

**UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

\_\_\_\_\_  
PAESANO CONNECTING SYSTEMS, INC.,  
on behalf of itself and all others similarly situated,

Plaintiff,

v.

DELPHI AUTOMOTIVE SYSTEMS, LLC,  
DENSO CORPORATION, DENSO  
INTERNATIONAL AMERICA, INC., ASMO CO.,  
LTD., FUJIKURA LTD., FUJIKURA AMERICA,  
INC., FURUKAWA ELECTRIC CO., LTD.,  
AMERICAN FURUKAWA, INC., FURUKAWA  
LEAR CORPORATION, FURUKAWA WIRING  
SYSTEMS AMERICA, INC., f/k/a FURUKAWA  
LEAR CORPORATION, f/k/a LEAR  
FURUKAWA CORPORATION, LEAR  
CORPORATION, LEONI AG, LEONI KABEL  
GMBH, LEONI WIRE INC., SUMITOMO  
ELECTRIC INDUSTRIES, LTD., SUMITOMO  
ELECTRIC WINTEC AMERICA, INC., S-Y  
SYSTEMS TECHNOLOGIES, GMBH, S-Y  
SYSTEMS TECHNOLOGIES AMERICA, LLC,  
TOKAI RIKA CO., LTD., TRAM, INC., YAZAKI  
CORPORATION, YAZAKI NORTH AMERICA  
INC.,

Defendants.

Case No.

**CLASS ACTION COMPLAINT  
AND DEMAND FOR JURY TRIAL**

**SUMMARY OF THE CASE**

1. Plaintiff PAESANO CONNECTING SYSTEMS, INC., individually and on behalf of the Plaintiff Class described below, brings this civil action against Defendants for damages and injunctive relief under the antitrust laws of the United States. Defendants are

manufacturers of automotive wire harnesses and other related products (“Wire Harness Products”) for installation in vehicles manufactured and sold in the United States.

2. In violation of Section 1 of the Sherman Act, Plaintiff alleges that Defendants conspired to rig bids for, to fix, maintain, and/or stabilize the prices of Wire Harness Products, as defined below, sold in the United States from at least as early as January 1, 2000 until at least January 1, 2010 (the “Class Period”). Plaintiff further alleges that Defendants fraudulently concealed their bid-rigging and price-fixing conspiracy from Plaintiff and members of the Class.

3. As a result of Defendants’ unlawful conduct, Plaintiff and members of the proposed Class paid higher prices for Wire Harness Products than they would have paid in a competitive market.

4. Plaintiffs bring this lawsuit as a class action on behalf of direct purchasers who, during the Class Period, purchased Wire Harness Products in the United States from one or more Defendants or their co-conspirators. This action is brought under Section 1 of the Sherman Act to enjoin Defendants’ anticompetitive conduct and recover damages suffered by the Class.

#### **JURISDICTION AND VENUE**

5. Plaintiff brings this action to obtain injunctive relief and to recover damages, including treble damages, costs of suit and reasonable attorneys’ fees, premised on Defendants’ violation of the Sherman Act, 15 U.S.C. § 1.

6. The Court has jurisdiction over the subject matter of this action pursuant to Sections 4(a) and 16 of the Clayton Act, 15 U.S.C. § 15 and 26, and 28 U.S.C. § 1331 and 1337. Venue is proper in this district pursuant to Section 12 of the Clayton Act, 15 U.S.C. § 22, and 28 U.S.C. § 1391(b), (c) and (d) because a substantial part of the events giving rise to Plaintiff’s claims occurred in this District, a substantial portion of the affected interstate trade and

commerce discussed below has been carried out in this District, and one or more of the Defendants reside in this District.

7. By virtue of their nationwide contacts and activities, Defendants are subject to the jurisdiction of this Court. Alternatively, there is jurisdiction over foreign Defendants pursuant to Federal Rule of Civil Procedure 4(k)(2).

### **DEFINITIONS**

8. The relevant time period is from at least January 1, 2000 until at least January 1, 2010. (“Class Period”).

9. The term “Wire Harness Products,” as used in this complaint, refers to automotive wire harnesses, wire harness kits, and related products including, but not limited to, automotive electrical wiring, lead wire assemblies, cable bond, automotive wiring connectors, automotive wiring terminals, electronic control units, fuse boxes, relay boxes, junction blocks, and power distributors.

10. “Defendant” or “Defendants” as used herein, includes, in addition to those named specifically above, all of the named Defendants’ predecessors, including Wire Harness Products manufacturers merged with or acquired by the named Defendants and each named Defendants’ wholly-owned or controlled subsidiaries or affiliates that sold Wire Harness Products in interstate commerce directly to purchasers in the United States during the Class Period.

11. References made herein to any corporation include any predecessors, successors, parents, subsidiaries, affiliates and divisions of that corporation.

## **TRADE AND COMMERCE**

12. During the Class Period, each Defendant sold Wire Harness Products in the United States, in a continuous and uninterrupted flow of interstate commerce.

13. During the Class Period, Defendants collectively controlled a majority of the market for Wire Harness Products, both globally and in the United States.

14. The business activities of the Defendants substantially affected interstate trade and commerce in the United States.

## **PARTIES**

### **Plaintiff**

15. Plaintiff PAESANO CONNECTING SYSTEMS, INC. is a Pennsylvania corporation with its principal place of business located in Ridgway, Pennsylvania. Plaintiff purchased Wire Harness Products directly from one or more Defendants and/or their co-conspirators during the Class Period and suffered injury as a result of Defendants' unlawful conduct.

### **Defendants**

16. Defendant DELPHI AUTOMOTIVE SYSTEMS, LLC ("Delphi") is a Delaware company with its principal place of business at 5725 Delphi Drive, Troy, Michigan 48098. During the Class Period, Delphi manufactured, distributed and sold Wire Harness Products in the United States.

17. Defendant DENSO CORPORATION is a Japanese company with its principal place of business at 1-1, Showa-cho, Kariya, Aichi 448-8661, Japan. During the Class Period, Denso Corporation manufactured, distributed and sold Wire Harness Products in the United States.

18. Defendant DENSO INTERNATIONAL AMERICA, INC. (“Denso America”) is a Delaware company with a principal place of business at 24777 Denso Dr., Southfield, Michigan 48033. Denso America is a wholly-owned and controlled subsidiary of Denso Corporation. During the Class Period, Denso America manufactured, distributed and sold Wire Harness Products in the United States.

