

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
NORTHERN DIVISION
COVINGTON

Eastern District of Kentucky
FILED

SEP 11 2013

AT COVINGTON
ROBERT R. CARR
CLERK U.S. DISTRICT COURT

UNITED STATES OF AMERICA

v.

INDICTMENT NO. 2:13-cr-51-DLB-CJS
15 U.S.C. § 1

SHINGO OKUDA,

Defendant.

INDICTMENT

The Grand Jury Charges:

The Defendant and Co-conspirators

At all times relevant to this Indictment:

1. The defendant, SHINGO OKUDA, was a resident and native of Japan. OKUDA was employed by G.S. Electech, Inc. ("GSE") as Executive Director of Sales from at least as early as January 2003 until at least January 2009 and in its Engineering Department from January 2009 until at least February 2010.
2. GSE was a Japanese company with its principal place of business in Toyota City, Japan. GSE was engaged in the business of manufacturing and selling speed sensor wire assemblies to Toyota Motor Corporation and Toyota Motor Engineering & Manufacturing North America, Inc. (collectively, "Toyota") in the United States and elsewhere.
3. Various corporations and individuals, not made defendants in this Indictment, participated as co-conspirators in the offense charged in this Indictment and performed acts and made statements in furtherance of it.

4. Whenever in this Indictment reference is made to any act, deed, or transaction of any corporation, the allegation means that the corporation engaged in the act, deed, or transaction by or through its officers, directors, employees, agents, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

Background of the Offense

5. OKUDA and his co-conspirators supplied speed sensor wire assemblies, also known as Antilock Brake System skid sensor wires, to Toyota for installation in vehicles manufactured and/or sold in the United States and elsewhere.

6. GSE and its co-conspirators manufactured speed sensor wire assemblies (a) in the United States for installation in vehicles manufactured and sold in the United States, (b) in Japan for export to the United States and installation in vehicles manufactured and sold in the United States, and (c) in Japan for installation in vehicles manufactured in Japan for export to and sale in the United States.

7. Speed sensor wire assemblies are installed on automobiles with an Antilock Brake System (“ABS”). An ABS is a safety system installed on vehicles to maintain traction with the road surface while braking and to prevent the wheels of a vehicle from locking when the brakes are applied forcefully, thereby avoiding uncontrolled skidding. An ABS includes a central electronic control unit and separate speed sensors installed on each wheel, which are connected to the electronic control unit by a special skid sensor wire. The electronic control unit monitors the speed of each wheel to determine if any wheel is rotating significantly faster or slower than the rest.

8. When purchasing speed sensor wire assemblies, Toyota issues Requests for Quotation (“RFQs”) to automotive parts suppliers. Automotive parts suppliers submit

quotations, or bids, to Toyota in response to RFQs. Typically, the bidding process begins approximately three years prior to the start of production of the model that is the subject of the RFQ. Toyota procures parts for its U.S.-manufactured vehicles both in Japan and in the United States.

Conspiracy to Restrain Trade

9. From at least as early as January 2003, and continuing until at least February 2010, the exact dates being unknown to the Grand Jury, in Kenton County, in the Eastern District of Kentucky and elsewhere, OKUDA and his co-conspirators participated in a combination and conspiracy to suppress and eliminate competition in the automotive parts industry by agreeing to rig bids for, and to fix, stabilize, and maintain the prices of, speed sensor assemblies, also known as ABS skid sensor wires, sold to Toyota in the United States and elsewhere. The combination and conspiracy engaged in by OKUDA and his co-conspirators was in unreasonable restraint of interstate and foreign trade and commerce in violation of the Sherman Antitrust Act (15 U.S.C. § 1).

10. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among OKUDA and his co-conspirators, the substantial terms of which were to rig bids for, and to fix, stabilize, and maintain the prices of, speed sensor wire assemblies sold to Toyota in the United States and elsewhere.

Manner and Means of the Conspiracy

11. For purposes of forming and carrying out the charged combination and conspiracy, OKUDA and his co-conspirators did those things that they combined and conspired to do, including, among other things:

- a. participating in meetings, conversations, and communications to discuss the bids and price quotations to be submitted to Toyota in the United States and elsewhere;
- b. agreeing, during those meetings, conversations, and communications, on bids and price quotations to be submitted to Toyota in the United States and elsewhere;
- c. agreeing, during those meetings, conversations, and communications, to allocate the supply of speed sensor wire assemblies sold to Toyota in the United States and elsewhere;
- d. submitting bids and price quotations to Toyota in the United States and elsewhere in accordance with the agreements reached;
- e. selling speed sensor wire assemblies to Toyota in the United States and elsewhere at collusive and noncompetitive prices;
- f. accepting payment for speed sensor wire assemblies sold to Toyota in the United States and elsewhere at collusive and noncompetitive prices; and
- g. engaging in meetings, conversations, and communications in Japan for the purpose of monitoring and enforcing adherence to the agreed-upon bid-rigging and price-fixing scheme.

Trade and Commerce

12. During the period covered by this Indictment, GSE and its co-conspirators sold substantial quantities of speed sensor wire assemblies to Toyota located in various states in the United States shipped from outside the United States and from other states in a continuous and uninterrupted flow of interstate and foreign trade and commerce. In addition, substantial quantities of equipment and supplies necessary to the production and distribution of speed sensor

wire assemblies by GSE and its co-conspirators, as well as payments for speed sensor wire assemblies sold by GSE and its co-conspirators, traveled in interstate and foreign trade and commerce. The business activities of OKUDA and his co-conspirators in connection with the production and sale of speed sensor wire assemblies that were the subject of the charged conspiracy were within the flow of, and substantially affected, interstate and foreign trade and commerce.


Jurisdiction and Venue

13. The combination and conspiracy charged in this Count was carried out, at least in part, within the Eastern District of Kentucky within the five years preceding the return of this Indictment.

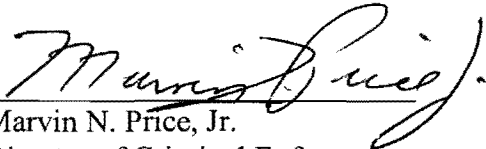
ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.

A TRUE BILL

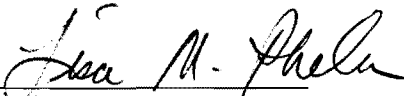
 Dated: September 11, 2013




Scott D. Hammond
Acting Assistant Attorney General
Antitrust Division
United States Department of Justice



Marvin N. Price, Jr.
Director of Criminal Enforcement
Antitrust Division
United States Department of Justice



Lisa M. Phelan
Chief, National Criminal Enforcement Section
Antitrust Division
United States Department of Justice



Kathryn Hellings
Shane Cralle
Carsten Reichel
United States Department of Justice
National Criminal Enforcement Section
Antitrust Division
450 5th St. NW, Suite 11300
Washington, DC 20530-0001
(202) 532-4398