

Feds Nail Japanese Auto Suppliers for Price Fixing

By NEDRA PICKLER
Associated Press

WASHINGTON (AP) - Two Japanese auto suppliers have agreed to pay more than half a billion dollars in criminal fines for a price-fixing conspiracy in the sale of parts to U.S. automakers, the Justice Department announced last week.

Yazaki Corp. agreed to pay a \$470 million fine, the second-largest criminal fine obtained for an antitrust violation.

The second company, DENSO Corp., agreed to pay a \$78 million fine.

Four Yazaki executives, all Japanese citizens, will serve up to two years in U.S. prison as part of the deal to plead guilty to one felony count.

The pleas are part of an on-

going investigation that is the largest ever in the Justice Department antitrust division.

Sharis Pozen, the division's acting head, told reporters in a briefing that "pernicious cartel conduct" in the auto parts industry has harmed car buyers and auto manufacturing businesses nationwide. "The numbers that we are talking about here are astronomical," she said.

Court documents filed in federal court in Detroit say the Japanese companies and executives sold automotive electrical components to automakers in the United States and elsewhere at inflated prices.

The Justice Department says they met to monitor and enforce adherence to the bid-rigging and price-fixing scheme from at least January 2000

through February 2010.

"This criminal activity has a significant impact on the automotive manufacturers in the United States, Canada, Japan and Europe and had been occurring at least a decade," the FBI's Special Agent in Charge Andrew Arena said in a statement.

"The conduct had also affected commerce on a global scale in almost every market where automobiles are manufactured and/or sold."

The Justice Department would not comment on which automakers were affected by the conspiracy, how many models were affected and how much the price-fixing scheme inflated vehicle prices because the investigation continues.

But Pozen said there's no doubt consumers were hurt

financially.

Prosecutors say Yazaki's bid rigging included automotive wire harnesses used to direct and control a vehicle's electronic components, instrument panel clusters that drivers use on the dashboard to gauge vehicle performance, and fuel senders that measure the amount of gas in the tank.

DENSO's alleged price-fixing involved electronic control units that control electronic systems and heater control panels that control temperature inside the vehicle from the center console.

The two-year sentences against the executives would be the longest term of imprisonment ever imposed on a foreign national voluntarily submitting to U.S. jurisdiction for a Sherman Act antitrust violation, the Justice Depart-

ment said.

The executives are Tsuneaki Hanamura, a branch manager at Yazaki North America in Columbus, Ohio, and a Honda division sales manager in Japan; Ryoji Kawai, director of Toyota Sales of Yazaki North America in Lexington, Ky., and vice division head of Yazaki's Toyota Business Unit in Japan; Shigeru Ogawa, assistant section manager and later section manager in Yazaki's Honda Business Unit in Japan and branch manager in Yazaki's Honda Sales Unit and later director at Yazaki North America in Columbus; and Hisamitsu Takada, assistant manager in Yazaki's Toyota Business Unit, director of Yazaki North America in Lexington, and manager of a sales department of Yazaki's Toyota Business Unit in Japan.

Hanamura and Kawai have each agreed to serve two years, and Ogawa and Takada have each agreed to serve 15 months.

Each of the four has also agreed to pay a \$20,000 criminal fine.

In November, Furukawa Electric Co. Ltd. pleaded guilty and was sentenced to pay a \$200 million fine for its role in the wire harnesses price-fixing and bid-rigging conspiracy.

Three Furukawa executives also pleaded guilty and serve prison terms in the United States.

The largest fine in antitrust history was \$500 million in 1999 against Swiss drug company F. Hoffmann-La Roche Ltd. for leading a worldwide conspiracy to raise and fix prices for vitamins.

Ex-GM Engineer Tackles Book on Fundamentals of Body Design

by Jim Stickford
Special Writer

When talking about Donald E. Malen, you can literally say he wrote the book on automobile body structure design.

The Society of Automotive Engineers recently released his book, "Fundamentals of Automobile Body Structure Design," a title that even the author admits sounds like something written by an engineer.

Malen is currently adjunct associate research scientist at the University of Michigan - Ann Arbor. He's been a mem-

ber of SAE since his student days at what was then called the General Motors Institute in 1967.

"I was a student at the Institute from 1965 to 1970," Malen said.

"While I was there, I was also working for GM and eventually ended up at the Tech Center in Warren as a member of GM's Engineering Staff. I was there until I retired back in 2001.

