Beach Resident Agency of the Defense Criminal Investigative Service at 562-256-2501.

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