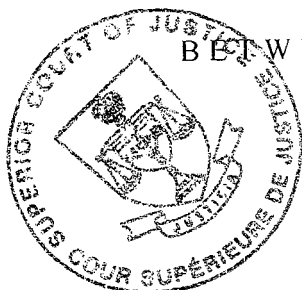


CV 15 5241850004

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE**



BETWEEN:

**SHERIDAN CHEVROLET CADILLAC LTD.,
THE PICKERING AUTO MALL LTD., FADY SAMAHA
and URLIN RENT A CAR LTD.**

Plaintiffs

- and -

**HITACHI METALS, LTD., HITACHI CABLE AMERICA INC., TOYODA GOSEI CO.,
LTD., TOYODA GOSEI NORTH AMERICA CORPORATION, TG FLUID SYSTEMS
USA CORPORATION, TG KENTUCKY, LLC, SUMITOMO RIKO COMPANY
LIMITED, and DTR TENNESSEE, INC.**

Defendants

Proceeding under the *Class Proceedings Act, 1992*, S.O. 1992, c. C.6

**STATEMENT OF CLAIM
(Automotive Hoses)**

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiffs' lawyers or, where the plaintiffs do not have a lawyer, serve it on the plaintiffs, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

If you wish to defend this proceeding but are unable to pay legal fees, legal aid may be available to you by contacting a local Legal Aid office.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date: March 1st 2015

Issued by: 
Local Registrar

Address of Court Office:
Superior Court of Justice
393 University Ave., 10th Floor
Toronto, ON M5G 1E6

- TO: **HITACHI METALS, LTD.**
SEAVANS North Bldg., 2-1, Shibaura 1-chome,
Minato-ku, Tokyo 105-8614, Japan

- AND TO: **HITACHI CABLE AMERICA INC.**
2 Manhattanville Road - Suite 301,
Purchase, NY 10577

- AND TO: **TOYODA GOSEI CO., LTD.**
1 Haruhinagahata Kiyosu,
Aichi, Japan 452-8564

- AND TO: **TOYODA GOSEI NORTH AMERICA CORPORATION**
1400 Stephenson Highway
Troy, MI 48083, USA

- AND TO: **TG FLUID SYSTEMS USA CORPORATION**
740 Advance Street
Brighton, MI 48116, USA

- AND TO: **TG KENTUCKY, LLC**
633 E. Main Street
Lebanon KY 40033, USA

AND TO: SUMITOMO RIKO COMPANY LIMITED
1 Higashi 3-chome, Komaki,
Aichi 485-8550 JAPAN

AND TO: DTR TENNESSEE, INC.
199 Pottertown Rd.
Midway, TN 37809 U.S.A

CLAIM

I. The plaintiffs claim on their own behalf and on behalf of other members of the Proposed Class (as defined in paragraph 8 below):

- (a) A declaration that the defendants conspired and agreed with each other and other unknown co-conspirators to rig bids and fix, raise, maintain, or stabilize the price of Automotive Hoses (as defined in paragraph 2 below) sold in North America and elsewhere during the Class Period (as defined in paragraph 8 below);
- (b) A declaration that the defendants and their co-conspirators did, by agreement, threat, promise or like means, influence or attempt to influence upwards, or discourage or attempt to discourage the reduction of the price at which Automotive Hoses were sold in North America and elsewhere during the Class Period;
- (c) Damages or compensation in an amount not exceeding \$50,000,000:
 - (i) for loss and damage suffered as a result of conduct contrary to Part VI of the *Competition Act*, RSC 1985, c C-34 ("*Competition Act*");
 - (ii) for civil conspiracy;
 - (iii) for unjust enrichment; and

- (iv) for waiver of tort;
- (d) Punitive, exemplary and aggravated damages in the amount of \$5,000,000;
- (e) Pre-judgment interest in accordance with section 128 of the *Courts of Justice Act*, RSO 1990, c C.43 ("*Courts of Justice Act*"), as amended;
- (f) Post-judgment interest in accordance with section 129 of the *Courts of Justice Act*;
- (g) Investigative costs and costs of this proceeding on a full-indemnity basis pursuant to section 36 of the *Competition Act*; and
- (h) Such further and other relief as this Honourable Court deems just.

