



# Big digital cat project – subtotals and prospects

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# Structure. From Kaliningrad to Vladivostok

Bid rigging Investigation Division

Product Market Investigation Division

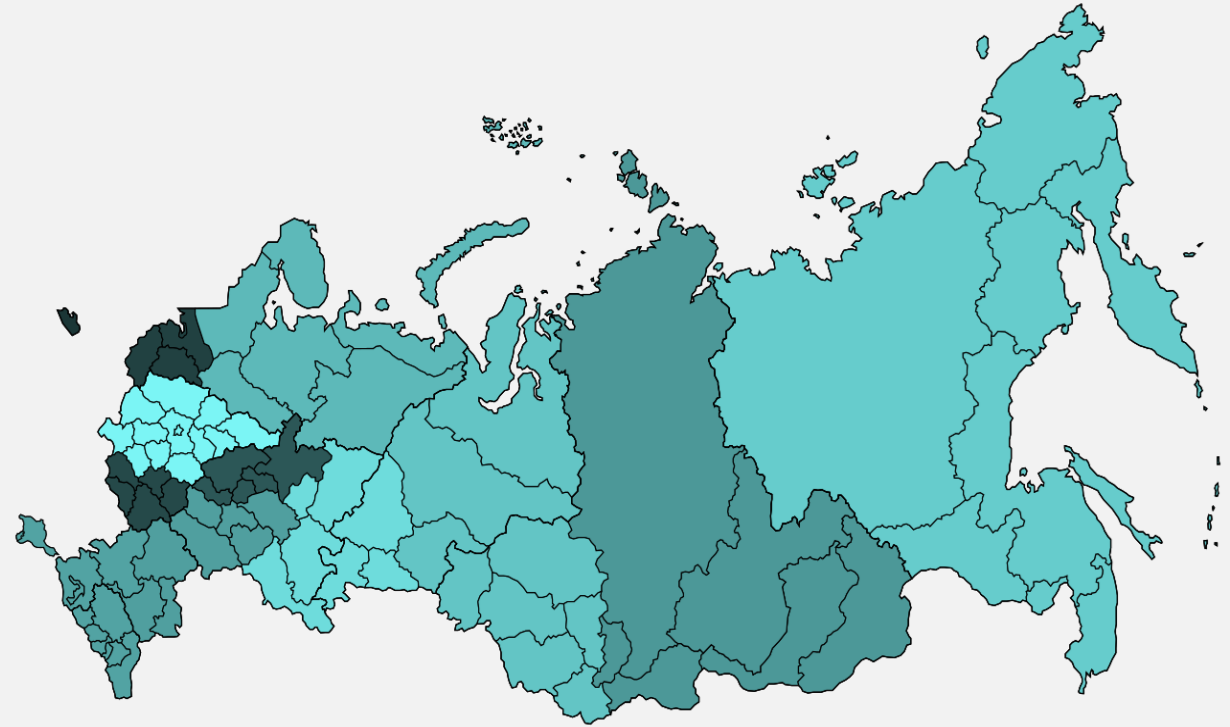
Division of Investigation in the State Defense Order

