



**NASA OFFICE OF INSPECTOR GENERAL**



# OFFICE OF INVESTIGATIONS

**ANTITRUST ACT VIOLATIONS**

A woman with long blonde hair, wearing a black hat and a dark jacket, is shown in profile, looking towards the left. The background is dark and industrial, with some blurred lights. The text "PROTECT" is overlaid in large, bold, yellow letters, and "TRADE AND COMMERCE" is overlaid in smaller, white, bold letters below it.

**PROTECT**  
**TRADE AND COMMERCE**

## ABOUT THE OFFICE OF INVESTIGATIONS

# WHO ARE WE?

Each Federal agency has an independent Office of Inspector General (OIG) charged with conducting objective audits and investigations, as well as preventing and detecting fraud, waste, and abuse. Within the NASA OIG, the Office of Investigations handles allegations of wrongdoing involving organizations or individuals that receive awards from, conduct business with, or work with NASA.

# WHAT DO WE DO?

We investigate allegations in which NASA is the potential victim of fraud, waste, or abuse by employees, grantees, contractors, or others. We receive allegations from many sources, including proposal reviewers, Agency employees, the OIG hotline, and the public. We also handle all allegations of research misconduct involving Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) proposals and awards.



FEDERAL ANTITRUST ENFORCEMENT  
(U.S. DEPARTMENT OF JUSTICE)

# SHERMAN ANTITRUST ACT

The Sherman Antitrust Act prohibits agreements among competitors to fix prices, rig bids, or engage in other anticompetitive activity. Criminal prosecution of Sherman Act violations is the responsibility of the Antitrust Division of the United States Department of Justice.





# KNOW THE VIOLATIONS

## TYPES OF ACTIVITY

- BID RIGGING
- BID ROTATION
- PRICE FIXING

## TYPES OF ANTICOMPETITIVE ACTIVITY

### **BID RIGGING**

---

Bid Rigging is a procurement scheme devised among bidders who decide the winning bidder and the winning bid before submitting bids. This allows the winner to inflate the bid without fear of overbidding. Subcontracting arrangements are often part of bid-rigging schemes. Competitors may agree to submit a losing bid in exchange for lucrative subcontracts from winning bidders. Almost all forms of bid-rigging schemes involve an agreement among some or all of the bidders, which predetermines the winning bidder and limits or eliminates competition among the conspiring vendors.

#### **Fraud Indicators:**

- Similar bids from different companies are significantly above the Government estimate.
- A company withdraws its bid and is then subcontracted work by the winning contractor.
- Seeing the same group of bidders over time.
- Many companies who are expected to bid do not.
- Companies suddenly withdraw from the bidding process despite submitting competitive bids.
- Different companies win each year, but there is a pattern.
- Competitors routinely socialize.
- Bid prices for all companies suddenly increase without explanation.
- Same mistakes (mathematical or grammatical) are noted on several competing bids.
- A bidder submits a significantly lower bid compared to other competitors to ensure the award of the contract, then makes excessive change orders to raise costs and reimbursements.

## **BID ROTATION**

---

Bid Rotation is a scheme where all conspirators submit bids but take turns being the low bidder. The terms of rotation may vary. For example, competitors may take turns on contracts according to the size of the contract, allocating equal amounts to each conspirator or allocating volumes that correspond to the size of each conspirator company. A strict bid rotation pattern defies the law of chance and suggests collusion is taking place.

### **Fraud Indicators:**

- The same company always wins a particular procurement, especially if one or more companies continually submit unsuccessful bids.
- The same companies submit bids and seem to take turns as the winning bidder.
- Fewer than the normal number of competitors submit bids.
- Bid prices drop whenever a new or infrequent bidder submits a bid.
- A successful bidder subcontracts work to competitors that unsuccessfully bid on the same project.
- A winning bid is high compared to cost estimates, similar jobs, or industry averages.
- There is a pattern of rotating winning bidders by job, type of work, or geographical area.
- There are joint venture bids by firms that usually bid alone.
- A company submits a bid when it is incapable of successfully performing the contract.
- A company brings multiple bids to a bid opening and submits its bid only after determining (or trying to determine) who else is bidding.

## **PRICE FIXING**

---

Price Fixing is an agreement among competitors to raise, fix, or otherwise maintain the selling price of goods or services. It is not necessary that the competitors agree to charge exactly the same price, or that every competitor in a given industry join the conspiracy. Price fixing can take many forms, and any agreement that restricts price competition violates the law.

