



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, JUNE 30, 1972

The Department of Justice filed civil antitrust suits today against the Southeastern Peanut Association and the Southwestern Peanut Shellers Association charging each of them with conspiring with its members to fix commission rates paid to peanut brokers, in violation of Section 1 of the Sherman Act.

Attorney General Richard G. Kleindienst said the suit against the Southeastern Peanut Association was filed in the U.S. District Court in Macon, Georgia and the suit against the Southwestern Peanut Shellers Association was filed in the U.S. District Court in Dallas, Texas.

Southeastern is a trade association comprising approximately 57 peanut shelling firms located in Georgia, Florida, and Alabama. Southwestern is a trade association comprising approximately 17 peanut shelling firms located in Texas, New Mexico, and Oklahoma.

The member firms purchase peanuts from farmers, remove the hulls and size the peanuts into various grades, and then sell the shelled peanuts through peanut brokers to manufacturers of peanut products.

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Acting Assistant Attorney General Walker B. Comegys, in charge of the Antitrust Division, said that the suits alleged that each association combined with its members to violate Section 1 of the Sherman Act by:

- agreeing to pay a uniform commission rate to brokers;
- agreeing on the amounts that contract prices would be increased in the event delivery was delayed;
- agreeing on the amounts contract prices would be reduced for damaged peanuts; and,
- agreeing to other uniform terms and conditions for the sale of shelled peanuts.

The suits asked that the combinations and agreements be declared unlawful and that the defendants and their members be enjoined from continuing or renewing the combinations.

In 1970, sales of shelled peanuts by members of Southeastern amounted to approximately \$144,000,000, which is about 45 percent of the total sales of edible peanuts grown in the United States.

In the same year, sales of shelled peanuts by members of Southwestern amounted to approximately \$52 million, about 17 percent of the total sales of edible peanuts grown in the United States.

The suit asked that the Technical Tape companies and Steadley be ordered to divest themselves of the Nachman stock, and that the defendants be enjoined from taking any action for the purpose of combining the operations of Nachman and Steadley.

In 1971, there were approximately \$51 million in innerspring sales east of the Rocky Mountains, of which Nachman accounted for about 14 percent and Steadley about 11 percent. For the same year, there were approximately \$29 million in box spring sales east of the Rocky Mountains, of which Nachman accounted for about 13 percent and Steadley about 10 percent.