Division of Law Enforcement Analysis and Methodology

Special Investigation Division

Division for Organization of Cooperation with Law Enforcement Agencies

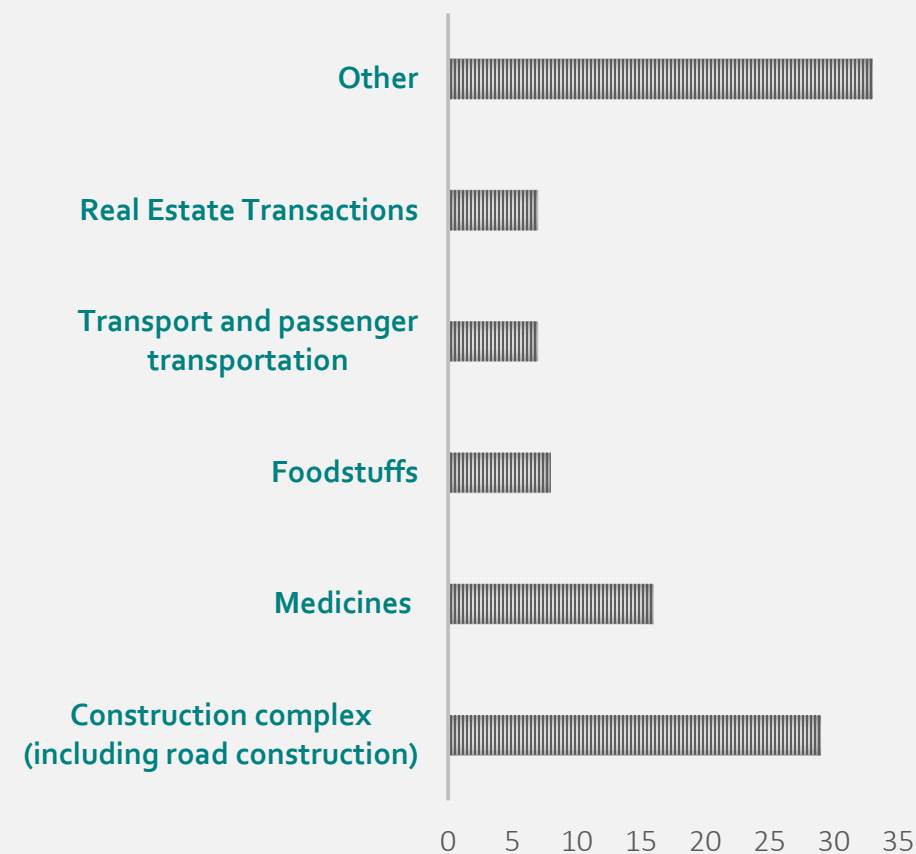
Digital Investigation Division



**Central Office** of the FAS Russia + **8 district offices** + **84 Regional Offices** of the FAS Russia throughout the country

# Statistics

Article of the Law on Protection of Competition	Number of cases initiated in 2018	Number of cases initiated in 2019	Dynamics
Article 11 (total), including:	384	519	+ 26%
☐ part 1 (cartels)	332 (86,5%)	424 (81,7%)	+ 22 %
Of which bid rigging	283 (85,2%)	372 (71,7%)	+ 24 %
Article 16	300	320	+ 6 %
Article 17 (paragraph 1 part 1 – agreements)	82	83	+ 1 %



In 2017, the courts annulled **5.7%** of all decisions on anti-competitive agreements of the FAS Russia and its territorial offices; in 2018, the courts annulled **3%** of the decisions.

