

- What are the most common compliance issues institutions face under HMDA and Regulation C?
- What parts of Regulation C would benefit from clarification or additional guidance?
- Are there technical issues regarding Regulation C that should be resolved?

E. Other Issues

As part of its review of Regulation C, the Board is seeking to identify emerging issues in the mortgage market that may warrant additional research, respond to technological and other developments, reduce undue regulatory burden on industry, and delete obsolete provisions. The Board therefore requests comment on any emerging issues likely to affect the usefulness and accuracy of HMDA data and on any other changes to Regulation C the Board should consider.

By order of the Board of Governors of the Federal Reserve System, June 15, 2010.

Jennifer J. Johnson,
Secretary of the Board.

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FEDERAL TRADE COMMISSION

[File No. 081 0157]

U-Haul International, Inc. and AMERCO; Analysis of Agreement Containing Consent Order to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed Consent Agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint and the terms of the consent order — embodied in the consent agreement — that would settle these allegations.

DATES: Comments must be received on or before July 9, 2010.

ADDRESSES: Interested parties are invited to submit written comments electronically or in paper form. Comments should refer to “U-Haul AMERCO, File No. 081 0157” to facilitate the organization of comments. Please note that your comment — including your name and your state — will be placed on the public record of this proceeding, including on the publicly accessible FTC website, at (<http://www.ftc.gov/os/publiccomments.shtml>).

Because comments will be made public, they should not include any sensitive personal information, such as an individual’s Social Security Number; date of birth; driver’s license number or other state identification number, or foreign country equivalent; passport number; financial account number; or credit or debit card number. Comments also should not include any sensitive health information, such as medical records or other individually identifiable health information. In addition, comments should not include any “[t]rade secret or any commercial or financial information which is obtained from any person and which is privileged or confidential. . . .” as provided in Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and Commission Rule 4.10(a)(2), 16 CFR 4.10(a)(2). Comments containing material for which confidential treatment is requested must be filed in paper form, must be clearly labeled “Confidential,” and must comply with FTC Rule 4.9(c), 16 CFR 4.9(c).¹

Because paper mail addressed to the FTC is subject to delay due to heightened security screening, please consider submitting your comments in electronic form. Comments filed in electronic form should be submitted by using the following weblink: (<https://public.commentworks.com/ftc/U-HaulAmerco>) and following the instructions on the web-based form. To ensure that the Commission considers an electronic comment, you must file it on the web-based form at the weblink: (<https://public.commentworks.com/ftc/U-HaulAmerco>). If this Notice appears at (<http://www.regulations.gov/search/index.jsp>), you may also file an electronic comment through that website. The Commission will consider all comments that [regulations.gov](http://www.regulations.gov) forwards to it. You may also visit the FTC website at (<http://www.ftc.gov/>) to read the Notice and the news release describing it.

A comment filed in paper form should include the “U-Haul AMERCO, File No. 081 0157” reference both in the text and on the envelope, and should be mailed or delivered to the following address: Federal Trade Commission, Office of the Secretary, Room H-135 (Annex D), 600 Pennsylvania Avenue, NW, Washington, DC 20580. The FTC is requesting that any comment filed in

¹ The comment must be accompanied by an explicit request for confidential treatment, including the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. The request will be granted or denied by the Commission’s General Counsel, consistent with applicable law and the public interest. See FTC Rule 4.9(c), 16 CFR 4.9(c).

paper form be sent by courier or overnight service, if possible, because U.S. postal mail in the Washington area and at the Commission is subject to delay due to heightened security precautions.

The Federal Trade Commission Act (“FTC Act”) and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives, whether filed in paper or electronic form. Comments received will be available to the public on the FTC website, to the extent practicable, at (<http://www.ftc.gov/os/publiccomments.shtml>). As a matter of discretion, the Commission makes every effort to remove home contact information for individuals from the public comments it receives before placing those comments on the FTC website. More information, including routine uses permitted by the Privacy Act, may be found in the FTC’s privacy policy, at (<http://www.ftc.gov/ftc/privacy.shtml>).

FOR FURTHER INFORMATION CONTACT:

Dana Abrahamsen (202-326-2906), Bureau of Competition, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46(f), and § 2.34 the Commission Rules of Practice, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for June 9, 2010), on the World Wide Web, at (<http://www.ftc.gov/os/actions.shtml>). A paper copy can be obtained from the FTC Public Reference Room, Room 130-H, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580, either in person or by calling (202) 326-2222.

