



# DEPARTMENT OF JUSTICE

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## Remarks before the National Asian American Coalition and National Diversity Coalition

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Thank you Faith for those kind words and for your outstanding leadership of the National Asian American Coalition. The NAAC and its partners in the National Diversity Coalition have become important voices and strong advocates for communities – in particular, minority and poor communities – that far too often go unheard in our society. Day in and day out, you provide hope and a helping hand to many hardworking Americans struggling to attain the American dream. In my three years in this job, one highlight is meeting regularly with your coalition. You are always informed and effective advocates on behalf of your communities.

But I appreciate that advocating on behalf of consumers when you visit D.C. is only a small part of what the NAAC and the National Diversity Coalition do. You provide training to the laid-off father searching for a job that will put food on the table and a roof over his family's head. You provide financial advice and resources to the mother hoping to start her own business. You help families purchase their first home or refinance their mortgage so they can hold onto the home they purchased with their life savings. You inspire countless young people to dream big and to strive for excellence by providing them with mentoring, after-school programs and scholarships. I spoke with some of these students this morning. I believe, as President Obama has noted, that “[t]here is no stronger

weapon against inequality and no better path to opportunity than an education that can unlock a child's God-given potential.”<sup>1</sup>

The mission of the Antitrust Division also involves ensuring economic opportunity for all consumers. Our antitrust laws seek to promote fairness in our marketplaces, safeguard the economic freedom of our citizens, and strengthen our economy through vigorous competition. Our first antitrust law – the Sherman Act – was passed 125 years ago. That law seeks to protect American consumers and businesses from the harm to competition that results when too much economic power is held by only a few corporations and individuals. The Sherman Act became a vital tool under President Theodore Roosevelt – a progressive reformer often referred to as the “trust buster” – as he spearheaded the movement to bring fairness to the marketplace and to ensure that consumers benefit from healthy competition for their hard earned dollars. Some years later, his distant cousin – President Franklin D. Roosevelt – established the Antitrust Division at the Justice Department to help continue the fight to protect hardworking Americans from the higher prices and reduced innovation that can result from the consolidation of economic power in a few hands.

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<sup>1</sup> Remarks by President Barack Obama to the NAACP Centennial Convention (July 16, 2009), *available at* [www.whitehouse.gov/the-press-office/remarks-president-naacp-centennial-convention-07162009](http://www.whitehouse.gov/the-press-office/remarks-president-naacp-centennial-convention-07162009).

Here are a couple of examples of the Antitrust Division's work. Earlier this year, I stood with Attorney General Loretta Lynch when she announced the criminal guilty pleas of five of the world's largest and most influential financial institutions – Citicorp, JPMorgan Chase, Barclays, UBS and The Royal Bank of Scotland – for manipulating the massive foreign currency exchange market. As part of their guilty pleas, these institutions were required to pay almost \$3 billion in criminal fines, including the largest antitrust fines ever obtained in the Justice Department's 145-year history.

A few years ago, we uncovered international conspiracies to fix the prices for all kinds of automobile parts, including seatbelts, airbags and antilock brake systems. This illegal conduct made it more costly for companies like General Motors, Ford and Toyota to manufacture cars. At the end of the day, we all know who paid the price for these cartels – the American consumer. As of today, we have charged 58 corporate executives and 37 companies and obtained more than \$2.6 billion in criminal fines. And we are not done yet.

Sometimes antitrust crimes are local. Here in Northern California, our San Francisco office has spent the last several years prosecuting individuals who rigged the bids on foreclosed homes being sold at public auctions. As you know, many Californians lost their homes during the Great Recession because they could not afford to pay their mortgages. Some real estate investors saw the misfortune of these homeowners as an opportunity to line their pockets by agreeing not to bid against each other when these

homes were auctioned. They took turns winning these auctions at suppressed prices and deprived the banks and homeowners of the benefits of a competitive auction. Thus far, we have charged more than 110 individuals who engaged in this type of bid rigging here in Northern California and other parts of the country. Our San Francisco office also successfully prosecuted a conspiracy to fix the prices of liquid display panels sold worldwide. LCDs are used in all kinds of electronic products, including flat screen televisions, computer monitors and tablets. This conspiracy made it more expensive for companies to manufacture electronics, which, in turn, caused millions of Americans to pay higher prices.

