



Department of Justice

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OHIO EXPLOSIVES CO. AND EXECUTIVE PLEAD GUILTY TO PRICE FIXING IN EXPLOSIVES INDUSTRY, PAY MORE THAN \$7 MILLION

Total Criminal Fines Top \$36 Million

WASHINGTON, D.C. -- A Cleveland explosives company and its Evansville, Indiana regional manager agreed to plead guilty today and pay more than \$7 million in criminal antitrust fines for conspiring to fix prices and rig bids in the sale of commercial explosives, the Justice Department announced.

Today's pleas are the result of the Justice Department's ongoing criminal antitrust investigation of collusion in the commercial explosives industry. To date, the investigation has resulted in a total of 13 guilty pleas by 11 corporations and two individuals, and the assessment of a record \$36 million in criminal fines.

Austin Powder Co. has agreed to pay \$7 million in criminal fines and Thomas F. Mechtenberg has agreed to pay \$20,000 in fines. Mechtenberg also faces up to 10 months in federal prison. The plea agreements are subject to court approval.

In court papers filed in U.S. District Court in Dallas, Austin Powder was charged with conspiring with competitors between 1987 and 1992 in Michigan to fix prices of commercial

explosives and to rig bids that were submitted to certain customers.

The company was also charged with conspiring to fix prices between the fall of 1988 and mid-1992 on the sale of certain commercial explosives in western Kentucky, southern Indiana, and southern Illinois.

The government charged that Mechtenberg, an Austin Powder regional manager in western Kentucky from the fall of 1988 to mid-1992, conspired with Austin Powder's competitors to set the prices of commercial explosives and rig certain customer bids.

"The Antitrust Division will be unrelenting in its investigation and punishment of those who choose to undermine competition by fixing prices or rigging bids," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

With sales of approximately \$1 billion per year in the United States, commercial explosives, such as dynamite and ANFO (ammonium nitrate mixed with fuel oil), are used primarily in the mining, construction, and oil and gas exploration industries.

Today's cases resulted from a Dallas investigation conducted by the Antitrust Division's Litigation I Section, which previously netted guilty pleas from three major explosives manufacturers--ICI Explosives USA, which agreed to pay a \$10 million fine; DYN0 NOBEL, which agreed to pay a \$15 million fine; and ETI, which agreed to pay a \$950,000 fine. A related investigation in Pittsburgh resulted in six guilty pleas by

explosives distributors last week. Those companies agreed to pay a total of \$900,000 in fines.

The maximum penalty for a corporation convicted of an antitrust violation under the Sherman Act is a fine of \$10 million, twice the pecuniary gain derived by the corporation from the crime, or twice the pecuniary loss suffered by the victims of the crime, whichever is greater.

The maximum penalty for an individual is three years in jail and a fine of \$350,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss suffered by the victims of the crime, whichever is greater.

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