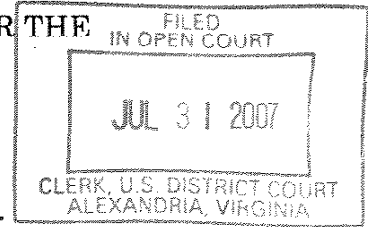


IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA  
Alexandria Division



UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
 AIR VAN LINES INTERNATIONAL, )  
 INC., d/b/a AVLC )  
 )  
 Defendant. )

**Criminal No.**  
**Violations**  
**Count One:** 18 U.S.C. § 1001  
**Count Two:** 18 U.S.C. § 1001

**INFORMATION**

Air Van Lines International, Inc., d/b/a AVLC ("AVLC") is made the defendant on the charges herein.

**THE UNITED STATES CHARGES THAT:**

**Defendant**

At all relevant times:

1. Defendant AVLC was a corporation organized and existing under the laws of the State of Alaska and based in Kirkland, Washington. Defendant was a freight forwarder as defined in paragraph 4 below and was in the business of providing services related to the transportation of household goods owned by U.S. military and civilian Department of Defense ("DOD") personnel and their families ("military household goods").

2. Whenever this Information refers to any act, deed, or transaction of the defendant or any company, it means that the defendant or another company engaged in the act, deed, or transaction by or through its officers, directors,

employees, agents, or other representatives while they were actively engaged in the management, direction, or control of its affairs.

### Background

3. The Military Traffic Management Command (“MTMC”), renamed Surface Distribution and Deployment Command (“SDDC”) in 2004, headquartered in Alexandria, Virginia, in the Eastern District of Virginia, was responsible for administering the DOD’s International Through Government Bill of Lading (“ITGBL”) program for the transportation of military household goods. ITGBL shipments generally involve a move from a foreign country to the United States or from the United States to a foreign country. One ITGBL service, known as “Code 4,” requires the freight forwarder to provide the complete door-to-door service for household goods shipments. Code 4 service includes: packing, transportation from residence to the port of embarkation, ocean transportation and transportation to the new residence, all in wooden containers approved by MTMC.

4. Under the ITGBL program, freight forwarders, companies also known as “carriers” or “forwarders,” file “through rates” with MTMC to qualify themselves to receive awards of “shipments” of military household goods. A single “shipment” comprises the household goods of a single U.S. soldier or civilian DOD employee and his/her family. A “through rate” is the rate at which a forwarder offers to provide the complete door-to-door service for a shipment of military household goods, from pick-up at the place of origin to delivery at the ultimate destination.

5. Through rates are filed in individual “channels.” A “channel” is a route to or from a particular State, or portion of a State, and a specific foreign country (e.g., Germany-Virginia). Through rates are expressed in U.S. dollars per hundredweight (\$/cwt).

6. Each rate cycle covers a six-month period. The summer cycle runs from April 1 through September 30 and the winter cycle runs from October 1 through March 31.

7. Prior to the beginning of a rate cycle forwarders have two opportunities to file rates. The first opportunity is called the “initial filing.” At the initial filing, forwarders may either file a specific rate, by channel, or may file an “administrative high” rate. An “administrative high” rate is a non-specific rate that is considered to be at the highest acceptable level for handling traffic in that channel. The lowest rate offered by any freight forwarder in the initial filing in a channel becomes the “prime rate.” The freight forwarder that sets the prime rate in a channel is entitled to the award of a fixed percentage of the shipments in that channel during the cycle. This fixed percentage is offered as an incentive for forwarders to set the prime rate.

8. Any forwarder that files a specific rate (higher than the prime rate) or files an “administrative high” rate in a channel in the initial filing is eligible to participate in the second, or “me-too,” phase of the bidding process. Prior to the filing deadline for the “me-too” bidding round, MTMC publishes a list of the lowest five rates offered by forwarders in the initial filing, by channel. At the “me-too”

filing, eligible forwarders file new rates. These rates must either match or be higher than the prime rate.

9. Once the rate cycle begins, shipments are awarded to forwarders on the basis of strict priority. Shipments not awarded to the carrier that set the prime rate are awarded seriatim to the forwarders that matched, or “me-tooed,” the prime rate, or, if the capacity of the forwarders that matched, or “me-tooed,” the prime rate has been exhausted, to the forwarders offering the next lowest rate. Typically, over the course of a cycle, the vast majority of shipments move at the prime rate. Thus, a forwarder must generally “me-too” the prime rate in order to be awarded any shipments.

10. For the winter 2000 cycle (“IW-00”) (October 1, 2000 to March 31, 2001), the deadline for freight forwarders to file initial rates was May 23, 2000; the deadline for freight forwarders to file “me-too” rates was August 1, 2000. For the summer 2001 cycle (“IS-01”) (April 1, 2001 to September 31, 2001), the deadline for freight forwarders to file initial rates was November 28, 2000; the deadline for forwarders to file “me-too” rates was January 16, 2001.