Public comments are invited, and may be filed with the Commission in either paper or electronic form. All comments should be filed as prescribed in the **ADDRESSES** section above, and must be received on or before the date specified in the **DATES** section.

Analysis of Agreement Containing Consent Order to Aid Public Comment

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a proposed consent order with U-Haul International, Inc. and its parent company AMERCO (collectively referred to as "U-Haul" or "Respondents"). The agreement settles charges that U-Haul violated Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, by inviting its closest competitor in the consumer truck rental industry to join with U-Haul in a collusive scheme to raise rates. The proposed consent order has been placed on the public record for 30 days to receive comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make the proposed order final.

The purpose of this analysis is to facilitate comment on the proposed order. The analysis does not constitute an official interpretation of the agreement and proposed order, and does not modify their terms in any way. Further, the proposed consent order has been entered into for settlement purposes only, and does not constitute an admission by Respondents that it violated the law or that the facts alleged in the complaint (other than jurisdictional facts) are true.

I. The Complaint

The allegations of the complaint are summarized below:

U-Haul is the largest consumer truck rental company in the United States. Edward J. Shoen is the Chairman, President and Director of AMERCO, and the Chief Executive Officer and Chairman of U-Haul International, Inc. U-Haul's primary competitors in the truck rental industry are Avis Budget Group, Inc. ("Budget") and Penske Truck Leasing Co., L.P. ("Penske").

A. Private Communications

For several years leading up to 2006, Mr. Shoen was aware that price competition from Budget was forcing U-Haul to lower its rates for one-way truck rentals. In 2006, Mr. Shoen developed a strategy in an attempt to eliminate this competition and thereby secure higher rates. Mr. Shoen instructed U-Haul regional managers to raise rates for truck rentals, and then contact Budget to inform Budget of U-Haul's conditional rate increase and encourage Budget to

follow, or U-Haul's rates would be reduced to the original level.

At about the same time, Mr. Shoen also instructed local U-Haul dealers to communicate with their counterparts at Budget and Penske, with the purpose of re-enforcing the message that U-Haul had raised its rates, and competitors' rates should be raised to match the increased U-Haul rates.

In late 2006 and thereafter, U-Haul representatives contacted Budget and invited price collusion as instructed by Mr. Shoen. The complaint includes specific allegations regarding the U-Haul operation in Tampa, Florida. U-Haul's regional manager for the Tampa area is Robert Magyar. In October 2006, Mr. Magyar received from Mr. Shoen the instructions described above. In response to Mr. Shoen's directive, Mr. Magyar increased U-Haul's rates for one-way truck rentals commencing in the Tampa area. Next, Mr. Magyar telephoned Budget and communicated to Budget representatives that U-Haul had raised its rates in Tampa, and that the new rates could be viewed on the U-Haul web-site.

One year later, in October 2007, Mr. Magyar again contacted several local Budget locations. Mr. Magyar communicated to Budget that U-Haul had increased its one-way truck rental rates, and that Budget should increase its rates as well. In an e-mail message addressed to U-Haul's most senior executives, Mr. Magyar related the conversations, as follows:

I have also called 3 major Budget locations in Tampa and told them who I am, I spoke about the .40 per mile rates to SE Florida and told them I was killing them on rentals to that area and I am setting new rates to the area to increase revenue per rental. I encouraged them to monitor my rates and to move their rates up. And they did.

B. Public Communications

In late 2007, Mr. Shoen decided that U-Haul should attempt to lead an increase in rates for one-way truck rentals across the United States. Mr. Shoen understood that this rate increase could be sustained only if Budget followed. On November 19, 2007, Mr. Shoen instructed U-Haul regional managers to raise prices. His expectation was that Budget would follow this rate increase.

However, Budget did not immediately match U-Haul's higher rates. U-Haul instructed its regional managers to maintain the new, higher rates for a while longer, in case Budget should take note and decide to follow.

U-Haul held an earnings conference call on February 7, 2008. Mr. Shoen was aware that Budget representatives would monitor the call. Mr. Shoen opened the earnings conference call with a short statement, noting U-Haul's efforts "to show price leadership."² When asked for additional information on industry pricing, Mr. Shoen made the following points:

1. U-Haul is acting as the industry price leader. The company has recently raised its rates, and competitors should do the same.