Summary of Claim

2. This action arises from a conspiracy to fix, raise, maintain or stabilize prices, rig bids and allocate the market and customers in North America and elsewhere for automotive hoses used in automobiles and other light-duty vehicles ("**Automotive Hoses**"). Automotive Hoses include high pressure and low pressure hoses, made from a variety of materials, including but not limited to rubber, metal and silicon, which carry and transfer fluids throughout and between various component parts and are integral to the operation of Automotive Vehicles. The unlawful conduct occurred from at least as early as February 1, 2004 and continued until at least October 1, 2010 and impacted prices for several years thereafter. The unlawful conduct was targeted at the automotive industry, raising prices to all members of the Proposed Class.

3. As a direct result of the unlawful conduct alleged herein, the plaintiffs and other members of the Proposed Class paid artificially inflated prices for Automotive Hoses and/or new vehicles

containing Automotive Hoses manufactured, marketed, sold and/or distributed during the Class Period and have thereby suffered losses and damages.

The Plaintiffs

4. The plaintiff, Sheridan Chevrolet Cadillac Ltd. ("**Sheridan**"), was an automotive dealer in Pickering, Ontario pursuant to a Dealer Sales and Service Agreement with General Motors of Canada Limited ("**GMCL**") from 1977 to 2009.

5. The plaintiff, The Pickering Auto Mall Ltd. ("**Pickering**"), was an automotive dealer in Pickering, Ontario pursuant to a Dealer Sales and Service Agreement with GMCL from 1989 to 2009.

6. The plaintiff, Fady Samaha, a resident of Newmarket, Ontario, purchased a new Honda Civic in 2009.

7. The plaintiff, Urlin Rent A Car Ltd. ("**Urlin**"), is a motor vehicle rental company located in London, Ontario that has been in operation since the early 1990s.

8. The plaintiffs seek to represent the following class (the "**Proposed Class**"):

All Persons in Canada who purchased Automotive Hoses;^{1,2} or who purchased and/or leased a new Automotive Vehicle³ containing Automotive Hoses during the Class Period.⁴ Excluded from the class are the defendants, their parent companies, subsidiaries, and affiliates.

¹ Automotive Hoses include high pressure and low pressure hoses, made from a variety of materials, including but not limited to rubber, metal and silicon, which carry and transfer fluids throughout and between various component parts and are integral to the operation of Automotive Vehicles.

² Automotive Hoses purchased for repair or replacement in an Automotive Vehicle are excluded from the Class.

³ Automotive Vehicle means passenger cars, SUVs, vans, and light trucks (up to 10,000 lbs).

⁴ Class Period means between February 1, 2004 and October 1, 2010 and/or during the subsequent period during which prices were affected by the alleged conspiracy.

The Defendants

Hitachi Defendants

9. The defendant, Hitachi Metals, Ltd. ("**Hitachi Metals**"), is a Japanese corporation. Hitachi Metals is the successor in interest to Hitachi Cable Ltd. During the Class Period, Hitachi Cable Ltd. manufactured, marketed, sold and/or distributed Automotive Hoses to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and subsidiaries, including the defendant, Hitachi Cable America Inc. ("**Hitachi Cable**").

10. Hitachi Cable is an American corporation and has its principal place of business in Purchase, New York. Hitachi Cable is the successor in interest to Hitachi Cable Automotive Products USA, Inc. During the Class Period, Hitachi Cable Automotive Products USA, Inc. manufactured, marketed, sold, and/or distributed Automotive Hoses to customers throughout Canada, either directly or indirectly through the control of its predecessors, affiliates and/or subsidiaries. Hitachi Cable is owned and controlled by Hitachi Metals.

11. The business of each of Hitachi Metals and Hitachi Cable are inextricably interwoven with that of the other and each is the agent of the other for the purposes of the manufacture, market, sale and/or distribution of Automotive Hoses and for the purposes of the conspiracy

described hereinafter. Hitachi Metals and Hitachi Cable are collectively referred to herein as “**Hitachi**.”

