



Department of Justice

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The Department of Justice filed separate civil antitrust cases yesterday against nine construction trade associations operating in Hawaii, challenging association rules that regulate bidding on construction projects in Hawaii. At the same time, the Department filed consent decrees settling each of the nine suits.

The cases and consent decrees were filed in the U.S. District Court for the District of Hawaii in Honolulu.

The cases were brought against three associations of general contractors and six associations of specialty contractors. The three general contractor associations named as defendants in the cases are:

- General Contractors Association of Hawaii;
- Hawaii Island Contractors Association; and
- Maui Contractors Association.

The six specialty contractor associations named as defendants in the cases are:

- Gypsum Drywall Contractors of Hawaii;
- Mason Contractors Association of Hawaii;
- Pacific Electrical Contractors Association;
- Painting & Decorating Contractors Association of Hawaii,

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- Plumbing & Mechanical Contractors Association of Hawaii; and
- Sheet Metal Contractors Association.

Charles F. Rule, Acting Assistant Attorney General in charge of the Antitrust Division, said the lawsuits allege that certain association rules that regulate the operation of their bid depositories violate the Sherman Act because they restrain free and open competition among general contractors and among specialty contractors.

Bid depositories are centralized facilities for gathering bids from specialty contractors and forwarding them to general contractors. Each of the associations named as a defendant adopted rules that had the effect of regulating dealings between general contractors and specialty contractors on certain construction projects in Hawaii, mainly construction projects of the federal, state and local governments.

The cases challenge the adoption and enforcement of rules that:

- restrict negotiation between general contractors and specialty contractors of the prices bid by specialty contractors;
- limit general contractors, on projects handled by the bid depositories, to contracting only with specialty contractors complying with the bid depository rules; and
- require associations to notify specialty contractors, prior to closing of the bidding, whose bids are considerably lower than other bidders so that the low bids may be withdrawn.

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In the consent decrees settling the suits, each trade association has agreed to eliminate all formal and informal rules of the type challenged in the suits.

Rule emphasized that the consent decrees do not prohibit contractors from complying with any bidding requirements by awarding authorities. He also stated that the decrees do not prohibit any defendant from operating a bid depository, so long as use of the depository is voluntary and does not involve any of the prohibited rules.

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