2. To date, Budget has not matched U-Haul's higher rates. This is unfortunate for the entire industry.

3. U-Haul will wait a while longer for Budget to respond appropriately, otherwise it will drop its rates.

4. In order to keep U-Haul from dropping its rates, Budget does not have to match U-Haul's rates precisely. U-Haul will tolerate a small price differential, but only a small price differential. Specifically, a 3 to 5 percent price difference is acceptable.

5. For U-Haul, market share is more important than price. U-Haul will not permit Budget to gain market share at U-Haul's expense.

With regard to both the private and public communications, U-Haul acted with the specific intent to facilitate collusion and increase the prices it could charge for truck rentals.

II. Analysis

The term "invitation to collude" describes an improper communication from a firm to an actual or potential competitor that the firm is ready and willing to coordinate on price or output. Such invitations to collude increase the risk of anticompetitive harm to consumers, and as such, can violate Section 5 of the FTC Act.³

If the invitation is accepted and the two firms reach an agreement, the Commission will allege collusion and refer the matter to the Department of Justice for a criminal investigation. In

² A complete transcript of the earnings conference call is annexed to the complaint as Exhibit A.

³ *In the Matter of Valassis Communications, Inc.*, 141 F.T.C. ____ (C-4160) (2006); *In the Matter of MacDermid, Inc.*, 129 F.T.C. ____ (C-3911) (2000); *In the Matter of Stone Container Corp.*, 125 F.T.C. 853 (1998); *In the Matter of Precision Moulding Co.*, 122 F.T.C. 104 (1996); *In the Matter of YKK (USA) Inc.*, 116 F.T.C. 628 (1993); *In the Matter of A.E. Clevite, Inc.*, 116 F.T.C. 389 (1993); *In the Matter of Quality Trailer Products Corp.*, 115 F.T.C. 944 (1992). In addition, invitations to collude may be violations of Section 2 of the Sherman Act as acts of attempted monopolization (*United States v. American Airlines*, 743 F.2d 1114 (5th Cir. 1984), cert. dismissed, 474 U.S. 1001 (1985)); as well as violations under the federal wire and mail fraud statutes, (*United States v. Ames Sintering Co.*, 927 F.2d 232 (6th Cir. 1990)).

this case, the complaint does not allege that U-Haul and Budget reached an agreement, despite Mr. Magyar's report to his bosses that he privately encouraged Budget to raise its rates "and they did." See Complaint Paragraph 19.

Even if no agreement was reached it does not necessarily mean that no competitive harm was done.⁴ An unaccepted invitation to collude may facilitate coordinated interaction by disclosing the solicitor's intentions and preferences. For example, in this case Budget learned from Mr. Magyar that if Budget raised its rates U-Haul would not undercut Budget. Thus, the improper communication from U-Haul could have encouraged Budget to raise rates. Similarly, the public statements made by the CEO of U-Haul could have encouraged competitors to raise rates.

Although this case involves particularly egregious conduct, it is possible that less egregious conduct may result in Section 5 liability. It is not essential that the Commission find repeated misconduct attributable to senior executives, or define a market, or show market power, or establish substantial competitive harm, or even find that the terms of the desired agreement have been communicated with precision.

III. The Proposed Consent Order

U-Haul has signed a consent agreement containing the proposed consent order. The proposed consent order consists of seven sections that work together to enjoin U-Haul from inviting collusion and from entering into or implementing a collusive scheme.

Section II, Paragraph A of the proposed consent order enjoins U-Haul from inviting a competitor to divide markets, to allocate customers, or to fix prices. Section II, Paragraph C prohibits U-Haul from entering into, participating in, maintaining, organizing, implementing, enforcing, inviting, offering or soliciting an agreement with any competitor to divide markets, to allocate customers, or to fix prices. Section II, Paragraph B bars U-Haul

from discussing rates with its competitors, with a proviso permitting legitimate market research.

The proviso in Section II, Paragraph D prevents the proposed order from interfering with U-Haul's efforts to negotiate prices with prospective customers, and it would permit U-Haul to provide investors with considerable information about company strategy. This proviso also permits U-Haul to communicate publicly any information required by the federal securities laws.

