

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)
) **Criminal No.: 95-00540**
 v.)
) **Filed: [9/27/95]**
 ACTION EMBROIDERY CORPORATION,)
) **15 U.S.C. § 1**
 Defendant.)
 Judge Newcomer

INFORMATION

The United States of America, acting through its attorneys, charges:

I

DEFENDANT AND CO-CONSPIRATORS

1. ACTION EMBROIDERY CORPORATION (ACTION) is hereby made a defendant on the charge stated below. ACTION is a corporation organized and existing under the laws of the State of California, with its principal place of business in Ontario, California. During the period covered by this information, ACTION manufactured embroidered insignia which it sold to the Army Air Force Exchange Service (AAFES) for resale to United States military personnel.

2. Various individuals and companies, not made defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

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

II

BACKGROUND

4. AAFES operates over 3,000 retail facilities and clothing stores on military installations worldwide at which embroidered military insignia are offered for sale to military personnel. Military insignia are accessories attached to a soldier's uniform to designate branch of service, unit, rank, and also identify the wearer's years of service, campaigns served, training completed and meritorious and heroic conduct performed. Embroidered insignia are manufactured and sold to AAFES by the defendant and co-conspirator companies.

5. AAFES procures embroidered insignia through competitively bid individual bulk contracts with awards made to the qualified bidder offering the lowest price. During the period covered by this information, ACTION and its co-conspirator companies supplied AAFES with embroidered insignia under competitively bid individual bulk contracts.

III

OFFENSE CHARGED

6. Beginning at least as early as January 1990 and continuing at least until December 1993, the exact dates being unknown to the United States, the defendant and co-conspirators entered into and participated in a combination and conspiracy to suppress and eliminate competition in unreasonable restraint of interstate and foreign trade and commerce.

7. The charged conspiracy consisted of a continuing agreement, understanding and concert of action among the defendant and co-conspirators, the substantial terms of which were to submit collusive, noncompetitive and rigged bids for certain bulk embroidered insignia contracts with AAFES.

8. For the purpose of forming and carrying out the charged conspiracy, the defendant and co-conspirators did those things which they combined and conspired to do, including, among other things:

- (a) discussing among themselves the submission of prospective bids on individual bulk embroidered insignia contracts;
- (b) agreeing among themselves which company would be the low bidder for the aforementioned contracts; and
- (c) submitting collusive, noncompetitive and rigged bids for the aforementioned contracts.

IV

TRADE AND COMMERCE

9. During the period covered by this information, a substantial quantity of the embroidered insignia items manufactured by the defendant and co-conspirators were shipped across state lines and overseas to military facilities throughout the United States and abroad.

10. During the period covered by this information, the activities of the defendant and co-conspirators, which are the subject of this information, were within the flow of, and substantially affected, interstate and foreign trade and commerce.

V.

JURISDICTION AND VENUE

11. The combination and conspiracy charged in this information was formed and carried out, in part, within the Eastern District of Pennsylvania, within the five years preceding the filing of this Information.

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

Dated:

"/s/"
JOEL I. KLEIN
Acting Assistant Attorney General

"/s/"
WILLARD S. SMITH

"/s/"
GARY R. SPRATLING
Deputy Assistant Attorney General

"/s/"
BRADFORD L. GEYER

"/s/"
ROBERT E. CONNOLLY

Attorneys, Antitrust Division
U.S. Department of Justice

Attorneys, Antitrust Division
U.S. Department of Justice
Middle Atlantic Office
The Curtis Center, Suite 650W
7th and Walnut Streets
Philadelphia, Pennsylvania 19106
Tel.: (215) 597-7401

"/s/"
MICHAEL R. STILES
United States Attorney
Eastern District of Pennsylvania