Toyoda Defendants

12. The defendant, Toyoda Gosei Co., Ltd. (“**Toyoda Gosei**”), is a Japanese corporation. During the Class Period, Toyoda Gosei manufactured, marketed, sold and/or distributed Automotive Hoses to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and subsidiaries, including the defendants, Toyoda Gosei North America Corporation (“**Toyoda North America**”), TG Fluid Systems USA Corporation (“**TG USA**”), and TG Kentucky, LLC (“**TG Kentucky**”).

13. Toyoda North America is an American corporation and has its principle place of business in Troy, Michigan. During the Class Period, Toyoda North America manufactured, marketed, sold and/or distributed Automotive Hoses to customer throughout Canada, either directly or indirectly, through the control of its predecessors, affiliates and/or subsidiaries. Toyoda North America is owned or controlled by Toyoda Gosei.

14. TG USA is an American corporation and has its principal place of business in Brighton, Michigan. During the Class Period, TG USA manufactured, marketed, sold, and/or distributed Automotive Hoses to customers throughout Canada, either directly or indirectly, through the control of its predecessors, affiliates and/or subsidiaries. TG USA is owned or controlled by Toyoda Gosei.

15. TG Kentucky is an American corporation and has its principal place of business in Lebanon, Kentucky. During the Class Period, TG Kentucky manufactured, marketed, sold,

and/or distributed Automotive Hoses to customers throughout Canada, either directly or indirectly, through the control of its predecessors, affiliates and/or subsidiaries. TG Kentucky is owned or controlled by Toyoda Gosei.

16. The business of each of Toyoda Gosei, TG USA, and TG Kentucky is inextricably interwoven with that of the other and each is the agent of the other for the purposes of the manufacture, market, sale and/or distribution of Automotive Hoses in Canada and for the purposes of the conspiracy described hereinafter. Toyoda Gosei, Toyoda North America, TG USA, and TG Kentucky are collectively referred to herein as "**Toyoda**."

Sumitomo Defendants

17. The defendant, Sumitomo Riko Company Limited ("**Sumitomo Riko**"), is a Japanese corporation. Sumitomo Riko is the successor in interest to Tokai Rubber Industries, Ltd. During the Class Period, Tokai Rubber Industries, Ltd. manufactured, marketed, sold and/or distributed Automotive Hoses to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and subsidiaries, including the defendant, DTR Tennessee, Inc. ("**DTR**").

18. DTR is an American corporation and has its principal place of business in Midway, Tennessee. During the Class Period, DTR manufactured, marketed, sold, and/or distributed Automotive Hoses to customers throughout Canada, either directly or indirectly through the control of its predecessors, affiliates and/or subsidiaries. DTR is owned and controlled by Sumitomo Riko.

19. The business of each of Sumitomo Riko and DTR are inextricably interwoven with that of the other and each is the agent of the other for the purposes of the manufacture, market, sale

and/or distribution of Automotive Hoses and for the purposes of the conspiracy described hereinafter. DTR and Sumitomo Riko are collectively referred to herein as “**Sumitomo.**”

Unnamed Co-Conspirators

20. Various persons, partnerships, sole proprietors, firms, corporations and individuals not named as defendants in this lawsuit, the identities of which are not presently known, may have participated as co-conspirators with the defendants in the unlawful conspiracy alleged in this statement of claim, and have performed acts and made statements in furtherance of the unlawful conduct.

Joint and Several Liability

21. The defendants are jointly and severally liable for the actions of and damages allocable to all co-conspirators.

22. Whenever reference is made herein to any act, deed or transaction of any corporation, the allegation means that the corporation or limited liability entity engaged in the act, deed or transaction by or through its officers, directors, agents, employees or representatives while they were actively engaged in the management, direction, control or transaction of the corporation's business or affairs.

