



Department of Justice

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MEXICAN-BASED TAMPICO PRODUCER AND TEXAS DISTRIBUTOR CHARGED WITH PRICE FIXING

Fiber Used To Make Consumer and Industrial Brushes

WASHINGTON, D.C. -- A Mexican-based tampico fiber producer and a Texas distributor were charged today with conspiring to fix prices and to allocate the sales volume of tampico fiber in the United States, the Department of Justice announced today.

Tampico fiber is a vegetable fiber imported from Mexico and used to make bristles for a wide variety of consumer and industrial brushes and brooms. The industry generates about \$5 million in annual sales revenue. The Department's Antitrust Division filed civil and criminal charges concerning the alleged conspiracy.

In a one-count criminal case filed in U.S. District Court in Philadelphia, the Department charged Ixtlera de Santa Catarina, S.A. de C.V. and the Laredo, Texas-based MFC Corporation with conspiring with others to fix import and resale prices of tampico fiber from January 1990 to April 1995.

The criminal conspiracy consisted of an agreement to fix the prices and allocate the sales of tampico fiber imported into the United States and sold to brush manufacturers. Ixtlera sold about \$10 million of tampico fiber to MFC which MFC resold for approximately \$14.7 million in the United States during the five year conspiracy.

Joel I. Klein, Acting Assistant Attorney General in charge of the Antitrust Division, said "Today's charges will help restore competition and bring lower prices to all consumers, from the biggest corporation to the smallest household."

The criminal charges resulted from an investigation of price fixing in the tampico fiber industry. The case was filed by the Antitrust Division's Philadelphia Field Office, with the assistance of the Federal Bureau of Investigation.

The maximum penalty for a corporation convicted of a violation of the Sherman Act is the greatest of a \$10 million fine, twice the pecuniary gain the corporation derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

The Department also filed a civil complaint against Ixtlera and MFC along with proposed settlement, which if approved by the court, would settle the civil suit.

The complaint alleged that Ixtlera and MFC agreed on minimum resale price levels and that they conspired to fix prices and allocate sales volume of tampico fiber. The consent decree would prohibit the defendants from agreeing with any other processor, supplier or distributor of tampico fiber to, among other things, fix the import or resale prices of tampico fiber or allocate sales volumes, markets, or customers in the United States. It would also prohibit Ixtlera from suggesting or establishing resale prices for its distributors and MFC from agreeing to resell at fixed or suggested resale prices.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decree during

the 60-day comment period to Robert E. Connolly, Chief, Middle Atlantic Office, U.S. Department of Justice, Antitrust Division, The Curtis Center, 6th and Walnut Streets, Suite 650 West, Philadelphia, PA 19106, (telephone number 215-597-7405).

At the conclusion of the 60-day comment period, the U.S. District Court for the Eastern District of Pennsylvania may enter the consent decree upon finding that it serves the public interest.

These charges conclude the Antitrust Division's investigation.

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