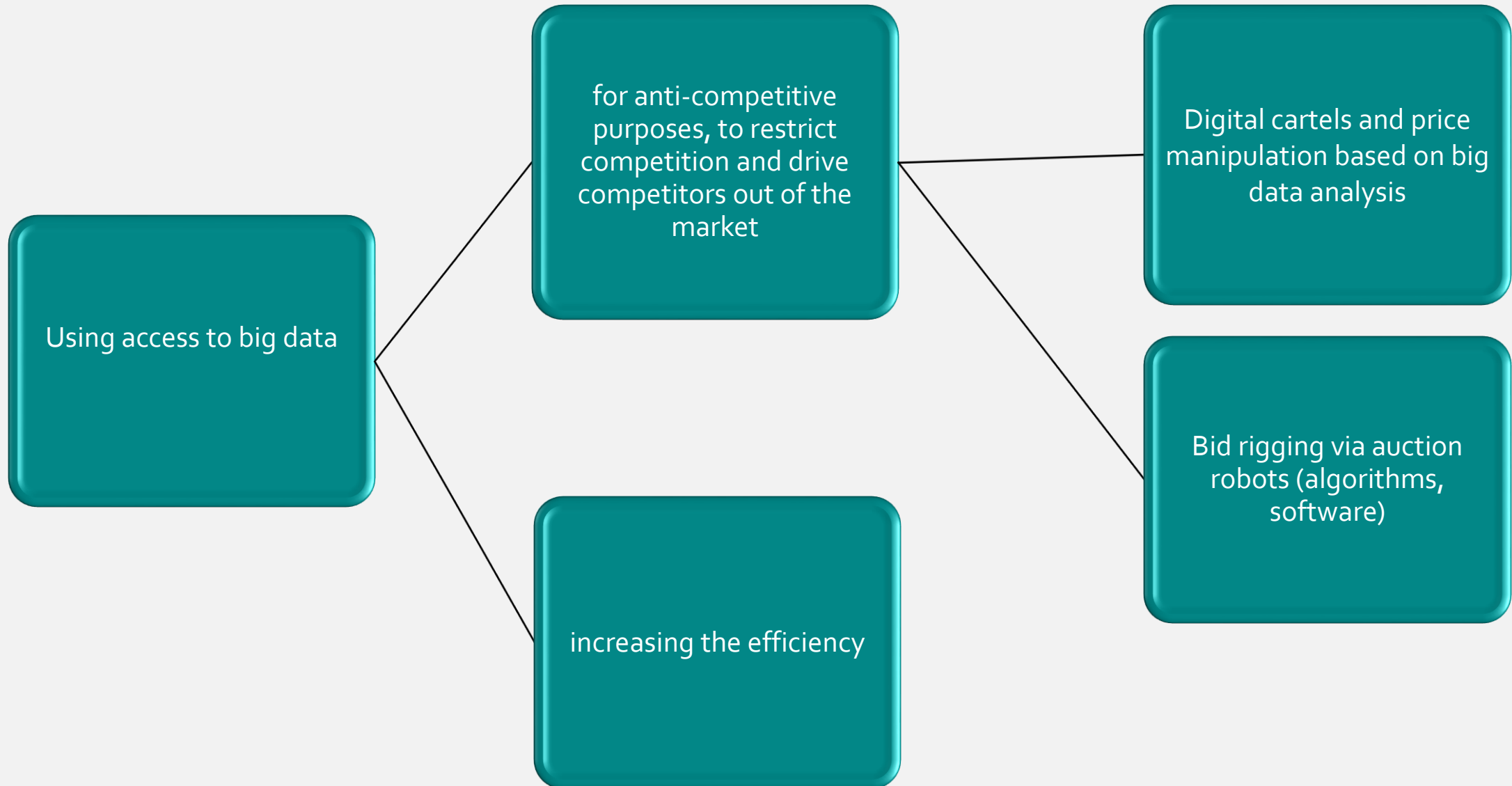
# Digital economy

Digital technologies are actively used not only in the positive dimension, but also for veiled monopolization of the market and **cartel conspiracies**

Government meeting  
(2019, No. 29)



# Digital offenses



# State procurements | Big digital cat project

Starting from January 1, 2019, customers are required to conduct all the competitive ways to determine the suppliers exclusively **in electronic form**.