The Automotive Hose Industry

23. Automotive Hoses include high pressure and low pressure hoses, made from a variety of materials, including but not limited to rubber, metal and silicon, which carry and transfer fluids throughout and between various component parts and are integral to the operation of Automotive

Vehicles. Automotive Hoses, among other things, transfers the brake fluid from the brake fluid reservoir to the brake calipers necessary for the operation of the brakes; transfers the coolant between the radiator and engine block as part of the engine cooling system; transfers power steering fluid from the reservoir to the steering box and back as part of the power steering system; and, transfers fuel from the fuel storage tank to the engine block necessary for the operation of a combustion engine. Automotive Hoses are installed by automobile original equipment manufacturers (“OEMs”) in new vehicles as part of the automotive manufacturing process.

24. For new vehicles, the OEMs – mostly large automotive manufacturers such as Honda, Toyota, Volvo, General Motors and others – purchase Automotive Hoses directly from the defendants. Automotive Hoses may also be purchased by component manufacturers who then supply such systems to OEMs. These component manufacturers are also called “**Tier I Manufacturers**” in the industry. A Tier I Manufacturer supplies Automotive Hoses directly to an OEM.

25. When purchasing Automotive Hoses, OEMs issue Requests for Quotation (“RFQs”) to automotive parts suppliers on a model-by-model basis for model-specific parts. In at least some circumstances, the RFQ is sought from pre-qualified suppliers of the product. Typically, the RFQ would be made when there has been a major design change on a model-by-model basis. Automotive parts suppliers submit quotations, or bids, to OEMs in response to RFQs. The OEMs usually award the business to the selected automotive parts supplier for a fixed number of years consistent with the estimated production life of the parts program. Typically, the production life of the parts program is between two and five years. Typically, the bidding

process begins approximately three years before the start of production of a new model. Once production has begun, OEMs issue annual price reduction requests (“APRs”) to automotive parts suppliers to account for efficiencies gained in the production process. OEMs procure parts for North American manufactured vehicles in Japan, the United States, Canada and elsewhere.

26. During the Class Period, the defendants and their unnamed co-conspirators supplied Automotive Hoses to OEMs for installation in vehicles manufactured and sold in North America and elsewhere. The defendants and their unnamed co-conspirators manufactured Automotive Hoses: (a) in North America for installation in vehicles manufactured in North America and sold in Canada, (b) outside North America for export to North America and installation in vehicles manufactured in North America and sold in Canada, and (c) outside North America for installation in vehicles manufactured outside North America for export to and sale in Canada.

27. The defendants and their unnamed co-conspirators intended as a result of their unlawful conspiracy to inflate the prices for Automotive Hoses and new vehicles containing Automotive Hoses sold in North America and elsewhere.

28. The defendants and their unnamed co-conspirators unlawfully conspired to agree and manipulate prices for Automotive Hoses and conceal their anti-competitive behaviour from OEMs and other industry participants. The defendants and their unnamed co-conspirators knew that their unlawful scheme and conspiracy would unlawfully increase the price at which Automotive Hoses would be sold from the price that would otherwise be charged on a competitive basis. The defendants and their unnamed co-conspirators were aware that, by unlawfully increasing the prices of Automotive Hoses, the prices of new vehicles containing Automotive Hoses would also be artificially inflated. The defendants and their unnamed co-

conspirators knew that their unlawful scheme and conspiracy would injure purchasers of Automotive Hoses and purchasers and lessees of new vehicles containing Automotive Hoses. The defendants' conduct impacted not only multiple bids submitted to OEMs, but also the price paid by all other purchasers of Automotive Hoses.

29. By virtue of their market shares, the defendants are the dominant manufacturers and suppliers of Automotive Hoses in Canada and the world. Their customers include Toyota, Honda, and Nissan.

30. The defendants are some of the largest manufacturers and suppliers of Automotive Hoses in Canada and the world.

31. The automotive industry in Canada and the United States is an integrated industry. Automobiles manufactured on both sides of the border are sold in Canada. The unlawful conspiracy affected prices of Automotive Hoses in the United States and Canada, including Ontario.

Investigations into International Cartel and Resulting Fines

United States

32. In the United States, Toyoda Gosei has agreed to plead guilty and pay a fine of US\$26 million in respect of its role in the alleged conspiracy to fix the prices of Automotive Hoses and two other automotive parts from as early as February 2004 and continuing until at least October 2010.

