Puerto Rico’s Antitrust Division announces four new victories against 34 school bus contractors

(January 29th, 2015) – Assistant Attorney General Jesús M. Alvarado-Rivera, announced four new victories for Puerto Rico’s Department of Justice Antitrust Division. The Division obtained favorable decisions in four complaints filed against 34 school bus contractors for unlawful agreements under the Commonwealth’s Monopolies and Restrictions of Commerce Act. An administrative judge from Puerto Rico’s Department of Consumer Affairs (DACO) issued the resolutions against the contractors.

DACO issued orders requiring the 34 school bus contractors, who have contracts with the Department of Education, to cease and desist from agreeing, fixing, controlling or limiting transportation services in any geographical area of Puerto Rico. They were also fined with $170 thousands. The school bus contractors are:

- **David Lugo Beltrán, Alberto Avilés Virola, Sergio Colón Colón, Luis Ramírez Flores, Miguel Ramírez Vázquez and Ramón O. Ruiz Jiménez**; These contractors agreed to reduce service areas for students transportation in the Municipalities of Lares and Añasco.
- **María A. Jiménez Galarza, William Vega Cotto, AICA School Transport Services Inc., Luis A. Ortiz Marrero, Transporte Escolar SS Inc., Jaime Rivera Cruz, José Rivera Pérez and Alfonso González Nevárez**; This group agreed to eliminate direct services in the Municipality of Cayey, and banned participation in public procurement processes of the Department of Education and the Municipality of Cayey.
- **Celso García Estrada, Alberto Avilés Virola, Wilfredo López Cedeño, Lelos Bus Line Corp., Jabison López Cedeño, López Bus Line Inc. and Transporte Reyes Mar Inc.;** Respondents reduced the number of school buses available in the Municipalities of Peñuelas, Yauco, Guayanilla and Ponce, and agreed to eliminate participation in public procurement processes of the Department of Education.
reduce the number of buses that would be available to serve students in the Municipalities of Caguas and Aguas Buenas.

The Assistant Attorney General explained that “the agreements of these contractors replaced the natural process of competition in the relevant market, for a scheme of artificial service supply developed by the combination of the group’s economic interests. Instead of allowing each individual provider to decide on their own how broad they wanted their service area to be, the illegal agreements created several cartels of competitors to decide which customers they were willing to serve. In the process, they left the Department of Education with limited services, which translates into an increase of the agency’s expenses, and therefore higher costs for every taxpayer”.

On June 2014, the Antitrust Division won three similar complaints against 14 school bus contractors, where a fine of $70 thousands was imposed.

“The conduct exposed by our investigation, and proved on these cases, is a bad example for Puerto Rico. Our economy needs entrepreneurs who promote innovation and efficiency through vigorous competition, not the obstruction of our development by creating cartels to restrict trade. Similarly, when it comes to government contracts, like school transportation services, we must make sure that market conditions provide adequate competition among bidders, so we can enjoy better products and services at lower prices”, said Alvarado-Rivera.

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