Sections III, IV, V, and VI of the proposed order include several terms that are common to many Commission orders, facilitating the Commission's efforts to monitor respondents' compliance with the order. Section IV, Paragraph A requires a periodic submission to the Commission of *unredacted* copies of certain internal U-Haul documents. This provision is necessary because U-Haul impeded the Federal Trade Commission's investigation of this matter. Specifically, U-Haul submitted to the Commission, in response to a *subpoena duces tecum*, documents authored by Mr. Shoen, from which were redacted many of the sentences quoted in the complaint. In the Commission's view, there was no justification for the redaction. The proposed order should deter repetition of this conduct.

Finally, Section VII provides that the proposed order will expire in 20 years.

By direction of the Commission.

Donald S. Clark,
Secretary.

Statement of Chairman Leibowitz, Commissioner Kovacic, and Commissioner Rosch

The Commission today has entered into a consent agreement with U-Haul and its parent company, AMERCO, resolving the Commission's allegation that they attempted to collude on truck rental prices. The parties have settled an invitation-to-collude case and not a Sherman Antitrust Act Section 1 conspiracy case. Put differently, the complaint in this case alleges an unfair method of competition in violation of Section 5 of the FTC Act that does not also constitute an antitrust violation.

Invitations to collude are the quintessential example of the kind of conduct that should be – and has been – challenged as a violation of Section 5 of the Federal Trade Commission Act,⁵

which may limit follow-on private treble damage litigation from Commission action while still stopping inappropriate conduct. In contrast to conspiracy claims that would violate Section 1, invitations to collude do not require proof of an agreement; nor do they require proof of an anticompetitive effect. The Commission has not alleged that Respondents entered into an agreement with Budget or any other competitors in violation of Section 1. Today's Commission action is instead based on evidence that Respondents unilaterally attempted to enter into such an agreement. The Commission therefore has reason to believe that Respondents engaged in conduct that is within Section 5's reach.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Office of the Assistant Secretary for Preparedness and Response; Statement of Organization, Functions, and Delegations of Authority

Part A, Office of the Secretary, Statement of Organization, Functions, and Delegations of Authority of the Department of Health and Human Services (HHS) is being amended at Chapter AN, Office of Public Health Emergency Preparedness (OPHEP), as last amended at 71 FR 38403-05 dated July 6, 2006. This organizational change is to retitle the OPHEP as the Office of the Assistant Secretary for Preparedness and Response (ASPR), and to realign the functions of ASPR to reflect the changes mandated by the Pandemic and All-Hazards Preparedness Act (Pub. L. 109-417) (PAHPA). The changes are as follows.

I. Under Part A, Chapter AN, "Office of Public Health Emergency Preparedness (AN)," delete in its entirety and replace with the following:

CHAPTER AN: Office of the Assistant Secretary for Preparedness and Response

AN.00 Mission
AN.10 Organization
AN.20 Functions

1998) (Complaint, Decision and Order); *In re Precision Moulding Co.*, 122 F.T.C. 104 (Sept. 3, 1996) (Complaint, Decision and Order); *In re YKK (USA) Inc.*, 116 F.T.C. 628 (July 1, 1993) (Complaint); *In re A.E. Cle vite, Inc.*, 116 F.T.C. 389 (June 8, 1993) (Complaint); *In re Quality Trailer Products Corp.*, 115 F.T.C. 944 (Nov. 5, 1992) (Complaint).

⁴ The Commission has previously explained that there are several legal and economic reasons to punish firms that invite collusion even when acceptance cannot be proven. First, it may be difficult to determine whether a particular solicitation has or has not been accepted. Second, the conduct may be harmful and serves no legitimate business purpose. Third, even an unaccepted solicitation may facilitate coordinated interaction by disclosing the intentions or preferences of the party issuing the invitation. *In the Matter of Valassis Communications, Inc.*, Analysis of Agreement Containing Consent Order To Aid Public Comment, 71 Fed. Reg. 13976, 13978-79 (Mar. 20, 2006). See generally P. Areeda & H. Hovenkamp, VI Antitrust Law ¶1419 (2003).

⁵ *In re Valassis Commc'ns, Inc.*, F.T.C. File No. 051-008, 2006 FTC LEXIS 25 (April 19, 2006) (Complaint); *In re MacDermid, Inc.*, F.T.C. File No. 991-0167, 1999 FTC LEXIS 191 (Feb. 4, 2000) (Complaint, Decision and Order); *In re Stone Container Corp.*, 125 F.T.C. 853 (1998) (June 3,