19. Defendant ASMO CO., LTD. (“Asmo”) is a Japanese company with its principal place of business at 390, Umeda, Kosai City, Shizuoka Pref., 431-0493 Japan. Asmo is a wholly-owned and controlled subsidiary of Defendant Denso Corporation. During the Class Period, Asmo manufactured, distributed and sold Wire Harness Products in the United States.

20. Defendants DENSO CORPORATION, DENSO INTERNATIONAL AMERICA, INC., and ASMO CO., LTD. are referred to collectively herein as “Denso.”

21. Defendant FUJIKURA LTD. is a Japanese company with its principal place of business at 1-5-1, Kiba, Koto-ku, Tokyo 135-8512, Japan. During the Class Period, Fujikura Ltd. manufactured, distributed and sold Wire Harness Products in the United States.

22. Defendant FUJIKURA AMERICA, INC. (“Fujikura America”) is an American company with locations at 3150-A Coronado Drive, Santa Clara, California 05054, and 39303 Country Club Drive, Farmington Hills, Michigan 48331. Fujikura America is a wholly-owned and controlled subsidiary of Defendant Fujikura Ltd. During the Class Period, Fujikura America manufactured, distributed and sold Wire Harness Products in the United States.

23. Defendants FUJIKURA LTD., and FUJIKURA AMERICA, INC. are referred to collectively herein as “Fujikura.”

24. Defendant FURUKAWA ELECTRIC CO., LTD. (“Furukawa Electric”) is a Japanese company with its principal place of business at Marunouchi Nakadori Building, 2-3,

Marunouchi 2-chome, Chiyodaku, Tokyo, 100-8322, Japan. During the Class Period, Furukawa Electric Co., Ltd. manufactured, distributed and sold Wire Harness Products in the United States.

25. Defendant AMERICAN FURUKAWA, INC. (“Furukawa America”) is a Delaware company with its principal place of business at 47677 Galleon Drive, Plymouth, Michigan 48170. Furukawa America is a wholly-owned and controlled subsidiary of Defendant Furukawa Electric Co., Ltd. During the Class Period, Furukawa America manufactured, distributed and sold Wire Harness Products in the United States.

26. Defendant FURUKAWA LEAR CORPORATION is a Delaware company with its principal place of business at 950 Loma Verde Drive, El Paso, Texas 79936. During the Class Period, Furukawa Lear Corporation manufactured, distributed and sold Wire Harness Products in the United States.

27. Defendant FURUKAWA WIRING SYSTEMS AMERICA, INC. (“Furukawa Wiring”) f/k/a FURUKAWA LEAR CORPORATION and f/k/a LEAR FURUKAWA CORPORATION is a Delaware company with its principal place of business at 950 Loma Verde Drive, El Paso, Texas 79936. Defendant Furukawa Wiring is 60% owned by Furukawa Electric and 40% owned by American Furukawa. During the Class Period, Furukawa Wiring operated as joint venture between Lear Corporation and Furukawa Electric in which it manufactured, distributed and sold Wire Harness Products in the United States. In June 2010, Furukawa Electric purchased all of Lear’s remaining share ownership.

28. Defendants FURUKAWA ELECTRIC CO., LTD., AMERICAN FURUKAWA INC., FURUKAWA LEAR CORPORATION, and FURUKAWA WIRING SYSTEMS AMERICA, INC. f/k/a FURUKAWA LEAR CORPORATION and f/k/a LEAR FURUKAWA CORPORATION are referred to collectively herein as “Furukawa.”

29. Defendant LEAR CORPORATION is a Delaware company with its principal place of business at 21557 Telegraph Road, Southfield, Michigan 48033. During the Class Period, Lear Corporation manufactured, distributed and sold Wire Harness Products in the United States.

30. In July 2009, Lear filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Southern District of New York. After its emergence from Chapter 11 bankruptcy proceedings in November 2009, Lear continued to sell Wire Harness Products in the United States in furtherance of the alleged price fixing and bid rigging conspiracy, including, *inter alia*, through its joint venture with Furukawa, which has pleaded guilty to participating in that very same conspiracy. Moreover, in 2010 Lear's Electrical Power Management Systems ("EPMS") segment had over \$2.5 billion in total sales, including significant sales of Wire Harness Products in the United States. In its 2010 Annual Report, Lear stated that the EPMS "business segment represents a significant sales growth and margin improvement opportunity for Lear."

31. Defendant LEONI AG is a German company with its principal place of business at Marienstrasse 7, 90402 Nuremberg, Germany. During the Class Period, Leoni AG manufactured, distributed and sold Wire Harness Products in the United States.

32. Defendant LEONI KABEL GMBH is a German company with its principal place of business at Stieberstrabe 5, 91154 Roth, Germany. During the Class Period, Leoni Kabel GmbH manufactured, distributed and sold Wire Harness Products in the United States.

33. Defendant LEONI WIRE INC. ("Leoni America") is an American company with its principal place of business at 301 Griffith Road, Chicopee, Massachusetts 01022. Leoni America is a wholly-owned and controlled subsidiary of Defendant Leoni AG. During the Class

Period, Leoni America manufactured, distributed and sold Wire Harness Products in the United States.

34. Defendants LEONI AG, LEONI KABEL GMBH, and LEONI WIRE INC. are referred to collectively herein as “Leoni.”

35. Defendant SUMITOMO ELECTRIC INDUSTRIES, LTD. is a Japanese company with a principal place of business at 5-33, Kitahama 4-chome, Chuo-ku, Osaka, Japan. During the Class Period, Sumitomo Electric Industries, Ltd. manufactured, distributed and sold Wire Harness Products in the United States.

36. Defendant SUMITOMO ELECTRIC WINTEC AMERICA, INC. (“Sumitomo America”) is an American company with its principal place of business at 909 Industrial Drive, Edmonton, Kentucky 42129. Sumitomo America is a wholly-owned and controlled subsidiary of Defendant Sumitomo Electric Industries, Ltd. During the Class Period, Sumitomo America manufactured, distributed and sold Wire Harness Products in the United States.

37. Defendants SUMITOMO ELECTRIC INDUSTRIES, LTD. and SUMITOMO ELECTRIC WINTEC AMERICA, INC. are referred to collectively herein as “Sumitomo.”

