Press Release

Department of Justice brings more cases against 29 school bus contractors for anticompetitive restraints that harmed the Commonwealth

(San Juan, July 10, 2014) – Twenty (20) school bus contractors and nine (9) of their corporations that provided transportation services to Puerto Rico’s Department of Education were named in four complaints filed yesterday by the Antitrust Division of the Department of Justice of Puerto Rico. The complaints were filed in the Department of Consumer Affairs (DACO) after a year-long investigation of anticompetitive schemes in the school bus market.

Assistant Attorney General Jesús M. Alvarado-Rivera, Chief of the Antitrust Division, explained that “these school bus contractors managed to control and reduce the entry of new competitors to the market. In some instances, the defendants agreed to reduce the number of buses that were going to be available for their services and that no increase would take place for at least a year. Other times they agreed to cut the geographic markets where their services would be offered. Some of the defendants even agreed that no services would be offered to public schools and no bid could be presented for the Department of Education.”

All these anticompetitive restraints violate the Commonwealth’s Monopolies and Commerce Restriction Act, No. 77, June 25, 1964. If defendants are found liable they are exposed to $175,000.00 in fines.

The school bus contractors include: María Jiménez Galarza, William Vega Cotto, Luis A. Ortiz Marrero, Jaime Rivera Cruz, José Rivera Pérez, Alfonso González Nevárez, Celso García Estrada, Alberto Avilés Virola, Wilfredy López Cedeño, Jabison López Cedeño, Luis Reyes Caraballo, David Lugo Beltrán, Sergio Colón Colón, Luis Ramírez Flores, Miguel Ramírez

“When less services or products are offered in a market prices tend to rise, which harms consumers. That is why State and Federal rules on free competition not only prohibit horizontal agreements among competitors to fix prices, but also agreements that fix or limit the production of each competitor” said Alvarado-Rivera.

The Chief of the Antitrust Division added that “the agreements among the defendants substituted the natural process of competition in a free market, with a scheme of artificial supply of services developed by the joint economic interests of the school bus contractors. Instead of letting each contractor decide independently how broad should his services be, the illegal agreement among the defendants created a cartel where they decided which clients they were willing to serve. In that process they left the Department of Education out, causing higher costs for the state agency and, therefore, additional costs for every taxpayer.”

On December 2013, the Antitrust Division filed three complaints in DACO against another fourteen (14) school bus contractors and succeeded obtaining $70,000.00 in fines.

“With this investigation and these complaints, we are confident we have rectified an anticompetitive manipulation system of the school bus market in Puerto Rico. The Department of Education already modified its bid processes and we hope the Public Service Commission will also change its regulations to facilitate the expansion of this market”, commented Alvarado-Rivera.

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