

Alert | Antitrust Litigation & Competition Regulation



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Mexico's COFECE Investigates Per Se Violations in Soccer-Player Sign-ups

The Investigating Authority of Mexico's Federal Economic Competition Commission (COFECE, or the Commission) published last month a summary of a resolution triggering investigations for per se violations in the hiring of professional soccer players.

Per se violations are contracts, agreements, arrangements, or exchanges of information among competing economic agents which manipulate prices, restrict or limit supply or demand, segment markets, and arrange or coordinate bids in tender processes.

COFECE is investigating per se violations of **human resources recruiting processes that would suggest anticompetitive conduct preventing employees' mobility within the market**. In principle, the investigated conduct has to do with what is referred to as *the gentlemen's agreement*, which precludes teams from hiring players before the estimated professional development costs are paid or covered.

According to COFECE, the investigation is not a prejudgment of guilt as to any individuals or entities, since as of this date, no specific violations of competition regulations have been identified.

The term for the inquiry is up to 120 business days, starting from June 29, 2018, which is when the investigation started. It may be extended for the same period up to four times.

If, by the conclusion of the investigation, no evidence is found to suggest anticompetitive practices, COFECE's Board of Commissioners may resolve to close it. If there is evidence of a Federal Economic Competition Law (FECL) violation, the accused will be called to a trial-like procedure where they can present their defense.

Pursuant to FECL, if **the existence of an absolute monopolistic practice is deemed to exist, economic agents may be fined for up to 10 percent of their income. Also, those who have assisted, promoted, or induced these practices may be subject to economic sanctions. Individuals who have participated by performing or ordering such arrangements among competitors may receive prison sentences of up to 10 years, in accordance with the Federal Criminal Code.**

This investigation may indicate that COFECE is starting to scrutinize markets with high levels of media coverage.

Authors

This GT Alert was prepared by **Miguel Flores Bernés, Víctor Manuel Frías Garcés, Valery Dayne García Zavala y Jose Abel Rivera-Pedroza**. If you have any questions regarding this information, please contact:

- [Miguel Flores Bernés](mailto:mfbernes@gtlaw.com) | +52 55.5029.0096 | mfbernes@gtlaw.com
- [Víctor Manuel Frías Garcés](mailto:friasgarcesv@gtlaw.com) | +52 55.5029.0020 | friasgarcesv@gtlaw.com
- [Valery Dayne García Zavala](mailto:garciazavalad@gtlaw.com) | +52 55.5029.0084 | garciazavalad@gtlaw.com
- [Jose Abel Rivera-Pedroza](mailto:riverapedrozaj@gtlaw.com) | +52 55.5029.0089 | riverapedrozaj@gtlaw.com

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