**85%** of cases of anticompetitive agreements are **bid rigging** (cartels and collusion with the organizer of tenders)

Invention of the **screening service**

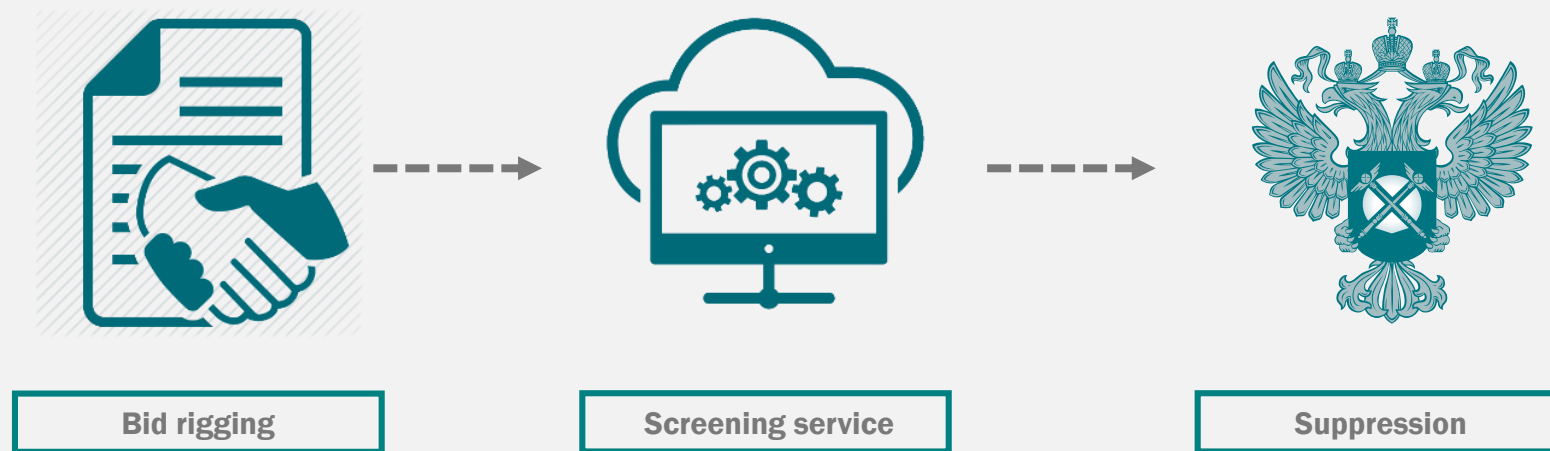
Search for **digital tools** for product market analysis

**Automation the process of** identification and proving cartels and other anticompetitive agreements

**Expansion of the list of evidence**

# Anti-cartel screening service

**Cartelization** of competitive spheres of economic activity is one of the key challenges to the development of competition in the regions of Russia. In the context of the digitalization of the economy, the FAS Russia, as the regulatory authority, should use **the opportunities of digitalization** for a better and more systematic fight against cartels.



One of the tools of this struggle should be a **service** that allows automatically detect suspicious activity of economic entities at the auction through online screening of open (at the first stage) and closed (at the second stage) data.

# Anti-cartel screening service

Improvement of the effectiveness of the anticartel policy of the state **by optimizing the screening process of information resources** in order to identify signs of anticompetitive agreements

**Systematic**, rather than pinpoint detection of bid rigging by analyzing open data sources (UIS, data of the Federal Tax Service, social networks, etc.) to identify suspicious activities

**Improving the transparency** of procedures during state and municipal procurements and **increasing budget savings**

## Tasks

Establishing **effective interagency information cooperation** and **efficient use of existing databases**

**Prevention** of the conclusion of **anticompetitive agreements** by providing part of the web service to commercial entities for internal audit of procurements



# Anti-cartel screening service

The software installed on the PC of the employees of the Anti-cartel Department of the FAS Russia that allows to receive a volume of data **automatically** via closed channels and analyze it with specified criteria.

