



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, JUNE 29, 1972

The Department of Justice filed a civil antitrust suit today charging Uniroyal, