Good afternoon. Today I am pleased to announce the establishment of the Procurement Collusion Strike Force, a joint law enforcement effort that will combat antitrust crimes and related fraudulent schemes that impact government procurement, grant, and program funding.

I want to begin by thanking Deputy Attorney General Rosen for joining us today and for his, the Attorney General’s, and the Justice Department’s full support for this important initiative.

I specifically want to thank my colleagues and partners who are standing here and have joined forces in this effort to protect American taxpayers. The Procurement Collusion Strike Force (PCSF) is an interagency partnership consisting of prosecutors from the Antitrust Division, prosecutors from a number of U.S. Attorneys’ Offices around the country, and investigators from the FBI and four major federal Offices of Inspector General. The Strike Force will harness the combined expertise and capacity of these partners in order to deter, detect, investigate, and prosecute antitrust crimes and related criminal schemes that undermine the integrity of the government procurement process.

Leaders from these partners are here today, and I want to recognize them and their commitment to the PCSF.

Joining me on stage are 10 of our 13 partner U.S. Attorneys:

- Jessie Liu, from the District of Columbia, who also serves as Chair of the Attorney General’s Advisory Committee;
- Erin Nealy Cox, from the Northern District of Texas, who also serves as Vice Chair of the Attorney General’s Advisory Committee;
- Nick Hanna, from the Central District of California;
- Jason Dunn, from the District of Colorado;
- Ariana Fajardo Orshan, from the Southern District of Florida;
- “BJay” Pak, from the Northern District of Georgia;
- John Lausch, Jr., from the Northern District of Illinois;
- Matthew Schneider, from the Eastern District of Michigan;
- William McSwain, from the Eastern District of Pennsylvania; and
- Zach Terwilliger, from the Eastern District of Virginia.

Although they could not be here today, I also want to recognize Greg Scott, U.S. Attorney for the Eastern...
Assistant Attorney General Makan Delrahim Delivers Remarks at the Procurement Collusion Strike Force Press Conference - GSA Office of Inspector General

District of California; Geoff Berman, U.S. Attorney for the Southern District of New York; and David DeVillers, U.S. Attorney for the Southern District of Ohio, for their commitment to this Strike Force.

I also want to recognize the FBI and thank Director Chris Wray for his support in forming the Strike Force. Although Director Wray could not join us today, I am pleased that Associate Deputy Director Paul Abbate, and Assistant Director of the Criminal Investigative Division Terry Wade, are here on behalf of the FBI.

I am also joined today by leaders from our federal Inspector General partners in the Strike Force:

- Michael Horowitz, the Inspector General of the Department of Justice, who also serves as the Chair of CIGIE, the Council of Inspectors General on Integrity and Efficiency;
- Kelly Mayo, the Principal Deputy Director of the Defense Criminal Investigative Service, from the Department of Defense Office of Inspector General;
- Deputy Inspector General William Siemer, from the U.S. Postal Service Office of Inspector General; and

Thank you all for your commitment of resources and support to this new Strike Force.

I also want to recognize key members of the Antitrust Division team who have helped make this possible today: Deputy Assistant Attorneys General Richard Powers and Rene Augustine, and William Sloan, an accomplished federal prosecutor who has been tireless in making this Strike Force a reality and will serve as the key coordinator as the Strike Force’s director.

In a moment I will explain more about how the PCSF is structured and what it will do, but first let me speak to the problem it will address.

When competitors in any given industry collude and conspire to rig bids, fix prices, or allocate markets—that is, commit criminal antitrust violations—they distort the free market and harm customers with high prices and lower quality goods and services. This is no less true in the area of public procurement, where the customer is the government and the American taxpayer foots the bill for artificially high prices.

Let me state the problem in more concrete terms.

Roughly one out of every 10 dollars of federal spending is allocated to government contracting. Last year, the federal government spent more than $550 billion, or about 40 percent of all discretionary spending, on contracts for goods and services. And federal money for procurement is not limited to federal agencies; it also flows to state and local governments for public works and infrastructure projects. The 2018 federal budget included more than $79 billion in grants to state and local governments to fund major public physical capital investment.

Given the large sums of federal money involved in public procurement, it’s easy to see how any amount of overcharge caused by illegal bid rigging or other anticompetitive criminal conduct inflicts significant economic harm on the government and the taxpayers.

We also know from our experience prosecuting these crimes that the problem is a real one. I could, but won’t, detail our extensive history—going back decades—of prosecuting criminal conduct in this space. But let me share one fact that informs our thinking as we move forward: today, more than one third of the Antitrust Division’s 100-plus open investigations relate to public procurement or otherwise involve the government being victimized by criminal conduct.
The PCSF has two core objectives. The first is to deter and prevent antitrust and related crimes on the front end of the procurement process through outreach and training. The second objective is to effectively detect, investigate, and prosecute crimes that do occur through better coordination and partnership in the law enforcement and inspector general communities.

I want to talk about several key features of this Strike Force that will allow us to meet these objectives.

First, the PCSF will conduct targeted outreach training and education to key constituencies in the public procurement field. This outreach will serve both to prevent criminal activity and to identify crimes when they do occur.

On the “buy side” of the procurement process, the PCSF will conduct outreach to federal, state, and local government procurement officials to educate them on how to identify potential indicators, or “red flags,” of collusion, and to assist with structuring their acquisition processes to remove vulnerabilities in the first place.

On the “sell” side of the equation, the PCSF will conduct outreach to government contractors, their trade associations, and public contract lawyers in order to educate them about criminal antitrust violations and associated penalties.

Increasing education efforts on both sides of the public procurement market will promote competition and prevent illegal collusion during the contracting process, while at the same time it will facilitate the detection and reporting of suspicious behavior to help agents and prosecutors investigate and vigorously prosecute crimes when they occur.

The Antitrust Division has done similar types of outreach in the past, but I want to highlight a unique aspect of the PCSF’s structure, which I believe will enhance the effects of our outreach. The PCSF will use a district-based task organization model, beginning in the 13 partner federal districts. Specifically, from among our approximately 100 criminal prosecutors, the Antitrust Division has designated Trial Attorneys to serve as PCSF Liaisons for each of the 13 partner U.S. Attorneys’ Offices. In turn, each participating U.S. Attorney has designated an Assistant U.S. Attorney to serve as a PCSF Liaison for that district. Finally, the FBI is designating Special Agents from the field offices in each of the 13 districts to serve as PCSF Liaisons. Working together, these teams will lead the outreach training in their districts, focusing on where federal dollars are being spent in each district in order to get the most mileage out of their outreach efforts.

I also want to mention that the Strike Force will maintain a public website featuring antitrust training materials and legal resources, as well as a citizen complaint form that members of the public can use to report suspected criminal violations affecting government procurement. That website is going live today.

Now let me turn to a second important way the PCSF will work to protect the integrity of public procurement: improving detection. The Strike Force will work on ways to improve our use of data analytics programs to identify potential “red flags” of collusion in government procurement data. Many investigative agencies individually have made great strides on this front, and the PCSF will serve to facilitate collaboration and the sharing of best practices between these agencies. To that end, the PCSF is planning an interagency roundtable for early 2020 to bring together data scientists from across the law enforcement and Inspector General community.

Third, and finally, the PCSF’s district-based approach will not start and stop with outreach. When potential
illegal antitrust or related conduct is detected, prosecutors and agents from the PCSF’s district teams will work together to jointly investigate and prosecute such crimes. Leveraging the collective expertise and resources of the PCSF’s partners will enable us to maximize our enforcement efforts.

To conclude, I want to underscore that criminal antitrust conduct that affects government procurement is a costly problem, and the creation of the Procurement Collusion Strike Force marks an important milestone in the federal law enforcement community’s efforts to deter and prosecute illegal conduct in this area. Through this interagency partnership, we will devote significant energy and resources to protecting the integrity of the government procurement process by ensuring competition in this critical sector of our nation’s economy.

Thank you.

Source: U.S. Department of Justice press release.