38. Defendant S-Y SYSTEMS TECHNOLOGIES, GMBH (“S-Y Systems Germany”) is a German company with its principal place of business at Im Gewerbepark B32, D-93059 Regensburg, Germany. During the Class Period, S-Y Systems Germany manufactured, distributed and sold Wire Harness Products in the United States.

39. Defendant S-Y SYSTEMS TECHNOLOGIES AMERICA, LLC (“S-Y Systems America”) is a Delaware company with its principal place of business at 17000 Executive Plaza Drive, Dearborn, Michigan, 48126. During the Class Period, S-Y Systems America manufactured, distributed and sold Wire Harness Products in the United States.

40. Defendants S-Y SYSTEMS TECHNOLOGIES, GMBH and S-Y SYSTEMS TECHNOLOGIES AMERICA, LLC are referred to collectively herein as “S-Y Systems.”

41. Defendant TOKAI RIKA CO., LTD. is a Japanese company with its principal place of business at 3-260 Toyota, Oguchi-cho, Niwa-gun, Aichi 480-0195, Japan. During the Class Period, the Tokai Rika Co., Ltd. manufactured, distributed and sold Wire Harness Products in the United States.

42. Defendant TRAM, INC. is a Michigan company with its principal place of business at 47200 Port Street, Plymouth, Michigan 48170. TRAM is a wholly-owned and controlled subsidiary of Defendant Tokai Rika Co., Ltd. During the Class Period, TRAM, Inc. manufactured, distributed and sold Wire Harness Products in the United States.

43. Defendants TOKAI RIKA CO., LTD. and TRAM, INC. are collectively referred to herein as “Tokai Rika.”

44. Defendant YAZAKI CORPORATION is a Japanese company with its principal place of business at Mita-Kokusai Bldg., 17th Floor, 4-28 Mita 1-chome, Minato-ku, Tokyo, 108-8333 Japan. During the Class Period, the Yazaki Corporation manufactured, distributed and sold Wire Harness Products in the United States.

45. Defendant YAZAKI NORTH AMERICA INC. (“Yazaki North America”) is an Illinois company with its principal place of business at 6801 Haggerty Road, Canton, Michigan 48187. Yazaki North America is a wholly-owned and controlled subsidiary of Defendant Yazaki Corporation. During the Class Period, Yazaki North America manufactured, distributed and sold Wire Harness Products in the United States.

46. Defendants YAZAKI CORPORATION and YAZAKI NORTH AMERICA INC. are referred to collectively herein as “Yazaki.”

47. To the extent that subsidiaries, divisions and other affiliates within Defendants' corporate families sold or distributed Wire Harness Products to direct purchasers, these related entities played a material role in the conspiracy alleged in this complaint because Defendants wished to ensure that the prices paid for such Wire Harness Products would not undercut the artificially raised and inflated pricing that was the aim and intended result of Defendants' coordinated and collusive behavior as alleged herein. Thus, all such entities within the corporate family were active, knowing participants in the conspiracy alleged herein, and their conduct in selling, pricing, distributing and collecting monies from Plaintiffs and the members of the Plaintiff Class for Wire Harness Products was known to and approved by their respective corporate parent named as a Defendant in this complaint.

#### **CO-CONSPIRATORS**

48. Various persons and/or firms not named as Defendants herein may have participated as co-conspirators in the violations alleged herein and may have performed acts and made statements in furtherance thereof. The Defendants are jointly and severally liable for the acts of their co-conspirators whether named or not named as Defendants in this complaint.

49. Each Defendant acted as the agent or joint venturer of or for other Defendants with respect to the acts, violations and common course of conduct alleged by Plaintiff.

**CLASS ACTION ALLEGATIONS**

50. Plaintiff brings this action both on behalf of itself and all others similarly situated (the “Class”) pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(2) and (b)(3). The Class is defined as follows:

All individuals and entities that purchased Wire Harness Products in the United States directly from one or more Defendants (or their controlled subsidiaries, affiliates, or joint ventures) from at least as early as January 1, 2000 until at least January 1, 2010. Excluded from the Class are Defendants, their parent companies, subsidiaries and affiliates, any co-conspirators, and all governmental entities.

51. Plaintiff does not know the exact number of Class members, such information being in the exclusive control of Defendants. Due to the nature of the trade and commerce involved, however, Plaintiff believes that the Class is so numerous and geographically dispersed throughout the United States that joinder of all Class members is impracticable.

52. There are questions of law or fact common to the class, including but not limited to the following:

- a. Whether Defendants engaged in a contract, combination, or conspiracy to rig bids for, or to fix, raise, maintain, and/or stabilize prices of Wire Harness Products sold in the United States;
- b. Whether Defendants agreed to allocate the supply of Wire Harness Products sold to direct purchasers in the United States on a model-by-model basis;
- c. Whether Defendants’ conduct caused the prices of Wire Harness Products sold in the United States to be sold at artificially high levels;

- d. Whether Plaintiff and other members of the Class were injured by Defendants' conduct, and, if so, the appropriate class-wide measure of damages for Class members; and
- e. Whether Plaintiff and other members of the Class are entitled to injunctive relief and, if so, the nature and extent of such relief.

53. These and other questions of law and fact are common to the Class and predominate over any questions affecting only individual Class members.

54. Plaintiff's claims are typical of the claims of the Class because Plaintiff directly purchased Wire Harness Products from one or more of the Defendants, all Class members were damaged by the same conspiracy alleged herein, and the relief sought by Plaintiff is common to the Class.

55. Plaintiff will fairly and adequately represent the interests of the Class in that Plaintiff is a direct purchaser of Wire Harness Products and has no conflict with any other members of the Class. Furthermore, Plaintiff has retained competent counsel experienced in antitrust, class action, and other complex litigation.

56. Defendants have acted on grounds generally applicable to the Class, thereby making final injunctive relief appropriate with respect to the Class as a whole.

57. A class action is superior to the alternatives, if any, for the fair and efficient adjudication of this controversy. Prosecution of this matter as a class action will eliminate the possibility of repetitive litigation and there are no inherent barriers to managing the case as a class action.

58. The prosecution of separate actions by individual Class members would create the risk of inconsistent or varying outcomes.

59. The Class is also readily definable and is one for which records likely exist in the files of Defendants and their co-conspirators.

### **INDUSTRY BACKGROUND**

60. Wire harnesses are systems of electrical and electronic cables, wires and connectors used to transmit informational signals or operating currents to electronic control units, wiring, circuit boards, and other components in automobiles.