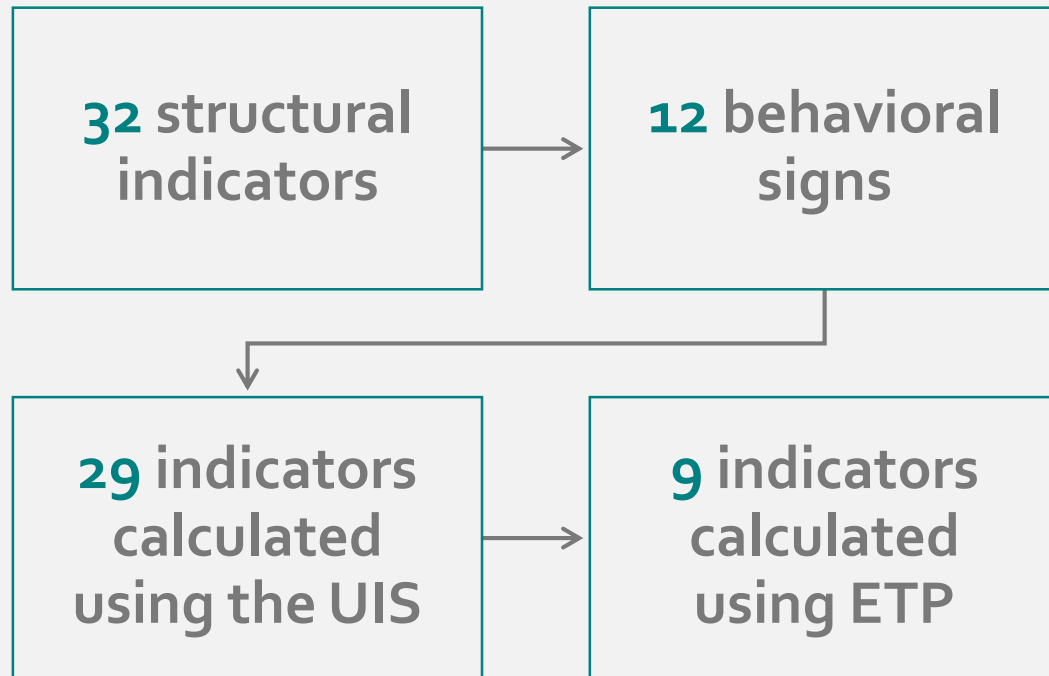


# Anti-cartel screening service

1 stage R&D

“A mathematical model for the analysis, clustering, indexing of big data needed to identify and subsequently prove the fact of conclusion and (or) implementation of cartels and other anticompetitive agreements”

