

Press release: CMA continues crackdown on cartels

In the furniture parts case the Competition and Markets Authority (CMA) has [issued 2 decisions](#) finding 3 companies guilty of illegal cartel conduct and imposing fines totalling £2.8 million. This follows the earlier admission by the companies that they had broken competition law by agreeing not to compete on price and sharing out which customers they would supply – reducing customer choice and giving the appearance of competition where there was none.

Separately, the CMA is also publishing the [full text of its final decision](#) in its case against 5 model agencies and their trade association, which were fined over £1.5 million for colluding on prices.

Stephen Blake, Senior Director for Cartels, said:

Today's announcements highlight the CMA's drive to crack down on cartels, which cheat customers of the benefits of competition, as well as damaging the wider economy.

The announcements also come soon after the launch of our [first advertising campaign](#), specifically designed to encourage those who have witnessed or been involved in cartel activity to report it and help us keep business fair.

Without this kind of help, illegal cartel activity may go undetected for years, causing real harm to consumers, businesses and the economy.

Today's decisions in the furniture parts case follow [January's announcement](#) that Thomas Armstrong (Timber) Ltd and Hoffman Thornwood Ltd had agreed to pay fines totalling over £2.8 million after admitting market sharing, co-ordinating prices, bid-rigging and exchanging commercially sensitive information. Another company, BHK (UK) Ltd, also confessed its involvement in cartel activity shortly after the start of the investigation, and has not been fined as it was the first to come forward under the CMA's leniency policy.

- In one decision, the CMA found that between April 2006 and September 2008 BHK (UK) Ltd and Thomas Armstrong (Timber) Ltd took part in an illegal cartel in respect of the supply of chipboard and MDF based drawer wraps to the UK bedding, office and domestic furniture industry.
- In the second, the CMA found that between July 2006 and September 2008, and between at least September and October 2011, Thomas Armstrong

(Timber) Ltd and Hoffman Thornwood Ltd took part in an illegal cartel in relation to the supply of chipboard and MDF based drawer fronts to the UK bedding industry.

The CMA's investigation into these companies was launched on the basis of information provided to the CMA's dedicated [cartels hotline](#).

Last week the CMA launched its first [advertising campaign](#) to encourage people who have witnessed or participated in illegal cartel activity to report it so it can take action to stamp it out.

Notes for editors

1. The Competition Act 1998 prohibits agreements, practices and conduct that may have a damaging effect on competition in the UK. The Chapter I prohibition covers anti-competitive agreements and concerted practices between businesses ('undertakings') which have as their object or effect the prevention, restriction or distortion of competition within the UK. Article 101 of the Treaty on the Functioning of the European Union (TFEU), covers equivalent agreements or practices which may affect trade between EU member states.
2. Any business found to have infringed the prohibitions in the Competition Act 1998 or the TFEU can be fined up to 10% of its annual worldwide group turnover. In calculating financial penalties, the CMA takes into account a number of factors including seriousness and duration of the infringement(s), turnover in the relevant market and any mitigating and/or aggravating factors.
3. Thomas Armstrong (Timber) Ltd and its parent company Thomas Armstrong (Holdings) Ltd have been fined £1,509,000 for their involvement in the drawer wraps cartel and £684,000 for its involvement in the drawer fronts cartel. The liability of Thomas Armstrong (Holdings) Ltd arises from the fact that it held 99.95% of the shares in Thomas Armstrong (Timber) Ltd during the relevant period, and is therefore presumed to have exercised decisive influence over Thomas Armstrong (Timber) Ltd and to form part of the same 'undertaking'.
4. Hoffmann Thornwood Ltd and its parent company Consolidated Timber Holdings Ltd have been fined £625,000 for their involvement in the drawer fronts cartel. The liability of Consolidated Timber Holdings Ltd arises from the fact that it held 100% of the shares in Hoffman Thornwood Ltd during the relevant period, and is therefore presumed to have exercised decisive influence over Hoffman Thornwood Ltd and to form part of the same 'undertaking'.
5. The fines imposed include a discount to reflect savings to the CMA resulting from the companies' admissions and co-operation with the investigation. The non-confidential version of today's infringement decisions, including the basis for the calculation of the fine, will be published on the [case page](#) in due course following the redaction of commercially sensitive information.
6. Further information on the model agency case, including a link to the CMA's published decision may be found on the [case page](#).
7. Anyone who has information about a cartel is encouraged to call the CMA

cartels hotline on 020 3738 6888 or email cartelshotline@cma.gsi.gov.uk.

8. Under the CMA's [leniency policy](#) a business that has been involved in a cartel may be granted immunity from penalties or a significant reduction in penalty in return for reporting cartel activity and assisting the CMA with its investigation. An undertaking may qualify for immunity or a reduced penalty where it comes forward after the start of an investigation, has a genuine intention to confess that it has engaged in cartel conduct, and provides information that adds significant value to the CMA's investigation. Individuals involved in cartel activity may also in certain defined circumstances be granted immunity from criminal prosecution for the cartel offence under the Enterprise Act 2002.
9. The CMA also operates a [rewards policy](#) under which it may pay a financial reward of up to £100,000 in return for information which helps it to identify and take action against illegal cartels.
10. An individual or business affected by the anti-competitive behaviour in this case can rely on the CMA's infringement decision if making a claim in the courts for damages against the companies concerned. The level of any damages awarded will be for the court to determine.
11. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. For more information see the [CMA's homepage](#).
12. The CMA crackdown on cartels campaign webpage is: <https://stopcartels.campaign.gov.uk/>
13. For CMA updates, follow us on Twitter [@CMAgovuk](#), [Flickr](#) and [LinkedIn](#).
14. Enquiries should be directed to Simon Belgard on 0203 738 6472 or press@cma.gsi.gov.uk.