



Department of Justice

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OWNER OF SOUTHERN CALIFORNIA-BASED MESQUITE CHARCOAL DISTRIBUTOR PLEADS GUILTY TO CUSTOMER ALLOCATION AND BID- RIGGING CONSPIRACY

WASHINGTON – The owner of a southern California-based mesquite charcoal distributor pleaded guilty for his role in a customer allocation and bid-rigging conspiracy for the sale of mesquite charcoal, the Department of Justice announced today.

According to a one-count felony charge filed on May 7, 2012, in the U.S. District Court in San Francisco, William W. Lord, the owner of Carpinteria, Calif.-based Chef's Choice Mesquite Charcoal, participated in a conspiracy with competitors to refrain from competing for each other's customers and to submit noncompetitive bids for the sale of mesquite charcoal. According to the plea agreement, Lord has agreed to cooperate with the department's ongoing investigation.

"Today's charge demonstrates the Antitrust Division's commitment to prosecute bid-rigging conspiracies that involve products used in the everyday lives of consumers and businesses' daily operations," said Acting Assistant Attorney General Joseph Wayland in charge of the Department of Justice's Antitrust Division.

Chef's Choice distributes and sells mesquite charcoal throughout the United States. Mesquite charcoal, which is typically used by restaurants and individuals to grill meat, fish and poultry, is primarily produced in Mexico and then sold to distributors in the United States for eventual resale to restaurants and consumers.

According to court documents, the charged conspiracy began as early as January 2000 and lasted until about September 2010. Lord and his competitors, a Los Angeles-area mesquite charcoal distributor and a San Francisco-area mesquite charcoal distributor, entered into an agreement to refrain from competing for the sale of mesquite charcoal to each other's customers. The purpose of this agreement was to ensure that Lord and his competitors would not have to reduce mesquite charcoal prices in the face of competition in order to retain their customers. Lord and his competitors carried out the conspiracy in various ways, including: refraining from submitting bids for the sale of mesquite charcoal to each other's customers; submitting intentionally noncompetitive bids to each other's customers; and communicating with each other regarding what price to bid and then submitting agreed-upon, noncompetitive bids to each other's customers.

Lord is charged with violating the Sherman Act, which carries a maximum penalty of 10 years in prison and a \$1 million fine for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime if either of those amounts is greater than the statutory maximum fine.

Today's guilty plea arose from an ongoing federal investigation of the mesquite charcoal industry in the United States. The investigation is being conducted by the Department of Justice Antitrust Division's Chicago Field Office and the FBI's San Francisco Office. Anyone with information concerning customer allocation, bid rigging or price fixing related to the mesquite charcoal industry in the United States should contact the Antitrust Division's Chicago Field Office at 312-353-7530 or visit www.justice.gov/atr/contact/newcase.htm.

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