

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
NORTHERN DIVISION
COVINGTON

Eastern District of Kentucky
FILED

NOV 13 2014

AT COVINGTON
ROBERT R. CARR
CLERK U.S. DISTRICT COURT

UNITED STATES OF AMERICA

v.

INDICTMENT NO. 14-49-DLB-J&W
15 U.S.C. § 1

HIROYA HIROSE, and
MASAKAZU IWAMI,

Defendants.

INDICTMENT

The Grand Jury charges:

The Defendants and Co-conspirators

At all times relevant to this Indictment:

1. Defendant, HIROYA HIROSE (“HIROSE”), was a resident and citizen of Japan. HIROSE was employed by NSK, Ltd. (“NSK”) as a group sales manager in its Mid-Japan Automotive Department Office (“Toyota Branch”) from at least as early as January 2006 until at least 2009 and as a general manager in the Toyota Branch from 2009 until at least June 2011.

2. NSK was a corporation organized and existing under the laws of Japan with its principal place of business in Tokyo, Japan. NSK was engaged in the business of manufacturing and selling bearings to Toyota Motor Corporation and Toyota Motor Engineering & Manufacturing North America, Inc. (collectively, “Toyota”) for installation in vehicles manufactured and sold in the United States and elsewhere.

3. Defendant, MASAKAZU IWAMI (“IWAMI”), was a resident and citizen of Japan. IWAMI was employed by Jtekt Corporation (“Jtekt”) as a Section Manager, then General Manager, in its Toyota Branch office from at least as early as 1999 until at least October 2007 and as Vice Branch Manager in the Toyota Branch from October 2007 until at least June 2009.

4. Jtekt was a corporation organized and existing under the laws of Japan with its registered headquarters in Osaka, Japan. Jtekt was engaged in the business of manufacturing and selling bearings to Toyota in the United States and elsewhere for installation in vehicles manufactured and sold in the United States and elsewhere.

5. Various corporations and individuals, located in the United States and Japan, not made defendants in this Indictment, participated as co-conspirators in the offense charged in this Indictment and performed acts and made statements in furtherance of it.

6. Whenever in this Indictment reference is made to any act, deed, or transaction of any corporation, the allegation means that the corporation engaged in the act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

Background of the Offense

7. HIROSE and IWAMI and their co-conspirators supplied bearings to Toyota for installation in vehicles manufactured and/or sold in the United States and elsewhere.

8. NSK and Jtekt and their co-conspirators manufactured bearings (a) in the United States for installation in vehicles manufactured and sold in the United States; and (b) in Japan for export to the United States and installation in vehicles manufactured and sold in the United States.

9. Bearings are used in multiple locations in automobiles, including in wheel hubs, to reduce friction and help parts roll smoothly past one another, they "bear" the load.

10. When purchasing bearings, Toyota typically issues Requests for Quotation ("RFQs") to automotive parts suppliers on a model-by-model basis for model specific parts. Automotive parts suppliers submit quotations, or bids, to Toyota in response to the RFQs, and Toyota awards the business to the selected automotive parts supplier for the lifespan of the model, usually four to six years. Typically, the bidding process begins approximately three years prior to the start of production of the model that is the subject of the RFQ. Toyota procures parts for its U.S.-manufactured vehicles in the United States and elsewhere.

Conspiracy to Restrain Trade

11. From at least as early as 2001 and continuing until as late as July 2011, the exact dates being unknown to the Grand Jury, in Kenton County, in the Eastern District of Kentucky and elsewhere, IWAMI and his co-conspirators participated in a combination and conspiracy to suppress and eliminate competition in the automotive parts industry by agreeing to allocate markets, rig bids for, and to fix, stabilize, and maintain the prices of bearings sold to Toyota in the United States and elsewhere. HIROSE participated in the combination and conspiracy from at least as early as 2006 and continuing until as late as July 2011. The combination and conspiracy engaged in by HIROSE and IWAMI and their co-conspirators was in unreasonable restraint of interstate and foreign trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1). This combination and conspiracy involved commerce within the United States and U.S. import trade and commerce.

12. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among HIROSE and IWAMI and their co-conspirators, the

substantial terms of which were to allocate markets, rig bids for, and to fix, stabilize, and maintain prices of, bearings sold to Toyota in the United States and elsewhere.