### **Fraud Indicators:**

- Prices stay identical for long periods of time.
- Prices previously were different.
- Price increases do not appear to be supported by increased costs.
- Discounts are eliminated, especially in a market where discounts historically were given.
- Vendors are charging higher prices to local customers than to distant customers.
- Adoption of a standard formula for computing prices.
- Maintaining price differentials between different types, sizes, or quantities of products.
- Companies adhere to minimum fee or price schedule.
- Fixed credit terms.
- Unadvertised prices.



## PENALTIES

The NASA Office of Inspector General actively investigates allegations or suspicions of bid rigging, bid rotation, and price fixing. Violations of criminal law are referred to the U.S. Department of Justice, and violation of the Sherman Antitrust Act (**15 U.S.C. § 1**) is a felony punishable by up to 10 years imprisonment and a \$1 million fine for individuals and a fine of up to \$100 million for corporations. Common statutes additionally pursued in cases involving violations of the Sherman Antitrust Act include:

- **18 U.S.C. § 287** False Claims
- **18 U.S.C. § 371** Conspiracy
- **18 U.S.C. § 1001** False Statements
- **18 U.S.C. § 1341 / 1343** Mail & Wire Fraud

In addition to receiving a criminal sentence, a corporation or individual convicted of a Sherman Act violation may be ordered to make restitution to the victims for all overcharges. Victims of bid-rigging and price-fixing conspiracies also may seek civil recovery of up to three times the amount of damages suffered.

A close-up photograph of a wooden gavel with a silver metal band, resting on an open book. The book's pages contain legal text, including the words "Nonprejudicial" and "insist that the Just". The background is softly blurred, showing more of the book and the gavel's handle.

AVOID  
**ANTITRUST**  
VIOLATIONS

ld Nonprejudicial.  
o insist that the Just.

NASA OFFICE OF INSPECTOR GENERAL  
**OFFICE OF INVESTIGATIONS**  
300 E Street SW, Washington, DC 20546-0001  
202-358-1500



**OFFICE LOCATIONS AND PHONE NUMBERS**

**NASA OIG HEADQUARTERS**

Washington, DC  
202-358-1500

**AMES RESEARCH CENTER**

Moffett Field, CA  
650-604-2678 (Investigations)

**ARMSTRONG FLIGHT RESEARCH CENTER**

Edwards Air Force Base, CA  
202-358-1001 (Investigations)

**GLENN RESEARCH CENTER**

Cleveland, OH  
216-433-6121 (Investigations)  
216-433-9714 (Audits)

**GODDARD SPACE FLIGHT CENTER**

Greenbelt, MD  
301-286-9316 (Investigations)  
301-286-0497 (Audits)  
  
Trenton, NJ Place of Duty  
609-656-2543 or 609-656-2545

**JET PROPULSION LABORATORY**

Pasadena, CA  
202-358-1001 (Investigations)  
818-354-9743 (Audits)

**JOHNSON SPACE CENTER**

Houston, TX  
281-483-8427 (Investigations)  
281-483-9572 (Audits)

**KENNEDY SPACE CENTER**

Kennedy Space Center, FL  
321-867-4714 (Investigations)  
321-867-4719 (Audits)

**LANGLEY RESEARCH CENTER**

Hampton, VA  
757-864-3263 (Investigations)  
757-864-8500 (Audits)

**MARSHALL SPACE FLIGHT CENTER**

Marshall Space Flight Center, AL  
256-544-9188 (Investigations)  
256-791-2002 (Audits)

**ROCKY MOUNTAIN RESIDENT AGENCY**

Greenwood Village, CO  
202-358-4900 (Investigations)

**STENNIS SPACE CENTER**

Stennis Space Center, MS  
228-688-1493 (Investigations)

NASA Policy Directive 9800.1B requires NASA employees who observe crime, fraud, waste, abuse, or mismanagement to report the observation or suspicion to the OIG. Likewise, NASA employees, contractors, grantees, programs, partners, and those receiving NASA funds are expected to cooperate fully with the OIG and its designees. To report suspected violations, contact us at one of our office locations or through our Hotline.

## OIG HOTLINE

1-800-424-9183 / TDD: 1-800-535-8134

[\*https://oig.nasa.gov/hotline.html\*](https://oig.nasa.gov/hotline.html)

**NASA Office of Inspector General**  
P.O. Box 23089, L'Enfant Plaza Station  
Washington, DC 20026

[\*https://oig.nasa.gov\*](https://oig.nasa.gov)