61. Wire harness assemblies consist of raw, coiled wire, which is cut to length and terminated. Individual circuits are assembled together on a jig or table, inserted into connectors and wrapped or taped to form wire harness assemblies.

62. Wire harnesses have color coded wires that are designed to support specific electrical and electronic automotive features. Most, if not all, electrical and electronic devices in a vehicle rely on a wire harness to provide electric current and data transmission for operation.

63. Automobiles contain masses of wires that can amount to several kilometers in length. An automobile's wiring system is organized into multiple wire harnesses. Wire harnesses provide organized connection points for multiple wiring configurations. The harness feature binds wires and cables into a bundle, which provides protection against deterioration or damage from vibration, abrasions, and moisture.

64. Wire Harness Products are installed by automobile manufacturers in new vehicles as part of the automotive manufacturing process. Also, Wire Harness Products are installed in vehicles to replace worn out, defective or damaged parts.

65. Wire Harness Products include wire harnesses and other related products. "Related products" are defined as: automotive electrical wiring, lead wire assemblies, cable

bond, automotive wiring connectors, automotive wiring terminals, electronic control units, fuse boxes, relay boxes, junction blocks, and power distributors.

66. Automotive electrical wiring is the wiring that runs throughout the entire automotive vehicle.

67. Lead wire assemblies connect a wire carrying electrical current from the power source to an electrode holder or a group clamp.

68. Cable bonds are the electrical connection between the armor or sheath of one cable and that of an adjacent cable or across a wire in the armor.

69. Automotive wiring connectors connect various types of wires in an automobile. Wire connectors that carry reduced amps tend to be small, while those connectors that are handling heavy loads tend to be much larger. Automotive wiring connectors can snap, slide, or clip together.

70. Automotive wiring terminals are the ends of a wire that provide a point of connection to external circuits.

71. Electrical control units are embedded modules or systems that control one or more of the electrical systems or subsystems in a motor vehicle. Motor vehicles are equipped with a large number of electronic control units which operate various automotive functions and exchange large volumes of data with one another. Examples of electronic control units include: Airbag Control Unit; Body Control Module (controls door locks, electric windows, courtesy lights, etc.); Convenience Control Unit; Door Control Unit; Engine Control Unit; Electric Power Steering Control Unit; Powertrain Control Module; Seat Control Unit; Speed Control Unit; Transmission Control Unit; and Brake Control Module.

72. Fuse boxes are modules that hold the fuses for the various electrical circuits, all of which are routed through the fuse box. The primary purpose of an electrical fuse is to help protect components on a circuit from damage in the event of a short circuit or a current spike or overload. Vehicles have several fuses that are necessary to safe guard electrical circuits.

73. Relay boxes are modules which hold the electrical switches that transit impulses from one component to another, and can be used to connect or break the flow of the current in a circuit. Once a relay is activated it connects an electrical or other data supply to a particular component or accessory.

74. Junction blocks are used as electrical connection points for the distribution power or distribution of a ground.

75. Power distributors serve to distribute power at varying levels to various electrical components.

76. Wire Harness Products are manufactured according to a product's geometric and electronic specifications (e.g., power windows and locks, radios, automotive computer accessories), and the Wire Harness Products manufactured, distributed and sold for a particular make and model of a vehicle or other product by Defendants during the Class Period are not qualitatively distinguishable in any material way.

### **Requests For Quotation**

77. Major vehicle Original Equipment Manufacturers ("OEMs") require multiple sources for automotive parts. As part of their supply chain and procurement process, major OEMs issue Requests for Quotation ("RFQs") to automotive parts suppliers on a model-by-model basis for model specific Wire Harness Products.

78. RFQs are a standard business practice that allows automotive parts suppliers to submit price quotations or bids on specific products or services.

79. Foreign automobile manufacturers participate in RFQs to procure parts for U.S.-manufactured vehicles both abroad and in the United States.

80. Generally, automobile manufacturers issue Wire Harness Products RFQs to begin the bidding process for a particular model approximately three years prior to production.

81. Automobile manufacturers' RFQs typically include specifications and other relevant information for each automotive product. In response to RFQs, automotive parts suppliers submit price quotations, or bids, to automobile manufacturers to be considered for an award.

82. After receiving RFQs from each respective bidder, automotive manufacturers then award the business to the selected automotive parts suppliers for its annual requirements or the lifespan of the vehicle model.

### **The Wire Harness Products Industry**

83. Because the major automobile manufacturers purchase the largest number of Wire Harness Products, it was important to the success of the cartel alleged herein that its members control and manipulate the major OEM sub-market in order to control all other markets for Wire Harness Products including the markets for non-major OEMS, vehicle customizers, specialty vehicle and equipment makers, and the aftermarket.

84. The Wire Harness Products industry is heavily concentrated. Industry consolidation has cut the number of U.S. automotive suppliers by roughly one-half since 2000 and about five-sixths since 1990. During the relevant period, Defendants and their co-

conspirators are believed to have had a market share in excess of 85% of the global wire harness market.

85. The top four automotive Wire Harness Products manufacturers control 75% of the global market and the top six, all of which are Defendants, control over 85% of the global market. See Figure 1.