33. In the United States, Hitachi Metals has agreed to plead guilty and pay a fine of US\$1.25 million in respect of its role in the alleged conspiracy to fix the prices of Automotive Hoses from as early as November 2005 and continuing until at least September 2009.

Plaintiffs Purchased New Vehicles Containing Automotive Hoses

34. During the Class Period, Sheridan purchased for resale the following brands of vehicles manufactured by GMCL or its affiliates: Chevrolet, Oldsmobile, and Cadillac.

35. During the Class Period, Sheridan also purchased for resale vehicles manufactured by the following other automotive manufacturers: Suzuki Canada Inc., CAMI Automotive Inc., GM Daewoo Auto & Technology Company, and Daewoo Motor Co.

36. During the Class Period, Pickering purchased for resale the following brands of vehicles manufactured by GMCL or its affiliates: Isuzu, Saab, and Saturn.

37. During the Class Period, Pickering also purchased for resale vehicles manufactured by the following other automotive manufacturers: Isuzu Motors Ltd., Adam Opel AG, and Subaru Canada Inc.

38. During the Class Period, Urlin purchased for use as part of its fleet of rental vehicles the following brands of Automotive Vehicles: Toyota, Ford, General Motors, Chevrolet, Mazda, Dodge, Jeep, Mercedes, Nissan, Volkswagen and Hyundai.

39. The vehicles purchased by Sheridan, Pickering and Urlin were manufactured in whole or in part at various times in Ontario or other parts of Canada, the United States, Japan, and other parts of the world.

40. Sheridan, Pickering and Urlin purchased new vehicles containing Automotive Hoses.

41. Fady Samaha purchased a new Honda Civic in 2009, which contained Automotive Hoses.

Breaches of Part VI of *Competition Act*

42. From at least as early as February 1, 2004 until at least October 1, 2010, the defendants and their unnamed co-conspirators engaged in a conspiracy to rig bids for and to fix, maintain, increase or control the prices of Automotive Hoses sold to customers in North America and elsewhere. The defendants and their unnamed co-conspirators conspired to enhance unreasonably the prices of Automotive Hoses and/or to lessen unduly competition in the production, manufacture, sale and/or distribution of Automotive Hoses in North America and elsewhere. The conspiracy was intended to, and did, affect prices of Automotive Hoses and new vehicles containing Automotive Hoses.

43. The defendants and their unnamed co-conspirators carried out the conspiracy by:

(a) participating in meetings, conversations, and communications in the United States, Japan, Europe, and elsewhere to discuss the bids (including RFQs) and price quotations to be submitted to OEMs selling automobiles in North America and elsewhere;

(b) agreeing, during those meetings, conversations, and communications, on bids (including RFQs) and price quotations (including APRs) to be submitted to OEMs in North America and elsewhere (including agreeing that certain defendants or co-conspirators would win the RFQs for certain models);

- (c) agreeing on the prices to be charged and to control discounts (including APRs) for Automotive Hoses in North America and elsewhere and to otherwise fix, increase, maintain or stabilize those prices;
- (d) agreeing, during those meetings, conversations, and communications, to allocate the supply of Automotive Hoses sold to OEMs in North America and elsewhere on a model-by-model basis;
- (e) agreeing, during those meetings, conversations, and communications, to coordinate price adjustments in North America and elsewhere;
- (f) submitting bids (including RFQs), price quotations, and price adjustments (including APRs) to OEMs in North America and elsewhere in accordance with the agreements reached;
- (g) enhancing unreasonably the prices of Automotive Hoses sold in North America and elsewhere;
- (h) selling Automotive Hoses to OEMs in North America and elsewhere for the agreed-upon prices, controlling discounts and otherwise fixing, increasing, maintaining or stabilizing prices for Automotive Hoses in North America and elsewhere;
- (i) allocating the supply of Automotive Hoses sold to OEMs in North America and elsewhere on a model-by-model basis;
- (j) accepting payment for Automotive Hoses sold to OEMs in North America and elsewhere at collusive and supra-competitive prices;

- (k) engaging in meetings, conversations, and communications in the United States, Japan and elsewhere for the purpose of monitoring and enforcing adherence to the agreed-upon bid-rigging and price-fixing scheme;
- (l) actively and deliberately employing steps to keep their conduct secret and to conceal and hide facts, including but not limited to using code names, following security rules to prevent "paper trails," abusing confidences, communicating by telephone and meeting in locations where they were unlikely to be discovered by other competitors and industry participants; and
- (m) preventing or lessening, unduly, competition in the market in North America and elsewhere for the production, manufacture, sale or distribution of Automotive Hoses.

