



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, JULY 31, 1970

The Department of Justice filed a civil antitrust suit today charging Armco Steel Corporation, Middletown, Ohio with using reciprocal purchase arrangements with suppliers and customers in violation of the Sherman Act.

Attorney General John N. Mitchell said the complaint and a proposed consent judgment, to become final in 30 days, were filed together in the United States District Court in Cincinnati.

Mr. Mitchell said the complaint charged that Armco Steel has since 1958 entered into combinations with various suppliers to restrain trade by reciprocating purchases in violation of Section 1 of the Act.

The complaint also charged that Armco Steel has used its purchasing power since 1958 to promote sales in an attempt to monopolize the requirements of actual and potential supplier-customers for steel and steel products, as well as other products sold by Armco Steel, in violation of Section 2 of the Act.

The violations, the suit alleged, have had the effect of foreclosing competitors of Armco Steel from selling substantial quantities of goods and services to the firm's customers, and of preventing suppliers from selling goods and services to Armco Steel.

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Richard W. McLaren, Assistant Attorney General, Antitrust Division, said the consent judgment, to be in effect for 10 years, prohibits Armco Steel from purchasing products or services from any supplier on the condition that such purchases will be based on Armco Steel's sales to the supplier.

It also prohibits Armco Steel from discussing with any supplier or contractor the relationship of purchases and sales between them or from comparing statistical data to further such a relationship. The firm is further prohibited from maintaining statistical compilations that compare sales to and purchases from suppliers.

Armco Steel is also prohibited from communicating to actual or potential suppliers or contractors that preference will be given in purchasing products or services from them based on Armco Steel's sales to them.

Armco Steel is directed by the consent judgment to refrain from re-establishing its former Commercial Relations Department and to refrain from establishing any other office to promote trade relations involving reciprocal purchasing arrangements.

Notice is to be given by Armco Steel to its suppliers and customers that its personnel are prohibited by the consent judgment from purchasing or selling goods and services or

soliciting bids for capital expenditures based on Armco Steel's purchases, and are prohibited from entering into any agreement or understanding to that effect.

Armco Steel is the fifth largest steel producer in the nation, and in 1969 was the third largest in terms of both dollar sales and net income. In 1969, total shipments of steel products by Armco Steel amounted to 5,479,000 tons, or 5.8 percent of the total industry shipments.

For 1969, Armco Steel's total sales of products and services amounted to \$1,565,488,000, while its total purchases of products and services and expenditures for plant and equipment amounted to \$980,000,000.