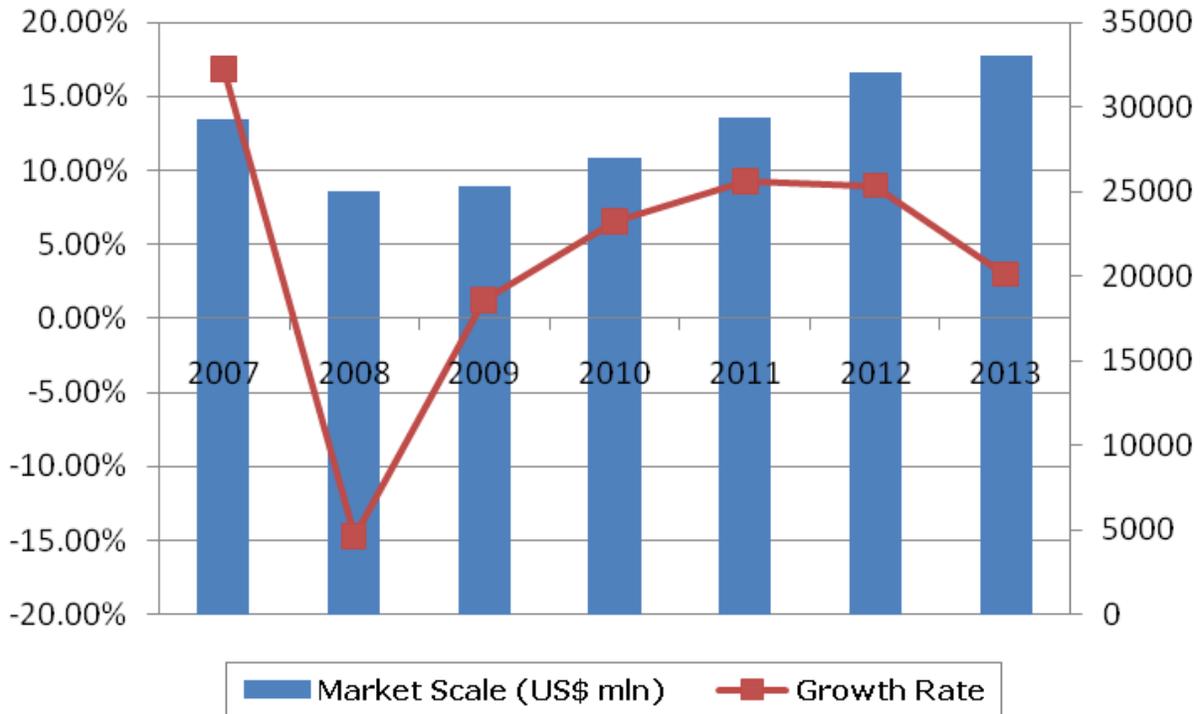
**Market Shares of World's Major Manufacturers of Automotive Wiring Harness, 2009**

Yazaki	29.81%
Sumitomo	24.38%
Delphi	16.71%
Leoni	6.05%
Lear	4.70%
Furukawa	3.61%
Fujikura	2.69%
Yura	1.60%
Coroplast	1.58%
THB Group	0.54%
Kyungshin	0.39%
Other	7.95%

Figure 1.

86. According to *Research in China*, an international market research and market data firm, the global automotive wiring harness market reached U.S. \$25.3 billion in 2009, and grew by 6.6% to \$26.9 billion in 2010. By 2013, the global automotive wiring harness market is projected to increase to almost U.S. \$33 billion. See Figure 2.

**Global Automotive Wiring Harness Market Scale, 2007-2013**



	2007	2008	2009	2010	2011	2012	2013
Market Scale (US\$ million)	29,302	24,980	25,317	26,982	29,380	30,010	32,980
Growth Rate	16.9%	-14.7%	1.3%	6.6%	9.3%	9.0%	3%

Figure 2.

87. There are high barriers to entry in the Wire Harness Products market due to high capital investment in plant and machinery and technical expertise. It is critically important for parts suppliers to maintain minimum viable scale in order to efficiently produce parts within the price and quantity parameters established by the major OEMs. As such, loss of a supplier of choice position could have severe consequences to the business models of defendants and their co-conspirators.

88. Wire Harness Products do not have close substitutes in the market. The closest substitutes are simply the same parts made by another manufacturer. However, major OEMS cannot change suppliers quickly due to supply chain and design issues. According to Lear Corporation's 2010 10-K, suppliers receive blanket purchase orders from customers containing a customer's annual requirements for a particular vehicle model or for the life of a particular vehicle model. Thus in the absence of competition among suppliers, purchasers do not have the ability to substitute other products.

89. In a competitive market, economies of scale and decreasing costs would lead to lower prices because manufacturers typically will reduce pricing rather than lose market share. In a market subject to a conspiracy to fix prices, however, competitors do not have the same incentive to lower prices despite steady or decreasing input costs because based on a conspiratorial agreement, there is a smaller risk of losing sales to lower-priced competitors.

90. During the Class Period, the prices of Wire Harness Products increased, while the primary manufacturing input costs remained steady. In fact, Defendants Yazaki, Sumitomo, Leoni, Furukawa, and Fujikura have extensive experience in cable production and are able to control associated cable input costs.

91. Furthermore, according to *Research in China*, Defendants Sumitomo and Furukawa each own and operate their own copper ores, which offer the ability to effectively control the costs of copper. Copper is one of the major input components in the manufacture of Wire Harness Products.

92. Moreover, during the Class Period, pricing for Wire Harness Products did not follow market demand. Figure 3 below presents a comparison between demand and the most appropriate producer price index ("PPI") for the U.S. wire harness industry. The PPI measures

the average change over time in the selling prices received by domestic products for their output. Although many of the Defendants are foreign-based, they also have U.S. production operations and would therefore be included in the PPI.