44. As a result of the unlawful conduct alleged herein, the plaintiffs and other members of the Proposed Class paid unreasonably enhanced/supra-competitive prices for Automotive Hoses and/or new vehicles containing Automotive Hoses.

45. The conduct described above constitutes offences under Part VI of the *Competition Act*, in particular, sections 45(1), 46(1) and 47(1) of the *Competition Act*. The plaintiffs claim loss and damage under section 36(1) of the *Competition Act* in respect of such unlawful conduct.

Breach of Foreign Law

46. The defendants and their unnamed co-conspirators' conduct, particularized in this statement of claim, took place in, among other places, the United States, Japan, and Europe, where it was illegal and contrary to the competition laws of the United States, Japan, and Europe.

Civil Conspiracy

47. The defendants and their unnamed co-conspirators voluntarily entered into agreements with each other to use unlawful means which resulted in loss and damage, including special damages, to the plaintiffs and other members of the Proposed Class. The unlawful means include the following:

- (a) entering into agreements to rig bids and fix, maintain, increase or control prices of Automotive Hoses sold to customers in North America and elsewhere in contravention of sections 45(1), 46(1), and 47(1) of the *Competition Act*; and
- (b) aiding, abetting and counselling the commission of the above offences, contrary to sections 21 and 22 of the *Criminal Code*, RSC 1985, c C-46.

48. In furtherance of the conspiracy, the defendants, their servants, agents and unnamed co-conspirators carried out the acts described in paragraph 43 above.

49. The defendants and their unnamed co-conspirators were motivated to conspire. Their predominant purposes and concerns were to harm the plaintiffs and other members of the Proposed Class by requiring them to pay artificially high prices for Automotive Hoses, and to illegally increase their profits on the sale of Automotive Hoses.

50. The defendants and their unnamed co-conspirators intended to cause economic loss to the plaintiffs and other members of the Proposed Class. In the alternative, the defendants and their unnamed co-conspirators knew in the circumstances, that their unlawful acts would likely cause injury.

Discoverability

51. Automotive Hoses are not exempt from competition regulation and thus, the plaintiffs reasonably considered the Automotive Hoses industry to be a competitive industry. A reasonable person under the circumstances would not have been alerted to investigate the legitimacy of the defendants' prices for Automotive Hoses.

52. Accordingly, the plaintiffs and other members of the Proposed Class did not discover, and could not discover through the exercise of reasonable diligence, the existence of the alleged conspiracy during the Class Period.

Fraudulent Concealment

53. The defendants and their co-conspirators actively, intentionally and fraudulently concealed the existence of the combination and conspiracy from the public, including the plaintiffs and other members of the Proposed Class. The defendants and their co-conspirators represented to customers and others that their pricing and bidding activities were unilateral, thereby misleading the plaintiffs. The affirmative acts of the defendants alleged herein, including acts in furtherance of the conspiracy, were fraudulently concealed and carried out in a manner that precluded detection.

54. The defendants' anti-competitive conspiracy was self-concealing. As detailed in paragraph 43 above, the defendants took active, deliberate and wrongful steps to conceal their participation in the alleged conspiracy.

55. Because the defendants' agreements, understandings and conspiracies were kept secret, plaintiffs and other members of the Proposed Class were unaware of the defendants' unlawful

conduct during the Class Period, and they did not know, at the time, that they were paying supra-competitive prices for Automotive Hoses and/or new vehicles containing Automotive Hoses.

Unjust Enrichment

56. As a result of their conduct, the defendants benefited from a significant enhancement of their revenues on the sale of Automotive Hoses. All members of the Proposed Class have suffered a corresponding deprivation as a result of being forced to pay inflated prices for Automotive Hoses and/or new vehicles containing Automotive Hoses. There is no juristic reason or justification for the defendants' enrichment, as such conduct is tortious, unjustifiable and unlawful under the *Competition Act* and similar laws of other countries in which the unlawful acts took place.