## COMPUTABLE INDICATORS



It is mathematically established that at the current moment, **14 signs** e determined by analyzing the information contained in the EIS / ETP are informative.

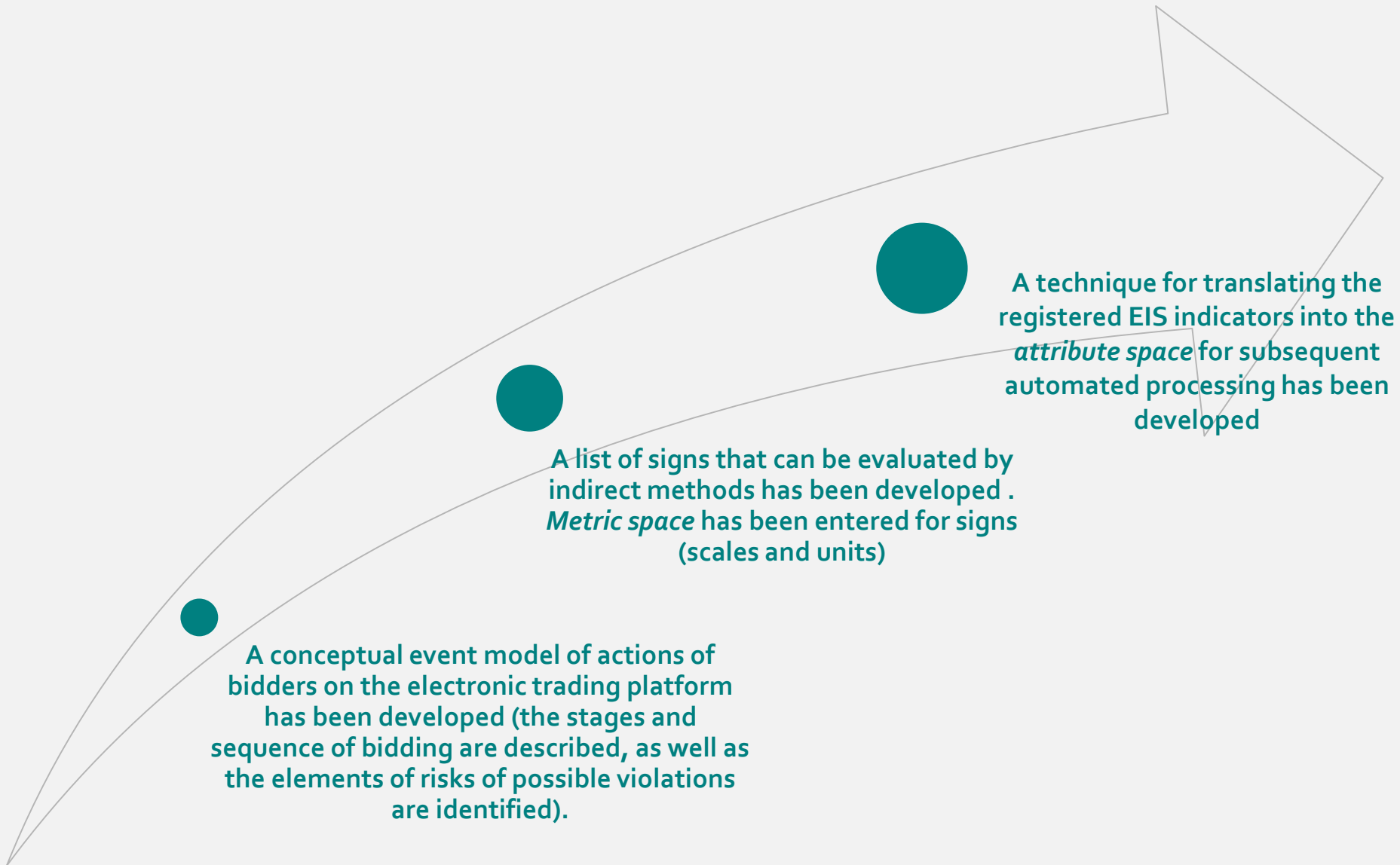
Other indicators, which are considered uninformative, have the features of low relevance or validity.

