DEPARTMENT OF JUSTICE
Antitrust Division

JOEL I. KLEIN
Assistant Attorney General

Main Justice Building
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001
(202) 514-2401 / (202) 616-2645 (f)
antitrust@justice.usdoj.gov (internet)
http://www.usdoj.gov (World Wide Web)

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James J. Cusack, Esq.
One Mack Center
Suite 1200
501 E. Kennedy Boulevard
Tampa, Florida 33602

Dear Mr. Cusack:

This letter responds to your request on behalf of the Armored Transport Alliance ("ATA") for the issuance of a business review letter pursuant to the Department of Justice's business review procedure, 28 C.F.R. § 50.6. You have requested a statement of the Department's current antitrust enforcement intentions regarding the proposed establishment and operation of ATA as a joint selling and purchasing agent for providers of armored transport services. Based on the information and assurances that you have provided, the Department has no current intention to challenge the establishment and proposed activities of the ATA.

Financial institutions are the principal customers for armored transport services. In addition, non-financial commercial firms occasionally need such services. According to the Application, the wave of bank and other business mergers of the last decade has caused smaller armored transport providers to lose a number of their local or regional clients. As those customers become part of larger regional or national organizations, they, not infrequently, seek "one-stop" service and enter into contracts with large armored transport providers who are able to provide services more broadly throughout their expanded geographic market. You assert that Brinks and Loomis-Fargo are the only armored transport providers currently able to provide service in every regional market or on a national basis (each has around 1800 vehicles and around 140 secure terminals), and that those two firms had a collective national market share of 39.2%, based on 1996 revenue figures, and 50% of the northeastern U.S. market.

Because of the limited number of armored vehicles and secure facilities possessed by smaller armored transport providers, you suggest that they can serve only local or small regional markets, and for that reason, among others, are at an increasing competitive disadvantage with respect to Brinks and Loomis-Fargo in gaining larger customers. ATA would be designed to allow its smaller armored transport provider members to better serve those customers who need or desire armored transport services on a broader regional, if not national basis, and wish to procure such services from a single source. It would communicate to its members the potential for joint bidding on jobs beyond the capability of individual members and solicit member interest in such joint bids. Where there was member interest in joint bidding on such jobs, ATA would put together joint bids on the basis of one-on-one discussions with individual members as to what portion of a joint bid each would be willing to fulfill and the terms on which each would participate. When a joint bid was successful, ATA would manage the execution of the contract,

providing a single point of contact for the customer with respect to loss prevention, tracing, insurance and other issues. In addition, ATA would serve as a non-exclusive joint purchasing agent for items used by its members, e.g., trucks, tires, software and insurance, in an attempt to secure economies of scale for their benefit.

ATA would be organized as a corporation. The Board of Directors would consist of one representative of each member and such officers or employees of ATA as later would be determined. ATA would be managed on a day-to-day basis by officers or employees who would neither be employed by nor own stock in any member. In preparing joint bids, ATA would communicate with its members on an individual basis; the computer network to be utilized for such communications would allow for bilateral communications between ATA and each member, but not between members. No competitively sensitive information would be exchanged amongst members relative to any joint bid. Moreover, customers would not receive any breakdown of a joint bid that would disclose individual member bids. All members would remain free not to participate in a joint bid and even to bid against ATA for any job.

The five armored transport carriers who are supporting the formation of ATA at this time are located in Rochester, N.Y., Elizabeth, N.J., Nassau County, N.Y., Kings County, N.Y., and Queens County, N.Y. You indicate that these firms currently provide services principally within the locality where each is located, cumulatively currently account for less than twelve percent of armored transport services in the Northeast, and face numerous competitors in their local markets including Brinks and Loomis-Fargo. ATA hopes to enlist additional members from other parts of the country to give it broader geographic capabilities. All members of ATA would continue to pursue all of their selling and purchasing activities independently of each other except for the joint bids and purchases made through ATA, which would be subject to the restrictions and conditions discussed above.

Based on the information and assurances that you have provided, the Department has no current intention to institute an antitrust challenge against the establishment and proposed operation of ATA. The proposed joint venture would enable its small armored transport service provider members to, in effect, provide a new service -- to serve customers they currently can not service efficiently. To the extent this cooperation creates an additional option for customers who desire to secure armored transport services on a broad regional or national basis from a single source, ATA's marketing efforts could be pro-competitive. We would be concerned if ATA's operations led to a diminution of rivalry amongst its members for business they can serve on an individual basis. Nevertheless, if ATA does not allow itself or its members to exchange price, customer or other competitively sensitive information, neither its establishment nor its activities should raise risks to competition. The prophylactic measures that you assure us will be undertaken, if effective, should protect ATA and its members from engaging in any activities that would reduce price, output, or service rivalry amongst the members.

Finally, the proposed joint purchasing by ATA on behalf of its members should not have any adverse effects on competition. Its members would appear to purchase such a small share of commonly-used items such as trucks, tires, insurance, software, etc., as to make it unlikely that ATA would be able to exercise any undue market power vis-a-vis suppliers of such items. To the extent that the proposed joint purchasing by ATA resulted in economies of scale or scope that reduced the costs of its members, such efficiencies could have the pro-competitive effect of increasing output and reducing prices to customers.

This letter expresses the Department's current enforcement intentions, and is predicated on the accuracy of the information and assertions that you have presented to us. In accordance with its normal practice, the Department reserves the right to bring an enforcement action in the future if the actual activities of ATA or its members prove to be anticompetitive in any purpose or effect.

This statement is made in accordance with the Department's business review procedure, 28 C.F.R. § 50.6. Pursuant to its terms, your business review request and this letter will be made publicly available immediately, and any supporting data will be made publicly available within thirty days of the date of this letter, unless you request that any part of the material be withheld in accordance with Paragraph 10(c) of the business review procedure.

Sincerely,

/s/

Joel I. Klein
Assistant Attorney General

Enclosure