57. It would be inequitable for the defendants to be permitted to retain any of the ill-gotten gains resulting from their unlawful conspiracy.

58. The plaintiffs and other members of the Proposed Class are entitled to the amount of the defendants' ill-gotten gains resulting from their unlawful and inequitable conduct.

Waiver of Tort

59. In the alternative to damages, in all of the circumstances, the plaintiffs plead an entitlement to "waive the tort" of civil conspiracy and claim an accounting or other such restitutionary remedy for disgorgement of the revenues generated by the defendants as a result of their unlawful conspiracy.

60. As a direct, proximate, and foreseeable result of the defendants' wrongful conduct, the plaintiffs and other members of the Proposed Class overpaid for Automotive Hoses. As a result of the unlawful conspiracy, the defendants profited from the sale of Automotive Hoses at artificially inflated prices and were accordingly unjustly enriched. The defendants accepted and retained the unlawful overcharge. It would be unconscionable for the defendants to retain the unlawful overcharge obtained as a result of the alleged conspiracy.

Damages

61. The conspiracy had the following effects, among others:

- (a) price competition has been restrained or eliminated with respect to Automotive Hoses sold directly or indirectly to the plaintiffs and other members of the Proposed Class in Ontario and the rest of Canada;
- (b) the prices of Automotive Hoses sold directly or indirectly to the plaintiffs and other members of the Proposed Class in Ontario and the rest of Canada have been fixed, maintained, increased or controlled at artificially inflated levels; and
- (c) the plaintiffs and other members of the Proposed Class have been deprived of free and open competition for Automotive Hoses in Ontario and the rest of Canada.

62. Automotive Hoses are identifiable, discrete physical products that remain essentially unchanged when incorporated into a vehicle. As a result, Automotive Hoses follow a traceable chain of distribution from the defendants to the OEMs (or alternatively to the Tier 1 Manufacturers and then to OEMs) and from the OEMs to automotive dealers to consumers or

other end-user purchasers. Costs attributable to Automotive Hoses can be traced through the distribution chain.

63. By reason of the wrongful conduct alleged herein, the plaintiffs and the members of the Proposed Class have sustained losses by virtue of having paid higher prices for Automotive Hoses and/or new vehicles containing Automotive Hoses than they would have paid in the absence of the illegal conduct of the defendants and their unnamed co-conspirators. As a result, the plaintiffs and other members of the Proposed Class have suffered loss and damage in an amount not yet known but to be determined. Full particulars of the loss and damage will be provided before trial.

Punitive, Aggravated and Exemplary Damages

64. The defendants and their unnamed co-conspirators used their market dominance, illegality and deception in furtherance of a conspiracy to illegally profit from the sale of Automotive Hoses. They were, at all times, aware that their actions would have a significant adverse impact on all members of the Proposed Class. The conduct of the defendants and their unnamed co-conspirators was high-handed, reckless, without care, deliberate, and in disregard of the plaintiffs' and Proposed Class members' rights.

65. Accordingly, the plaintiffs request substantial punitive, exemplary and aggravated damages in favour of each member of the Proposed Class.

Service of Statement of Claim Outside Ontario

66. The plaintiffs are entitled to serve this statement of claim outside Ontario without a court order pursuant to the following rules of the *Rules of Civil Procedure*, RRO 1990, Reg 194 because:

- (a) Rule 17.02 (g) – the claim relates to a tort committed in Ontario;
- (b) Rule 17.02 (h) – the claim relates to damage sustained in Ontario arising from a tort; and
- (c) Rule 17.02 (o) – the defendants residing outside of Ontario are necessary and proper parties to this proceeding.

67. The plaintiffs propose that this action be tried at Toronto, Ontario.

DATE: March 17, 2015

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SHERIDAN CHEVROLET et al v. HITACHI METALS, LTD. et al

CV-15-524/85 000
Court File No:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**STATEMENT OF CLAIM
(Automotive Hoses)**

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