



# Department of Justice

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**BAYER AG AGREES TO PLEAD GUILTY AND PAY \$66 MILLION FINE  
FOR PARTICIPATING IN RUBBER CHEMICALS CARTEL**

***Investigation To Date Yields Over \$100 Million in Criminal Fines***

WASHINGTON, D.C. – Bayer AG, a German manufacturer of rubber chemicals, has agreed to plead guilty and pay a \$66 million fine for participating in an international conspiracy to fix prices in the rubber chemicals market, the Department of Justice announced today.

According to the one-count felony charge, filed in the U.S. District Court in San Francisco, Bayer conspired with unnamed rubber chemical producers to suppress and eliminate competition for certain rubber chemicals sold in the United States and elsewhere from 1995 to 2001. Under the plea agreement, which must be approved by the court, Bayer has agreed to assist the government in its ongoing rubber chemicals investigation.

“Today’s charge is an important step in our prosecution of a cartel that harmed millions of American consumers who use a broad spectrum of products manufactured with rubber chemicals,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department’s Antitrust Division.

Rubber chemicals are a group of additives and fillers used to improve the elasticity, strength, and durability of rubber products, such as tires, outdoor furniture, hoses, belts, and footwear. Approximately \$1 billion of rubber chemicals are sold annually in the United States.

Bayer is charged with carrying out the conspiracy with its co-conspirators by:

- Participating in meetings and conversations to discuss prices of certain rubber chemicals to be sold in the United States and elsewhere;
- Agreeing, during those conversations and meetings, to raise and maintain prices of certain rubber chemicals to be sold in the United States and elsewhere;
- Participating in conversations and attending meetings concerning implementation of and adherence to the agreements reached;
- Issuing price announcements and price quotations in accordance with the agreements reached; and
- Exchanging information on the sale of certain rubber chemicals in the United States and elsewhere.

“Today’s case is yet another milestone in our ongoing investigation of antitrust violations in the rubber chemicals industry,” said James M. Griffin, the Antitrust Division’s Deputy Assistant Attorney General for Criminal Enforcement. “The company charged today will provide valuable assistance in our continued investigation in this industry.”

On March 15, 2004, the Department charged Crompton Corporation of Middlebury, Connecticut, with participating in an international conspiracy to fix prices in the rubber chemicals market. On May 27, 2004, the company pleaded guilty and was sentenced to pay a \$50 million criminal fine.

Bayer AG was charged with violating Section 1 of the Sherman Act, which carries a maximum fine of \$10 million for corporations and a maximum penalty of three years imprisonment and a \$350,000 fine for individuals for violations occurring before June 22, 2004. The maximum statutory fine may be increased to twice the gain the conspirators derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charges are the result of an ongoing investigation being conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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