Cluster analysis of signs revealed 4 clusters of signs that are well separable

A change in the behavior of procurement participants leads to a change in the number of clusters, their boundaries, and standards.

Clustering of signs depends on the industry (construction, medicine, food supply, etc.).

# Anti-cartel screening service



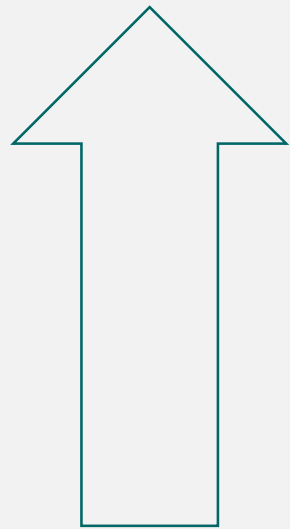
# New offenses: example

**Price Monitoring Tool** – pricing algorithm developed by Studio AFT LLC by order of Samsung Electronics Rus Company LLC. The main function of this algorithm is a daily review of prices for a particular product of reseller companies. The program daily sent e-mails from the @pmt.aft.ru domain with the subject “New price alert” to the mail of employees of Samsung Electronics Rus Company LLC.

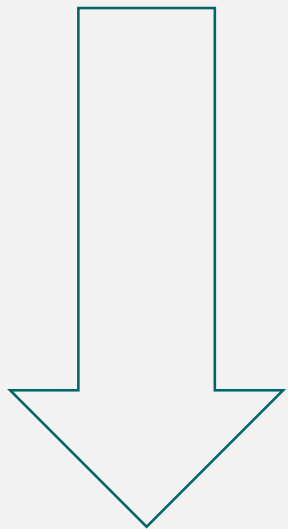
Focus model price monitoring (Tabs)															
Model Name	BOM	RRP, rub	Svyaznoy	MTS	Eldorado	DNS	Ozon	Ulmart	Citilink	Beeline	NOSIMO	TechnoPoint	MasterPC	OnlineTrade	Holodilnik
Samsung Galaxy Tab A 7.0 WiFi T280N	T280N	8990	-	-	-	-	-	-	-	-	-	-	9990	-	-
Samsung GALAXY Tab 3 lite 3G 8GB (T116N)	T116N	8990	-	8990	64990	-	-	-	-	6990	-	-	-	-	-
GALAXY TAB A 2016 7.0 SM-T285N 4G 8GB	T285N	9990	9990	9790	9990	9699	9990	-	8920	-	9990	8860	9990	8990	-
GALAXY TAB E 9.6 SM-T561N 3G 8GB	T561N	11990	-	11990	11790	10999	-	10990	10030	11990	11990	10030	-	10990	10990
GALAXY TAB A 8.0 2017 SM-T385 4G 16GB	T385N	15990	15990	14490	-	-	-	-	14380	-	-	-	-	14690	-
GALAXY TAB A 2016 10.1 SM-T580N 16GB	T580N	16990	16990	-	-	-	-	-	15870	-	-	-	16990	15990	-
GALAXY TAB A 2016 10.1 SM-T585 4G 16GB	T585N	19990	19990	19990	19790	-	19990	-	-	19990	-	17490	19990	16990	17990
Samsung GALAXY Tab S2 8.0 WiFi (T713N)	T713N	21990	-	-	-	-	-	-	-	-	-	-	21990	-	-
GALAXY TAB S2 8.0 SM-T719 4G 32GB	T719N	25990	-	23599	-	31999	25990	-	-	-	-	22340	-	23590	-
Samsung GALAXY Tab S2 9.7 WiFi (T813N)	T813N	26990	-	-	-	-	-	-	-	-	-	-	26990	-	-
GALAXY TAB S2 9.7 SM-T819 4G 32GB	T819N	31990	31990	-	31990	30499	-	29990	28810	-	31990	26989	-	29490	-
GALAXY TAB S3 9.7 SM-T820 WIFI 32GB	T820N	34990	-	34990	-	-	-	-	32790	-	-	-	34990	34990	-
GALAXY TAB S3 9.7 SM-T825 LTE 32GB	T825N	44990	42990	39990	44990	39999	-	-	39560	-	44990	33990	44990	42990	-

In its decision, the FAS Russia noted that **the use of such algorithms cannot be considered as independent evidence of illegal coordination** of economic activity.

# New offenses: example



**Indirect evidence of a collusions**



**Independent Crime**

Decision on the case No. 1-11-166 / 00-22-17 on violation of antimonopoly legislation, finding **Valiriya LLC and Egamed LLC** as having violated the requirements of the Law on Protection of Competition and entered into an anticompetitive agreement (cartel), which led to the maintenance of prices for bidding (more than 10 cases).

**“Listing of the functionality of software \_\_\_\_\_, demanded at auctions:**

- high-speed filing of applications starting from 0.08 seconds;
- A set of different trading strategies: breaking prices of competitors; sniper mode; delayed start with price verification; trading on a configuration file with the ability to specify exact prices for filing applications;
- **NEW!** it is possible to stretch tenders and submit an application a few seconds before the end - **exhausting competitors**;
- work through a **proxy server** (authorization occurs through the incoming IP; authentication without entering a password) and using proxy programs (relevant for Sberbank). This is also true for **“ramming” at other sites”**.

# Department Position

The recommendations “**On Practices in the Use of Information Technologies in Trade, including those Related to the Use of Price Algorithms**” were developed by the working group of the non-profit partnership “Corporate Lawyers Association” together with the FAS Russia and approved by the FAS Russia Methodological Council and the FAS Russia Presidium.

The use of a robot, algorithm or monitoring system **should not be considered** a violation in the absence of other evidence of collusion or unacceptable agreement.



## Possible evidence:

Communications aimed at changing the economic model of the counterparty / competitor



## Possible evidence:

The absence of other economically sound reasons for changing the behavior model

# New evidence: example

## Construction process detected on satellite map

Together with the activists of the project “For Fair Purchasing”, the regional office of the FAS Russia in Mordovia determined that the construction of the conference hall of the Mordovia Hotel in Saransk was started by Anelia LLC before the conclusion of the corresponding contract for the amount of about 25 million rubles, which is confirmed by **graphic images** dated May 2, 2018 received from **a satellite map**. They show how the construction of the facility is underway at the address where, according to the purchase dated December 3, 2018, it is planned to build a conference hall.



## Research work

“Obtaining (collection), fixing and use by the antimonopoly authority of digital evidence of the conclusion of cartels and other anticompetitive agreements”



**Thanks for attention!**

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