Manner and Means of the Conspiracy

13. For the purpose of forming and carrying out the charged combination and conspiracy, HIROSE and IWAMI and their co-conspirators, located in the United States and Japan, did those things that they combined and conspired to do, including, among other things:

(a) participating in, and directing, authorizing, or consenting to subordinate employees participating in, meetings, conversations, and communications to discuss bids and price quotations to be submitted to Toyota in the United States and elsewhere;

(b) exchanging, and directing, authorizing, or consenting to subordinate employees exchanging, information on bids, price quotations, and price adjustments to be submitted to Toyota in the United States and elsewhere;

(c) agreeing, and directing, authorizing, or consenting to subordinate employees agreeing, on bids and price quotations to be submitted to Toyota in the United States and elsewhere;

(c) agreeing, and directing, authorizing, or consenting to subordinate employees agreeing, to allocate the supply of bearings sold to Toyota in the United States and elsewhere;

(d) submitting, and directing, authorizing, or consenting to subordinate employees submitting, bids, price quotations, and price adjustments to Toyota in the United States and elsewhere;

(e) selling bearings to Toyota in the United States and elsewhere at collusive and noncompetitive prices;

(f) accepting payment for bearings sold to Toyota in the United States and elsewhere at collusive and noncompetitive prices;

(g) engaging in, and directing, authorizing, or consenting to subordinate employees engaging in, meetings, conversations, and communications for the purpose of monitoring and enforcing adherence to the agreed-upon market allocation, bid-rigging, and price-fixing scheme; and

(h) employing measures to keep their conduct secret, including, but not limited to, using code names and meeting at remote locations.

Trade and Commerce

14. During the period covered by this Indictment, HIROSE and IWAMI and their co-conspirators sold substantial quantities of bearings to Toyota located in various states in the United States shipped from outside the United States and from other states in a continuous and uninterrupted flow of interstate and import trade and commerce. In addition, substantial quantities of equipment and supplies necessary to the manufacture and distribution of bearings sold by HIROSE and IWAMI and their co-conspirators, as well as payments for bearings sold by HIROSE and IWAMI and their co-conspirators, traveled in interstate and import trade and commerce. The business activities of HIROSE and IWAMI and their co-conspirators in connection with the manufacture and sale of bearings that were the subject of the charged conspiracy were within the flow of, and substantially affected, interstate and import trade and commerce.

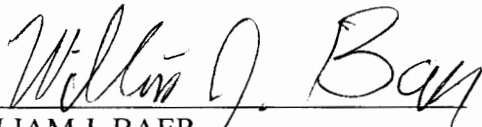
Jurisdiction and Venue

15. The combination and conspiracy charged in this Indictment was carried out, at least in part, within the Eastern District of Kentucky and continued within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.

A TRUE BILL

Dated: 11/13/14



WILLIAM J. BAER
Assistant Attorney General

s/Frank J. Vondrak
FRANK J. VONDRAK
Chief, Chicago Office



BRENT SNYDER
Deputy Assistant Attorney General



MARVIN N. PRICE, JR.
Director of Criminal Enforcement

Antitrust Division
U.S. Department of Justice

s/Diane Lotko-Baker
Diane Lotko-Baker
diane.lotko-baker@usdoj.gov
Carla M. Stern
carla.stern@usdoj.gov
Jason C. Turner
Jason.turner@usdoj.gov
Attorneys, Antitrust Division
U.S. Department of Justice
Chicago Office
209 S. LaSalle Street
Suite 600
Chicago, Illinois 60604
312-984-7200

15 U.S.C. § 1
(Sherman Act)

Penalties for an Individual

Imprisonment: 10 years - maximum

Fine: up to \$1,000,000

Or up to double the gain or double the loss occasioned by the offense

Restitution: may be ordered

Probation: up to 5 years

Special Assessment: \$100

U.S. District Court Eastern District of Kentucky

Criminal Case Assignment

Case number **2:14-CR-49**

Assigned : Judge David L. Bunning
Judge Code : 4315

Designated Magistrate Judge : Gregory J. Wehrman
Magistrate Judge Code : 43RA

Assigned on 11/13/2014

[Request New Judge](#).....