

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of

**U-Haul International, Inc.
a corporation, and**

**AMERCO
a corporation.**

DOCKET NO. C-

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. § 41, *et seq.*, and by virtue of the authority vested in it by said Act, the Federal Trade Commission (“Commission”), having reason to believe that U-Haul International, Inc., and AMERCO (hereinafter sometimes collectively referred to as “Respondents” or “U-Haul”), have violated the provisions of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this Complaint stating its charges as follows:

NATURE OF THE CASE

1. U-Haul is the largest consumer truck rental company in the United States. On multiple occasions, U-Haul invited its closest competitor, Avis Budget Group, Inc. (“Budget”), to join with U-Haul in a collusive scheme to raise rates for one-way truck rentals. U-Haul invited collusion employing both private communications and public statements. These actions endanger competition, and violate Section 5 of the FTC Act.

PRELIMINARY ALLEGATIONS

2. Respondent AMERCO is a corporation organized, existing, and doing business under and by virtue of the laws of Nevada, with its corporate headquarters located at 1325 Airmotive Way, Ste. 100, Reno, Nevada 89502.
3. Respondent U-Haul International, Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of Nevada, with its corporate headquarters located at 2727 North Central Avenue, Phoenix, Arizona 85004. U-Haul International, Inc. is a direct subsidiary of AMERCO.

4. Edward J. Shoen serves as Chairman, President, and Director of AMERCO, and as Chief Executive Officer and Chairman of U-Haul International, Inc.
5. The primary business of U-Haul is renting trucks to consumers for use in “do-it-yourself” moves, typically of household goods. U-Haul has a fleet of over 100,000 trucks, and operates a network of approximately 1,450 company-operated moving centers and 14,000 independent U-Haul dealerships located throughout the United States.
6. U-Haul offers customers the option of a “one-way move,” meaning that the customer may pick up a truck at one U-Haul location and drop the truck off at a different U-Haul location. Any person may visit the U-Haul web-site, input a town of origin and town of destination, and secure a computer-generated rate quote.
7. AMERCO is a publicly traded corporation, and holds conference calls with securities analysts

12. In 2006, Shoen developed two complementary strategies to eliminate this competition and thereby to secure higher rates. U-Haul regional managers and dealers were instructed by Shoen to implement these strategies.
 - a. The U-Haul regional manager should raise one-way rates. Then, the regional manager should contact Budget, inform Budget of U-Haul's conditional rate increase, and encourage Budget to follow - lest U-Haul's rates be reduced to the original level.
 - b. An alternative, pre-collusion strategy was available if the U-Haul regional manager judged that Budget would not presently follow a U-Haul rate increase. In this circumstance, the U-Haul regional manager should lower his one-way rates – below those of Budget. Then, the regional manager should contact Budget and inform Budget of this rate reduction. In this way, U-Haul would teach Budget that its low-price policy was fated to be ineffective. This would prepa

We are successfully meeting or beating our Budget and Penske competitors. However, their rates are WAY TOO LOW. When you and your MCP [regional manager] decide it is time to bring some One-Way rates back up above a money loosing [sic] 35¢ mile, have your Dealers let the Budget and Penske Dealers know. Try “Are you tired of renting 500 miles for \$149 and a \$28 commission? Then, tell your Budget/Penske rep that U-Haul is up and they should be too.” Dealers know how to have this conversation and who to call to have it . . . [W]e should be able to exercise some price leadership and get a rate that better reflects our costs.

PUBLICLY COMMUNICATED ATTEMPT TO COLLUDE

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

Stop **setting** MCO [regional] rates based on Budget's rate. Set the correct rate Budget will come up. Let them.

(Emphasis in original).
22. 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.
23. U-Haul held its third quarter fiscal year 2008 earnings conference call on February 7, 2008. Shoen was aware that Budget representatives would monitor the call. (A complete transcript of the earnings conference call is annexed hereto as Exhibit A.)
24. Shoen opened the earnings conference call with a short statement noting, *inter alia*, U-Haul's efforts "to show price leadership." When asked for additional information on industry pricing, Shoen made the following points:
 - a. U-Haul is acting as the industry price leader. The company has recently raised its rates, and competitors should do the same.

[W]e're very, very much trying to function a price leader and not give away share And even in several corridor markets that are highly competitive, I'm trying to exhibit some price leadership because, as I think you have found on your own, there are markets that are being priced well below the cost of providing the service. And I don't really believe the customer wants us to do that on any consistent basis So we've been trying to force prices

So we're pushing for it we're going to continue to push for it. I believe the customer wants us to push for it.

And so by, as I talked about earlier, me trying to get us to exercise price leadership every time we get what we consider to be an opportunity, it's another indicator to them [Budget] as to, hey, don't throw the money away. Price at cost at least.

b. To date, Budg

- d. In order to keep U-Haul from dropping its rates, Budget does not have to match U-Haul's r

VIOLATION CHARGED

27. As set forth in Paragraphs 11 through 26 above, U-Haul invited its competitor to collude with U-Haul in violation of Section 5 of the Fe