



Department of Justice

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The Department of Justice has filed a civil antitrust suit to recover damages from two companies accused of conspiring to fix prices and divide markets in the sale of gabions in the United States.

Gabions are wire structures which, when filled with stones, are used in river training, flood control, landscaping and erosion control applications.

Douglas H. Ginsburg, Assistant Attorney General in charge of the Antitrust Division, said the complaint, which alleged violations of Section 1 of the Sherman Act and of the False Claims Act, was filed Thursday in U.S. District Court in Baltimore, Maryland.

The complaint alleged that Bekaert Steel Wire Corporation, headquartered in Pittsburgh, Pennsylvania, and its Belgian parent company, N.V. Bekaert S.A., participated in a conspiracy to fix prices at which gabions were sold and to geographically divide the United States market for gabions during the period 1976 through at least February 1981. On March 8, 1985, both companies were named in a felony indictment charging that they, along with co-conspirators, had fixed prices and divided the U.S. gabions market and trial is scheduled for later this year.

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The United States purchased gabions directly from the Bekaert subsidiary and also financed the purchase of gabions from it by state and local governments for use in public works projects. As a result of the alleged conspiracy, the prices of gabions paid directly and indirectly by the United States maintained at noncompetitive levels, and the United States, "has been compelled to pay substantially higher prices for gabions than would have been the case" had there been no conspiracy, Ginsburg said.

The complaint seeks to recover under the Clayton Act damages suffered by the United States as a result of these higher gabion prices, and seeks to enjoin the companies from participating in any similar illegal activities in the future.

The United States is also asking for double damages under the False Claims Act and, under another provision of that Act, for a \$2,000 forfeiture for each false claim.

The complaint further seeks to recover public funds paid by mistake, alleging that the United States paid the inflated prices for gabions caused by the conspiracy in the mistaken belief that those prices were not the product of an agreement or conspiracy to fix prices.

The damages sought would not be cumulative. In other words, if single damages were obtained under Clayton, double damages would not be pursued under the False Claims Act, and vice versa. Neither the amount of the damages sought nor the number of civil forfeitures sought has been determined.

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The only other defendant in the criminal case, Maccaferri Gabions Manufacturing Company Inc., of Williamsport, Maryland, pleaded guilty to a criminal information charging price fixing which was filed March 5, 1985.

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