"I had various jobs and titles. When I left, I was the director of innovation zone. That was a pretty cool job title."

Malen said he was contracted with U-M to create a graduate-level course to fill that need. He began as a co-teacher with a professor at the university.

"When I retired," he said, "I

took the job full-time."

His new situation gave him some time to think about auto engineering education and what he perceived as a deficiency in modern training.

As to why he wrote, "Fundamentals of Automobile Body Structure Design," Malen said he saw a real need for it.

"Let's face it," he said, "this book covers a very narrow subject. It won't sell a million copies, but there is no textbook on this topic."

"The only book I could find on the subject was written in 1965 - in Polish. There was a real need for a state-of-the-art book that defines modern auto body design. Today's auto world has been turned upside down in the last 10 years."

"A decade ago, a body would be all one kind of steel. We're now seeing new materials used in body design."

"Where it used to be steel, we now have different kinds of steel, carbon fiber, aluminum, magnesium. These materials are being used in conjunction with new types of power platforms such as hybrids and electrics, as well as new designs of internal combustion engines. These are all being driven by demands of better fuel economy and reduction in greenhouse gases."

Malen said that many people misunderstand what the "body" of a car is. The body of

the car, he said, is the skeleton, consisting of the A Pillar, the greenhouse beam and such pieces of the puzzle.

"All these elements are being redesigned and reconfigured for greater efficiencies," Malen said.

"In this market, speed of innovation is vital because competition between car companies is so fierce, which is another reason I wrote my book."

In addition to changes in body design being driven by greater efficiency demands over the past decade, technology used in the design of vehicles has changed as well.

When Malen started at the General Motors Institute, engineers used T-squares and compasses. Designs were laid out on actual thin paper and old school blueprints.

Now, everything is done on computers, and while that's great, some of the disciplines engineers used in the old days have been, if not lost, then certainly discarded.

By introducing these disciplines to newer engineers, who are used to using computers in their designs, Malen said he hopes to teach them how to be quicker and more cost-efficient.

Ironically, non-computer techniques will make Computer Aided Design (CAD) better. "Back in the old days, we

didn't have computers, but what we did have were single first order analysis models," Malen said.

"These models are basic physics models. That allowed engineers to draw models and use simple math formulas to come up with parameters to work within. So when a design is finally input into a computer, you avoid getting results that don't add up."

And that's important, Malen said, because if engineers spend a lot of time on a design and the computer tells them that the materials they're using won't hold up, that's a lot of time and money wasted, time car companies no longer have to waste.

"Cars are better than ever," Malen said. "They're better-built, better-designed and better-looking."

"Today's consumer expects vehicles to look good, be well-made and well-designed, and because of competition and demands for greater mileage and lower greenhouse gas emissions, a company can't coast on a design for four or five years."

In the 1980s, demands for efficiency trumped beauty, so we saw a lot of vehicles like the K Car, Malen said. Car companies had to increase mileage from an average of 12 mpg to 27.5. So engineering efforts went in to solving that problem, Malen said.

But what worked in the 1980s won't work now, Malen said. The car business is basically part of the fashion business. Engineers and designers have to work together closer than ever.

Being able to tell a designer that a change in design is doable or not doable in a day instead of two weeks by use of first-order-analysis models is incredibly useful.

"Speed of execution is the main thing these days," Malen said.

"I like to use a fishing analogy. The person who gets his



Donald E. Malen

fish to market first gets to sell it at a big profit as sushi. The person who's last sells his fish as cat food. So it's important to keep it fresh for both car companies and fishermen."

Malen worked on the book for about five years. He said getting feedback from his students was interesting and useful. It told him what people wanted to learn.

"We have students from across the country and around the world," Malen said. "They have different perspectives from different car companies such as Tata and Hyundai. That's been real interesting."

Malen said he's sold about 300 copies of his book so far. Some who have bought it are "cats who will buy it to have a complete library."

But the main goal is to make it a textbook. Which takes time. College professors have to get to know the book before making it a part of their curriculum.

"Fundamentals of Automobile Body Structure Design" costs \$79 and is available to the general public online at <http://books.sae.org/book-r-394>. Malen is actually the latest in a long line of GM engineers who have gone on to have meaningful academic careers following their mainstream auto work. The path between Warren and Ann Arbor is well established.

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