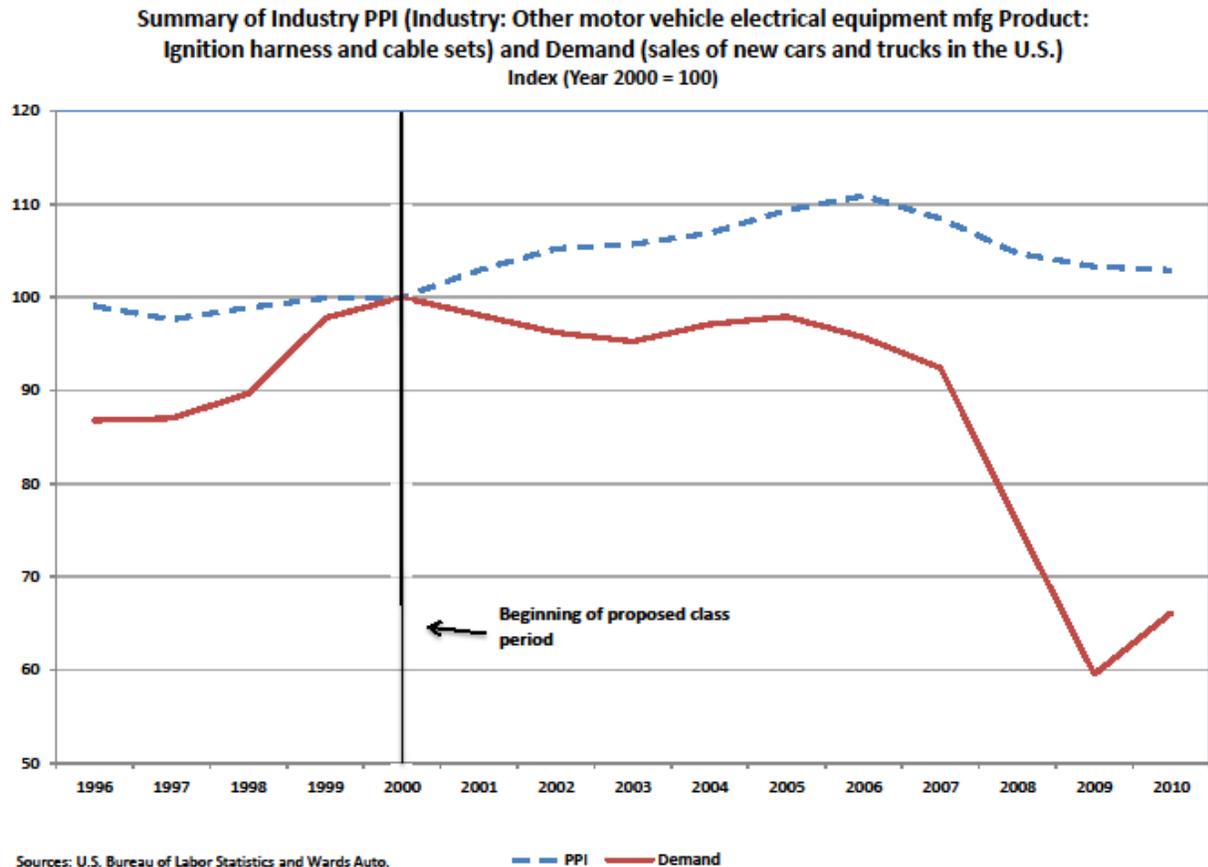


Figure 3.

93. Figure 3 above provides a 1996-2010 illustration of wire harness industry pricing and demand. In order to compare wire harness prices and demand on the same scale to observe their relative behavior, both series were indexed to 100 for the year 2000.

94. Most notably, Figure 3 shows that in 2008, the demand index decreased at a much steeper rate than the PPI. This suggests that although consumer demand for wire harnesses declined sharply in 2008 due to the U.S. economic crisis, the prices of automotive wire harnesses only faced a modest decline.

### **Opportunities To Conspire**

95. Defendants and their co-conspirators attended industry events that provided the opportunity to meet, disguise their improper discussions, and perform acts in furtherance of the conspiracy. For example, Defendants and their co-conspirators have regularly attended the annual North American International Auto Show (“NAIAS”) in Detroit, Michigan and the Automotive Aftermarket Products Expo in Las Vegas, Nevada. Indeed, according to the NAIAS website, Defendant Denso is a premier sponsor of the 2012 event scheduled for January 9 to January 22.

### **Acts In Furtherance Of The Conspiracy**

96. During the Class Period, Defendants and their co-conspirators formed an international cartel to suppress and eliminate competition for Wire Harness Products by agreeing to rig bids for, and to fix, stabilize, and/or maintain the prices of Wire Harness Products.

97. Defendants and their co-conspirators participated in meetings, conversations, and communications in the United States and abroad to discuss bids and price quotations of Wire Harness Products to be submitted to automobile manufacturers in the United States.

98. Defendants and their co-conspirators agreed during those meetings, conversations, and communications to allocate the supply of Wire Harness Products sold to automobile manufacturers in the United States on a model-by-model basis.

99. Defendants and their co-conspirators agreed during those meetings, conversations, and communications to coordinate price adjustments requested by automobile manufacturers in the United States.

100. Defendants and their co-conspirators submitted bids, price quotations, and price adjustments to automobile manufacturers in the United States in accordance with their conspiratorial agreements.

101. Defendants knew and intended that their pricing actions regarding their sales of Wire Harness Products to automobile manufacturers would have a direct and correlated impact on prices for Wire Harness Products for all buyers or purchasers of Wire Harness Products throughout the United States.

102. Defendants and their co-conspirators held meetings and conversations in the United States to monitor and police the agreed-upon bid-rigging and price-fixing conspiracy.

103. Defendants and their co-conspirators undertook measures to maintain the secretive nature of their unlawful conduct, including but not limited to, using code names and meeting at private residences or remote locations.

### **Government Investigations**

104. Various U.S. and international governmental authorities, including the U.S. Department of Justice (“DOJ”) via its Antitrust Division, are currently investigating anticompetitive conduct in connection with the Wire Harness Products industry.

105. The international antitrust investigation began in Europe when one vehicle manufacturer failed to attract competitive bids for Wire Harness Products. The car manufacturer then joined with other carmakers and took their complaint to the European Commission (“EC”).

106. On February 23, 2010, the Federal Bureau of Investigation’s (“FBI”) Detroit division and the DOJ raided the U.S. offices of three Japanese auto parts manufacturers: Defendants Denso America, Yazaki North America, and TRAM, Inc. DOJ spokeswoman Gina Talamona said that “[t]he antitrust division is investigating the possibility of anticompetitive

cartel conduct. . . . We are coordinating with the European Commission and other foreign competition authorities.”

107. On February 24, 2010, officials from the Competition Directorate of the EC raided the offices of Wire Harness Products manufacturers and a February 25, 2010 EC press release disclosed that the “Commission confirms investigation into suspected cartel in the sector of automotive electrical and electronic components suppliers. . . . The Commission has reason to believe that the companies concerned may have violated EU antitrust rules that prohibit cartels and restrictive business practices.” Reports indicated that the EU’s investigation included auto parts suppliers Leoni AG, Lear Automotive France, and S-Y Systems Germany.

108. Also on February 24, 2010, it was reported that the Japanese Fair Trade Commission (“JFTC”) raided three Japanese wire harness manufacturers suspected of participating in a price-fixing cartel: Yazaki Corporation, Sumitomo Electric Industries, Ltd., and Furukawa Electric. The three manufacturers have a combined 90% share of the Japanese wire harness market.

109. On June 30, 2011, Defendant Fujikura Ltd. announced that it received an advance notice of disciplinary action against the company from the JFTC for violating antitrust laws regarding the trading of wiring harnesses. Fujikura Ltd. was ordered to pay 1.2 billion yen (U.S. \$14.8 million).

109. On July 20, 2011, the JFTC raided seven Japanese auto parts makers including Defendants Denso Corporation and its wholly-owned subsidiary Asmo. The *Japan Times* reported that the JFTC “suspects the parts manufacturers had meetings from 2002 or earlier to set parts prices and decided which companies would win contracts before bidding for orders from automakers.”