11. Under ITGBL program rules, to file rates, freight forwarders must represent, in a Certificate of Independent Pricing on file with MTMC, among other things,

(a) that “[t]he rates or fares in this tender have been arrived at independently and . . . there has been no communication, agreement,

understanding, collusion, or any other action in respect to these rates or fares with any other carrier, competitor or agent thereof"; and

(b) that "[n]o action has been or will be taken, and no agreement or understanding has been or will be made, with any other carrier, competitor, or agent thereof to: (i) submit or not to submit rates or fares; . . . ; or (iii) file the same or prearranged rates or fares; or (iv) restrict competition for United States Government traffic by any means or device."

12. At all relevant times, defendant had on file with MTMC a Certification of Independent Pricing containing the representations described in paragraph 11 above.

13. Prior to each rate cycle, MTMC issues or re-issues a comprehensive document called the International Personal Property Rate Solicitation ("Rate Solicitation"). The Rate Solicitation sets forth the conditions under which MTMC solicits and receives ITGBL rates from freight forwarders. The Rate Solicitation that applied to rates tendered for the winter 2000 rate cycle and for the summer 2001 rate cycle contained the following specification: "By offering rates for services to the United States Government, the carrier official certifies the understanding and continued compliance with the previously executed Certification of Independent Pricing incorporated hereto by reference."

**Count One - Concealment of Material Fact**  
**(18 U.S.C. § 1001(a)(1))**

14. Each and every allegation contained in Paragraphs 1 - 13 of this Information is here re-alleged as if fully set forth in this Count.

15. On or about May 23, 2000, August 1, 2000, and continuing throughout the IW-00 cycle, in a matter within the jurisdiction of the DOD, a department of the United States, the defendant did knowingly and willfully falsify, conceal, and cover up by a trick, scheme, and device a material fact, to wit, that its rates for Code 4 services tendered to the United States to transport military household goods during the winter 2000 ITGBL rate cycle had been determined in accordance with the defendant's Certification of Independent Pricing on file with MTMC, when, in fact, those rates had been determined in contravention of that Certification.

16. In truth and in fact, as defendant well knew, contrary to its Certification of Independent Pricing:

(a) the rates or fares in its tender had not been arrived at independently;

(b) defendant had engaged in collusion in respect to its rates or fares with another carrier or competitor;

(c) defendant had reached an agreement with another carrier to submit rates or fares;

(d) defendant had reached an agreement with another carrier to file the same or prearranged rates or fares; and

(e) defendant had reached an agreement with another carrier to restrict competition for United States Government traffic.

### **Jurisdiction and Venue**

17. The offense charged in this Count was carried out, in part, within the Eastern District of Virginia within the period of the statute of limitations, as extended pursuant to agreement between the defendant and the United States. (In violation of Title 18, United States Code, Section 1001(a)(1)).

### **Count Two - Concealment of Material Fact (18 U.S.C. § 1001(a)(1))**

18. Each and every allegation contained in Paragraphs 1 - 13 of this Information is here re alleged as if fully set forth in this Count.

19. On or about November 28, 2000, January 16, 2001, and continuing throughout the IS-01 cycle, in a matter within the jurisdiction of the DOD, a department of the United States, the defendant did knowingly and willfully falsify, conceal and cover up by a trick, scheme, and device a material fact, to wit, that its rates for Code 4 services tendered to the United States to transport military household goods during the summer 2001 ITGBL rate cycle had been determined in accordance with the defendant's Certification of Independent Pricing on file with MTMC, when, in fact, those rates had been determined in contravention of that Certification.

20. In truth and in fact, as defendant well knew, contrary to its Certification of Independent Pricing:

(a) the rates or fares in its tender had not been arrived at independently;

(b) defendant had engaged in collusion in respect to its rates or fares with another carrier or competitor;

(c) defendant had reached an agreement with another carrier to submit rates or fares;

(d) defendant had reached an agreement with another carrier to file the same or prearranged rates or fares; and

(e) defendant had reached an agreement with another carrier to restrict competition for United States Government traffic.

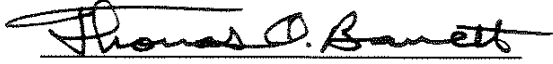
#### **Jurisdiction and Venue**

21. The offense charged in this Count was carried out, in part, within the Eastern District of Virginia within the period of the statute of limitations, as



extended pursuant to agreement between the defendant and the United States.

(In violation of Title 18, United States Code, Section 1001(a)(1)).



THOMAS O. BARNETT  
Assistant Attorney General



SCOTT D. HAMMOND  
Deputy Assistant Attorney General



MARC SIEGEL  
Director of Criminal Enforcement



LISA M. PHELAN  
Chief, National Criminal  
Enforcement Section

Antitrust Division  
U.S. Department of Justice



HAYS GOREY, JR.  
MARK W. PLETCHER

Attorneys  
U.S. Department of Justice  
Antitrust Division  
1401 H Street, N.W., Suite 3700  
Washington, D.C. 20530  
(202) 307-0000



ROBERT C. ERICKSON  
Assistant United States Attorney