These cases showcase the Antitrust Division's strong record of criminal antitrust enforcement during the Obama Administration. Since President Obama took office, we have charged over 400 individuals and 140 corporations with criminal misconduct. We obtained over \$8.5 billion in criminal fines and penalties. These large criminal fines and penalties serve an important deterrent effect because they directly affect something that corporate executives and investors care deeply about: a company's bottom line. But another thing to note: the criminal fines obtained by the Antitrust Division provide funding for the Justice Department's Crime Victim's Fund, which helps victims of all types of crime obtain the medical, legal, and financial services that they need to move forward with

their lives. In California, this fund has helped victims of child abuse, domestic violence and sexual assault.

We challenge other misconduct that raises – or threatens to raise – the prices that you as a consumer pay. Here are some recent examples.

Think about e-books, a popular alternative to hard copies. Because they cost less to produce, they should be cheaper. And until early 2010 they were. Suddenly, prices shot up. Why? Because certain book publishers and Apple entered into an illegal agreement to raise prices. We sued Apple and the publishers to put an end to their unlawful coordination.

What happened to e-book prices when the publishers and Apple were forced to compete? Prices for e-books fell. In 2010, when the price fixing conspiracy was in place, you often had to pay \$12.99 or \$14.99 for a best-seller. After we obtained judgments against Apple and the publishers, prices for best-sellers fell significantly, with many available for \$9.99 or less. Thus, competition, once restored, worked to benefit you and other consumers.

But, what about those who were victims of higher prices during the e-books conspiracy? Based on the facts we developed, state attorneys general and private plaintiffs have thus far secured over \$160 million in refunds for the victims of this conspiracy.

These refunds were directly credited to the consumers' accounts with Amazon, Barnes & Noble and Apple.

At the Antitrust Division we also worry about mergers between competitors that put the American public at risk of higher prices and lower quality products. That was our concern a few years ago when AT&T wanted to buy its rival, T-Mobile. AT&T claimed that by eliminating T-Mobile as a competitor, you, as a consumer, would be better off. Our job at the Antitrust Division is to kick the tires on those claims and make sure they are accurate. Here, the facts we uncovered told us that the elimination of T-Mobile as a competitor risked having you pay higher prices and receiving worse contract terms for mobile service. We challenged the deal and AT&T ended up abandoning it.

And guess what happened next? Just like e-books, when the antitrust laws are enforced, competition flourishes. T-Mobile went back to competing to win your business. It spent billions of dollars improving the products it offers; it fought to woo customers by offering lower prices and better services; and it gave customers freedom of choice by offering to pay the early termination fees for those who switched to T-Mobile.

And T-Mobile's competitors were compelled to respond. Sprint began offering lower prices and better plans. AT&T targeted T-Mobile customers with a \$200 credit, plus money for smartphone trade-ins, if they switched to AT&T. T-Mobile responded by

offering plans that allow customers to upgrade their phones twice a year. AT&T, Verizon and Sprint all felt compelled to match these plans.

A couple of months ago, in one of his final speeches as the lawyer for the American people, former Attorney General Holder summed up the role and purpose of antitrust enforcement. He said: “In the appropriate enforcement of the antitrust laws we make real the promise of our democracy and our founding documents. Vigorous competition in all spheres is what makes this nation exceptional. It makes progress more likely and promotes the general welfare.”<sup>2</sup>

The hardworking men and women of the Antitrust Division remain true to this mission. We should be proud of them and grateful to them. They make the economy work for all of us.

Similarly, we are grateful for the work that the NAAC and the National Diversity Coalition do on a daily basis to help some of our most vulnerable citizens and communities. Together we can help to promote marketplaces where companies compete on price and quality for the hard earned dollars of American consumers.

Thank you for your time today and congratulations on organizing another great conference.

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<sup>2</sup> Attorney General Holder Delivers Remarks at 63rd Spring Meeting of the American Bar Association of Antitrust Law (Apr. 17, 2015), *available at* <http://www.justice.gov/opa/speech/attorney-general-holder-delivers-remarks-63rd-spring-meeting-american-bar-association>.