110. On July 27, 2011, Defendant Delphi announced in its consolidated second quarter 2011 financial statements that it “received a request from antitrust authorities at the European Commission seeking information about conduct by Delphi in connection with an investigation in the European Union related to the electrical and electronic components market” and is cooperating with European authorities.

111. On September 29, 2011, the DOJ charged Defendant Furukawa Electric and three of its Japanese executives with participating in a “combination and conspiracy to suppress and eliminate competition in the automotive parts industry by agreeing to rig bids for, and to fix, stabilize, and maintain the prices of automotive wire harnesses and related products” in violation of the Sherman Antitrust Act.

112. On September 29, 2011, Defendant Furukawa and three of its executives agreed to plead guilty for their involvement in a criminal price-fixing and bid-rigging conspiracy in connection with the sale of automotive parts. Furukawa agreed to pay a \$200 million fine while three employees agreed to serve prison time in the United States ranging from a year and a day to eighteen months.

113. The DOJ described these as the “first charges as a result of its ongoing international cartel investigation of price fixing and bid rigging in the auto parts industry.”

114. In a September 29, 2011 DOJ press release, Sharis A. Pozen, Acting Assistant Attorney General of the DOJ’s Antitrust Division stated that “[a]s a result of this international price-fixing and bid-rigging conspiracy, automobile manufacturers paid noncompetitive and higher prices for parts sold to U.S. consumers.” “This cartel harmed an important industry in our nation’s economy, and the Antitrust Division with the Federal Bureau of Investigation will continue to work together to ensure that these kinds of conspiracies are stopped.”

115. FBI Special Agent in Charge Andrew G. Arena also said that “[w]hen companies partner to control and price fix bids or contracts, it undermines the foundation of the United States’ economic system.” “The FBI is committed to aggressively pursuing any company involved in antitrust crimes.”

116. Defendant Furukawa and its co-conspirators manufactured automotive Wire Harness Products (a) in the United States for installation in vehicles manufactured and sold in the United States, (b) in Japan for export to the United States and installation in vehicles manufactured and sold in the United States, and (c) in Japan for installation in vehicles manufactured in Japan for export to and sale in the United States.

117. The allegations against Furukawa and its co-conspirators include, among other things, (1) having meetings and communications in the United States and Japan to discuss bids and price quotations to be submitted to auto manufacturers in the United States, (2) agreeing on bids and price quotations to be submitted to auto manufacturers in the United States, (3) agreeing to allocate the supply of automotive wire harnesses and related products sold in the United States on a model-by-model basis, (4) agreeing to coordinate price adjustments requested by automobile manufacturers in the United States, (5) submitting bids, price quotations, and price adjustments to automobile manufacturers in the United States in accordance with the agreements reached, (6) selling Wire Harness Products to auto manufacturers in the United States at collusive and noncompetitive prices, and (7) participating in meetings and communications to monitor the conspiracy and conceal their unlawful conduct, including but not limited to using code names and meeting at private residences or remote locations.

118. On October 24, 2011, Hirotsugu Nagata of Furukawa pleaded guilty to a conspiracy to restrain trade on automotive parts in violation of the Sherman Antitrust Act before

Judge George Steeh of the U.S. District Court for the Eastern District of Michigan. Nagata was employed at Furukawa America in Plymouth, Michigan as General Manager of Sales from January 2004 to November 2007, Chief Financial Officer from January 2004 until March 2009, and Marketing Manager for a related joint venture from January 2004 until June 2009. Nagata admitted in his guilty plea that during meetings and conversations with co-conspirators, “agreements were reached to allocate the supply of automotive wire harnesses and related products sold to automobile manufacturers on a model-by-model basis, rig bids quoted to automobile manufacturers for automotive wire harnesses and related products, and to fix, stabilize, and maintain the prices” for Wire Harness Products sold in the United States. On January 11, 2012, Nagata received a fifteen month prison sentence and was fined \$20,000.

119. On October 24, 2011, Junichi Funo of Furukawa pleaded guilty to a conspiracy to restrain trade on automotive parts in violation of the Sherman Antitrust Act before Judge George Steeh of the U.S. District Court for the Eastern District of Michigan. Funo worked at Furukawa Electric in Japan as a Honda Sales Division representative from April 2003 to August 2003, then as Assistant General Manager for Honda Sales at Furukawa America from August 2003 to March 2009, and also as Manager of the Honda Sales Division in Japan from March 2009 until at least July 2009. Funo admitted in his guilty plea that during meetings and conversations with co-conspirators, “agreements were reached to allocate the supply of automotive wire harnesses and related products sold to automobile manufacturers on a model-by-model basis, rig bids quoted to automobile manufacturers for automotive wire harnesses and related products, and to fix, stabilize, and maintain the prices” for Wire Harness Products sold in the United States. Funo will pay a \$20,000 fine and is expected to receive a one year and one day prison sentence in February 2012.

120. On November 10, 2011, Tetsuya Ukai of Furukawa Electric pleaded guilty to a conspiracy to restrain trade on automotive parts in violation of the Sherman Antitrust Act before Judge George Steeh of the U.S. District Court for the Eastern District of Michigan. Ukai worked at Furukawa Electric in Japan as a Manager in the Honda Sales Division from April 2003 to July 2005, Unit Chief in the Honda Sales Division from July 2005 to April 2007, and then General Manager of the Honda Sales Division from April 2007 until at least July 2009. Ukai admitted in his guilty plea that during meetings and conversations with co-conspirators, “agreements were reached to allocate the supply of automotive wire harnesses and related products sold to automobile manufacturers on a model-by-model basis, rig bids quoted to automobile manufacturers for automotive wire harnesses and related products, and to fix, stabilize, and maintain the prices” for Wire Harness Products sold in the United States. Ukai received an eighteen month prison sentence and was fined \$20,000.

121. On November 14, 2011, Defendant Furukawa Electric pleaded guilty for its involvement in a criminal price-fixing and bid-rigging conspiracy in connection with the sale of automotive parts. Furukawa admitted in its guilty plea that during the relevant period, “agreements were reached to allocate the supply of automotive wire harnesses and related products sold to automobile manufacturers on a model-by-model basis, rig bids quoted to automobile manufacturers for automotive wire harnesses and related products, and to fix, stabilize, and maintain the prices” for Wire Harness Products sold in the United States. Further, Furukawa agreed to pay a \$200 million fine.

