



MEDIA RELEASE

28 March 2013

CCS IMPOSES PENALTIES ON 12 MOTOR VEHICLE TRADERS FOR ENGAGING IN BID-RIGGING ACTIVITIES AT PUBLIC AUCTIONS

1. The Competition Commission of Singapore (“CCS”) issued today an Infringement Decision (“ID”) against 12 motor vehicle traders (the “Parties”) for contravening Section 34 of the Competition Act (Cap.50B) (the “Act”), by engaging in an anti-competitive agreement to suppress bids at public auctions of motor vehicles over a period of three years from January 2008 to March 2011. CCS is imposing financial penalties totalling \$179,071.00 on the Parties for the infringements.
2. The Parties are:
 - i. Pang’s Motor Trading;
 - ii. Auto & Carriage Engineering;
 - iii. Gold Sun Motor Vehicle Charter & Rental;
 - iv. Hup Lee Second Hand Auto Parts;
 - v. Kiat Lee Scrap Vehicles Centre Pte Ltd;
 - vi. Kiat Lee Machinery Pte Ltd;
 - vii. Minsheng Agencies;
 - viii. PKS Scrap Vehicle Centre;
 - ix. Seng Guan Auto Parts;
 - x. Seng Hup Huat Second Hand Auto Parts;
 - xi. Tim Bock Enterprise; and
 - xii. Yong Soon Heng Auto Parts

Case details

3. In May 2010, CCS commenced investigations after receiving information on alleged bid-rigging activities at public auctions of motor vehicles by the Land Transport Authority, the National Environment Agency, Singapore Civil Defence Force, Singapore Customs and the Singapore Police Force.
4. Investigations by CCS showed that the Parties entered into an agreement to refrain from bidding against each other at public motor vehicles auctions held by the government agencies. A sole bidder, usually Pang’s Motor Trading, would bid for the vehicles after which the Parties would conduct their own ‘private’ auctions for the vehicles that were earlier won at the public auctions. The difference in the bid price of the vehicles between the public auctions and the ‘private’



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auctions would be put into a common pool and shared amongst those present at the ‘private’ auctions.

Harm of collusive activity

5. CCS notes that for the infringement period from 2008 – 2011, there were about 700 motor vehicles that were won by the Parties during 53 physical and online auctions at bids ranging from \$10 to \$35,000. In total, the quantum of the winning bids for these vehicles at the public auctions amounted to slightly more than S\$1.2 million. However, this is likely to be an underestimation of the true market value of these vehicles due to the artificially suppressed bids.
6. The collusive action by the Parties not to outbid each other created the false impression that the winning bids were actually the result of a fair and competitive bidding process. This resulted in lower bids for the motor vehicles for the government agencies whose public auctions were affected. In certain instances, members of the public may have received lower sale proceeds for vehicles which were sold by the government agencies on their behalf. Auction houses may also have received lower commission fees as a result of the suppressed bids. Ultimately, vehicle trade was distorted.
7. As one of the main purposes of auction sales is to obtain a fair and competitive financial return for the owner of the property to be auctioned, collusion between bidders artificially suppresses the value of the asset. CCS considers bid-suppression, which has as its object the restriction of competition, a serious infringement of the Section 34 prohibition of the Act.
8. Bidders should prepare their bids independently and should not discuss nor agree on the bid prices with each other. If businesses are approached to engage in such anti-competitive behaviour, they should distance themselves by explicitly rejecting such overtures, and reporting the matter to CCS immediately.

Financial penalties

9. CCS received representations from the Parties after the issuance of the Proposed Infringement Decisions to the Parties. Having carefully considered the Parties’ representations, the financial penalties levied on the Parties are as follows:

Undertaking	Financial Penalty
Pang’s Motor Trading	S\$50,733.00
Auto & Carriage Engineering	S\$8,000.00
Gold Sun Motor Vehicle Charter & Rental	S\$8,000.00
Hup Lee Second Hand Auto Parts	S\$8,000.00



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Kiat Lee Scrap Vehicles Centre Pte Ltd	S\$8,000.00
Kiat Lee Machinery Pte Ltd	S\$17,566.00
Minsheng Agencies	S\$8,000.00
PKS Scrap Vehicle Centre	S\$8,000.00
Seng Guan Auto Parts	S\$8,000.00
Seng Hup Huat Second Hand Auto Parts	S\$8,000.00
Tim Bock Enterprise	S\$37,795.00
Yong Soon Heng Auto Parts	S\$8,977.00
Total	S\$179,071.00

10. In levying the financial penalties, CCS took into account the nature of the infringement and the circumstances, under which the infringement was committed, the turnover of the Parties affected by the infringement, aggravating and mitigating factors, as well as representations made by the Parties.
11. Further information on the investigation, analysis of the case and the basis of calculation of the financial penalty imposed on the infringing parties are set out in the Infringement Decision and the document is on the website www.ccs.gov.sg.



About The Competition Commission of Singapore (CCS)

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

For more information, please visit www.ccs.gov.sg.

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