



**Federal Trade
Commission**
Protecting America's

Consumers 06/09/2010

U-Haul and its Parent Company Settle FTC Charges That They Invited Competitors to Fix Prices on Truck Rentals

Settlement Bars Illegal Anticompetitive Tactics

U-Haul International, Inc. and its parent company today settled Federal Trade Commission charges that they violated the FTC Act by inviting U-Haul's closest competitor, Avis Budget Group, Inc., to collude on prices for truck rentals. U-Haul and Budget control more than 70 percent of the "do-it-yourself" one-way truck rental business in the United States. If U-Haul had succeeded in its price-fixing plan, the two companies could have imposed higher prices on truck-rental consumers, according to the FTC.

"It's a bedrock principle that you can't conspire with your competitors to fix prices – and shouldn't even try. Consumers deserve better. The order announced today will ensure that U-Haul will not try it again," said FTC Chairman Jon Leibowitz.

The FTC's complaint alleges that on several occasions between 2006 and 2008, U-Haul tried to increase rates for one-way truck rentals by privately and publicly communicating with Budget, the second-largest truck rental company in the United States. However, the complaint does not allege that U-Haul and Budget actually reached an agreement.

As alleged in the complaint, the problems started after U-Haul's CEO and Chairman Edward J. Shoen discovered in 2006 that competition from Budget was forcing U-Haul to lower prices on its one-way truck rentals. In two company-wide memos in 2006, Shoen acknowledged the problem and provided a solution. For example, Shoen wrote:

"Budget continues in some markets to undercut us on One-Way rates. Either get below them or go up to a fair rate. Whatever you do, LET BUDGET KNOW. Contact a large Budget Dealer and tell them. Contact their company store and let the manager know."

At the same time, the FTC charges, Shoen told local U-Haul dealers to talk to their counterparts at both Budget and Penske – another truck rental competitor – and tell them that U-Haul had raised its one-way rates, and that they should now match U-Haul's higher rates.

The complaint alleges that Shoen invited Budget to collude again in 2008 after Budget declined to match U-Haul's price increases – this time, during a conference call with industry analysts. During the call, Shoen made statements suggesting that U-Haul would raise its rates, and would maintain the new rates so long as Budget did not respond by price cutting in a way that took market share from U-Haul. He added that Budget need not match the U-Haul prices exactly, but could lag behind by three to five percent.

The proposed settlement order against U-Haul and its parent company AMERCO bars them from colluding or inviting collusion. Specifically, the companies are prohibited from inviting a competitor to divide markets, allocate customers, or fix prices, as well as participating in, maintaining, organizing, implementing, enforcing, offering, or soliciting any other company to engage in such conduct. The order also includes monitoring and compliance provisions to ensure U-Haul and AMERCO comply with its terms. It will expire in 20 years.

The FTC vote approving the complaint and proposed settlement order was 5-0. Commissioners William E. Kovacic, J. Thomas Rosch, and Chairman Leibowitz issued a joint separate statement that can be found at: <http://www.ftc.gov/os/caselist/0810157/100609uhaulstatement.pdf>. The statement noted that Congress gave the FTC authority under Section 5 of the FTC Act to stop unfair methods of competition beyond the antitrust laws, but it is not itself an antitrust law and does not on its own terms create treble damages liability.

The order will be subject to public comment for 30 days, until July 9, 2010, after which the Commission will decide whether to make it final. Comments should be sent to: FTC, Office of the Secretary, 600 Pennsylvania Avenue, N.W., Washington, DC 20580. To submit a comment electronically, please click on the following link: <https://public.commentworks.com/ftc/U-HaulAmerco>.

NOTE: The Commission issues a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The issuance of a complaint is not a finding or ruling that the respondent has violated the law. A consent agreement is for settlement purposes only and does not constitute an admission of a law violation. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$16,000.

Copies of the complaint, consent order, and an analysis to aid in public comment can be found on the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, DC 20580. The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Room 383, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave, N.W., Washington, DC 20580. To learn more about the Bureau of Competition, read "Competition Counts" at <http://www.ftc.gov/competitioncounts>.

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Related Items:

[In the Matter of U-Haul International, Inc., a corporation, and AMERCO, a corporation](#)
FTC File No. 081 0157

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