



Department of Justice

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FORMER BAYER AG EXECUTIVE AGREES TO PLEAD GUILTY TO INTERNATIONAL RUBBER CHEMICALS PRICE FIXING CONSPIRACY

WASHINGTON, D.C. -- A former executive of Bayer AG, a German manufacturer of rubber chemicals based in Leverkusen, Germany, has agreed to plead guilty to participating in an international conspiracy to fix prices in the rubber chemicals market, the U.S. Department of Justice announced today.

In a felony case filed in U.S. District Court in San Francisco, Martin Petersen was charged with fixing the prices of certain rubber chemicals sold in the United States and elsewhere during 2000 and 2001. Petersen, a German national, was Head of Marketing and Sales for Bayer's Rubber Business Group during the time he participated in the conspiracy. Under the plea agreement, which must be approved by the court, Petersen agreed to assist the government in its ongoing rubber chemicals investigation.

Rubber chemicals are a group of additives 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.

The former Bayer executive was charged with carrying out the conspiracy with his 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.

“The Antitrust Division is committed to pursuing aggressively individuals who engage in price fixing, wherever they reside,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department’s Antitrust Division. “Global price-fixing cartels harm millions of Americans, and executives who fix prices will be prosecuted.”

Petersen was charged with violating Section 1 of the Sherman Act, which carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals for violations occurring before June 22, 2004. The maximum 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.

The charge and plea agreement announced today stem from an ongoing investigation being conducted by the Antitrust Division’s San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

Prior to today’s case, Bayer AG was charged on July 14, 2004 with participating in the same conspiracy. Bayer is awaiting sentencing but has agreed to pay a \$66 million criminal fine. Additionally, Crompton Corporation was charged in March 2004 and pleaded guilty to participating in the international rubber chemicals conspiracy. Crompton was sentenced to pay a \$50 million criminal fine for its role in the conspiracy. In September 2004, Joseph B. Eisenberg

and James J. Conway, both former Crompton executives, were charged in the same conspiracy and are now awaiting sentencing.

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