



# Department of Justice

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## **CLEVELAND SCRAP METAL DEALER AND OWNER INDICTED IN ANTITRUST CONSPIRACY**

### ***Company's Vice President Indicted For Perjury and Obstruction of Justice***

WASHINGTON — A federal grand jury in Cleveland indicted a scrap metal dealer and its owner for conspiring to allocate scrap metal suppliers in Northeast Ohio, the Department of Justice announced today. The company's vice president was indicted for perjury and obstruction of justice.

The indictment, filed today in U.S. District Court in Cleveland, charges Willoughby, Ohio-based Alliance National Limited Partnership, which does business as DeMilta Iron & Metal Ltd. (DeMilta Iron), and its owner, Francis DeMilta, of Painesville, Ohio, with participating in a conspiracy to restrain interstate trade and commerce by allocating scrap metal suppliers. The conspiracy took place from at least as early as August 1997 and continued to at least March 2003. The indictment also charges that DeMilta Iron's vice president, Ronald Vaughn, of Concord, Ohio, made false statements when he testified before a federal grand jury, and obstructed justice.

Manufacturing plants, mills, and foundries generate ferrous and nonferrous scrap metal as a by-product. This scrap is valuable if picked up, sorted, and sold to mills or foundries that desire scrap metal as part of their manufacturing process. The business of industrial scrap metal dealers generally involves placing collection boxes at manufacturers' sites to collect the scrap metal, then picking it up, processing it, and reselling it to customers.

"Today's indictment underscores our ongoing commitment to rooting out those who engage in cartel activity," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "Crimes that are intended to thwart federal law enforcement and undermine our criminal justice system such as perjury and obstruction of justice will be prosecuted just as vigorously."

The indictment charges that, for the purpose of forming and carrying out the antitrust conspiracy, DeMilta Iron, Francis DeMilta, and their co-conspirators did the following things:

- Participated in meetings and conversations to discuss allocating suppliers of scrap metal;

- Agreed to allocate scrap metal suppliers and not to compete against each other for the purchase of scrap metal;
- Allocated scrap metal suppliers, denying such scrap metal suppliers a competitive price and thereby depressing or maintaining the price that DeMilta Iron, Francis DeMilta, and their co-conspirators paid for scrap metal;
- Agreed which designated co-conspirator would purchase scrap metal from particular scrap metal suppliers;
- Participated in meetings and conversations to discuss the submission of bids for the purchase of scrap metal;
- Refrained from competing against each other;
- Agreed that DeMilta Iron would be sold scrap metal by its co-conspirators at a price below market value in return for DeMilta Iron's agreement not to solicit scrap metal suppliers of its co-conspirators;
- DeMilta Iron's co-conspirators sold scrap metal to DeMilta Iron at a price below market value in return for DeMilta Iron's not soliciting scrap metal suppliers of its co-conspirators; and
- DeMilta Iron paid prices below market value for scrap metal sold to it by its co-conspirators in return for DeMilta's not soliciting scrap metal suppliers of its co-conspirators.

This is the sixth case resulting from an ongoing criminal investigation of the scrap metal industry being conducted by the Antitrust Division's Cleveland Field Office. To date, seven individuals and six companies have been convicted as a result of the Department's ongoing antitrust investigation into the scrap metal industry. Criminal fines and restitution totaling more than \$15.5 million have been imposed thus far as the result of this investigation.

DeMilta Iron and Francis DeMilta are charged with violating Section One of the Sherman Act which, for violations occurring before June 22, 2004, carries a maximum fine of \$10 million for a corporation, and a maximum term of three years imprisonment and a fine of \$350,000 for an individual. The maximum fines may be increased to twice the gain 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.

Ronald Vaughn is charged with making false declarations before a grand jury, which carries a maximum term of five years imprisonment, and obstruction of justice, which carries a maximum term of 10 years imprisonment. Both of the crimes with which Vaughn is charged carry maximum fines of \$250,000.

The ongoing investigation is being conducted by the Antitrust Division's Cleveland Field Office and the Federal Bureau of Investigation's Cleveland Office. Anyone with information about market allocation or other anticompetitive conduct in the scrap metal industry should call the Antitrust Division's Cleveland Field Office at 216-687-8400, or the Federal Bureau of Investigation's Cleveland Office at 216-522-1400.

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