

AN FTC GUIDE TO DEALINGS WITH COMPETITORS

BID RIGGING

WHENEVER BUSINESS CONTRACTS ARE AWARDED by means of soliciting competitive bids, coordination among bidders undermines the bidding process and can be illegal. Bid rigging can take many forms, but one frequent form is when competitors agree in advance which firm will win the bid. For instance, competitors may agree to take turns being the low bidder, or sit out of a bidding round, or provide unacceptable bids to cover up a bid-rigging scheme. Other bid-rigging agreements involve subcontracting part of the main contract to the losing bidders, or forming a joint venture to submit a single bid.

EXAMPLE: Three school bus companies formed a joint venture to provide transportation services under a single contract with the school district. The joint venture did not involve any beneficial integration of operations that would save money. The FTC found that the joint venture mainly operated to prevent the bus companies from offering competing bids.

ARE YOU A PROCUREMENT OFFICER?

The Department of Justice has developed a tip sheet to help you assess suspicious bidding behavior and determine when to notify the government.

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