122. Pursuant to Furukawa’s plea agreement, the government agreed not to bring criminal charges against any other current or former director, officer or employee involved in an antitrust conspiracy surrounding the manufacture and sale of Wire Harness Products, with the

exception of Shuji Hayashida, Chief Executive Officer of Furukawa America. According to Michigan Department of Licensing and Regulatory Affairs, Hayashida served as Furukawa America's Chief Executive Officer from 2001 to 2010. To date, no charges have been filed against Hayashida.

123. On the basis of the foregoing charges, guilty pleas and market structure, on behalf of themselves and the members of the Plaintiff Class, Plaintiff adopts and incorporates such allegations with respect to the totality of the Wire Harness Products market as alleged herein.

### **FRAUDULENT CONCEALMENT**

124. Throughout and beyond the conspiracy, Defendants and their co-conspirators affirmatively and actively concealed their unlawful conduct from Plaintiff. Defendants and their co-conspirators conducted their conspiracy in secret, concealed the true nature of their unlawful conduct and acts in furtherance thereof, and actively concealed their activities through various other means and methods to avoid detection.

125. Plaintiff alleges that Defendants and their co-conspirators engaged in private meetings and communications in which they agreed to set Wire Harness Products prices and to fix winnings bids for contracts for orders from car manufacturers. Defendants and their co-conspirators agreed to conceal their unlawful conspiracy during the Class Period.

126. Plaintiff did not discover, and could not have discovered through the exercise of reasonable diligence, that Defendants and their co-conspirators were violating the antitrust laws as alleged herein until late September 2010 when the DOJ filed charges against Defendant Furukawa Electric.

127. As a result of the active concealment of the conspiracy by Defendants and their co-conspirators, any and all applicable statutes of limitations otherwise applicable to the allegations herein have been tolled.

**ANTITRUST INJURY**

128. The conspiracy among Defendants caused injury to Plaintiff and members of the Class by suppressing price competition among Wire Harness Products manufacturers in the United States, thereby depriving purchasers of Wire Harness Products the benefits of a competitive market and setting prices of Wire Harness Products at artificially high levels.

129. As a direct result of Defendants' conspiracy, Plaintiff and members of the Class have been injured in their business and property in that they paid more for Wire Harness Products than otherwise would have been the case in a competitive market.

**CLAIM FOR RELIEF**

**(Sherman Act Section 1 – Horizontal Price-Fixing Against All Defendants)**

130. Plaintiff incorporates by reference all the above allegations as if fully set forth herein.

131. Beginning at a time presently unknown to Plaintiffs, and continuing through the present, the exact dates being unknown to Plaintiffs, Defendants and their co-conspirators entered into a continuing agreement, combination and conspiracy in restraint of trade to artificially raise, fix, maintain, and/or stabilize prices for Wire Harness Products in the United States, in violation of Section 1 of the Sherman Act, 15 U.S.C. §1.

132. The contract, combination or conspiracy has resulted in an agreement, understanding or concerted action between and among the Defendants and their co-conspirators

in furtherance of which the Defendants and their co-conspirators fixed, raised, maintained, and/or stabilized prices for Wire Harness Products in the United States. Such contract, combination, or conspiracy constitutes a per se violation of the federal antitrust laws.

133. Specifically, Defendants combined and conspired to rig bids for, and to fix, raise, maintain or stabilize the prices of Wire Harness Products sold in the United States.

134. Defendants succeeded in rigging bids, fixing, raising, maintaining and stabilizing the prices of Wire Harness Products in the United States during the Class Period.

135. The conspiracy among Defendants consisted of a continuing agreement, understanding and concerted action among Defendants and their co-conspirators.

136. For purposes of formulating and effectuating their conspiracy, Defendants and their co-conspirators did those things they contracted, combined, or conspired to do, including:

- a. Participating in meetings and conversations in the United States and Japan to discuss the bids and price quotations of Wire Harness Products to be submitted to direct purchasers in the United States;
- b. Agreeing on bids and price quotations to be submitted to direct purchasers in the United States;
- c. Agreeing to manipulate prices and allocate supply of Wire Harness Products sold in the United States in a manner that deprived direct purchasers of free and open competition;
- d. Agreeing to coordinate price adjustments in the United States;
- e. Submitting bids, price quotations, and price adjustments to direct purchasers of Wire Harness Products in accordance with the agreements reached;

- f. Selling Wire Harness Products to direct purchasers in the United States at noncompetitive prices; and
- g. Employing measures to conceal the true nature of their unlawful conduct from Plaintiff and other members of the Class in furtherance of the conspiracy.

137. As a direct and proximate result of Defendants' unlawful conduct, Plaintiff and the other members of the Class have been injured in their businesses and property in that they have paid more for Wire Harness Products than they otherwise would have paid in a competitive market.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays that the Court enter judgment on its behalf and on behalf of the Class herein, respectfully request the following relief:

A. That the Court determines this action may proceed as a class action under Rule 23 of the Federal Rules of Civil Procedure, with Plaintiff as the designated Class representative and its counsel as Class Counsel;

B. That the contract, combination or conspiracy, and the acts done in furtherance thereof by Defendants and their co-conspirators as alleged in this complaint, be adjudicated and decreed a per se violation of Section 1 of the Sherman Act, 15 U.S.C. §1;

C. That Plaintiff and members of the Class recover damages sustained by them, as provided by the federal antitrust laws, and that a joint and several judgment in favor of Plaintiff and the Class be entered against the Defendants in an amount to be trebled in accordance with the antitrust laws pursuant to 15 U.S.C. §15(a);

D. That Defendants, their subsidiaries, affiliates, successors, transferees, assignees and the respective officers, directors, partners, agents and employees thereof and all other persons acting or claiming to act on their behalf be permanently enjoined and restrained from continuing and maintaining the combination, conspiracy or agreement alleged herein.

E. That Plaintiff and members of the Class recover their costs of this suit, including reasonable attorneys' fees as provided by law;

F. That Plaintiff and members of the Class be awarded pre-judgment and post-judgment interest, and that such interest be awarded at the highest legal rate from and after the date of service of the initial complaint in this action; and

G. That Plaintiff and members of the Class receive such other or further relief as may be just and proper.

**JURY TRIAL DEMANDED**

Pursuant to Fed. R. Civ. P. 38(b), Plaintiff demands a trial by jury of all of the claims asserted in this Complaint so triable.

Dated: January 17, 2012

Respectfully submitted,

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