

Procurement Collusion Red Flags

The following are factors and circumstances the Government may consider “suspicious” conditions indicating possible collusion in procurement. While the presence of one or more factors do not necessarily mean misconduct has occurred, they may draw Government scrutiny.

Competition Conditions Ripe for Collusion

- Limited number of qualified bidders
- Difficult for new competitors to enter the market
- Few substitute products
- Standardized products
- Repetitive or regularly scheduled bidding opportunities/purchases
- Rush or emergency work

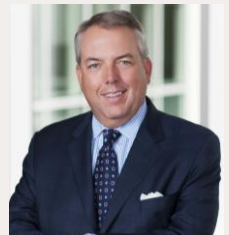
Suspicious Bid Patterns and Behavior

- Winning bidder subcontracts to losing bidder
- Winning bids rotate across set of bidders (Companies appear to “take turns” winning)
- Same company always wins or loses
- Certain companies only submit bids in certain geographical areas, for certain customers, or for certain products (ex: Company A always bids on Army contracts; Company B always bids on Navy contracts)
- Regular suppliers/vendors fail to bid for work they typically perform, but continue to bid for other contracts/awards with similar work
- Bid prices are much higher than estimates or previous bids/similar work
- Multiple companies each end up winning the same amount of work over a series of bids

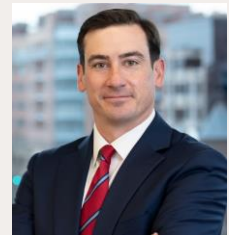
Warning Signs in Pricing

- Identical increases in price or price ranges that cannot be explained by cost increases
- Disappearance of anticipated discounts or rebates
- Winning bidder is noticeably lower than other bidders without explanation

Key Contacts



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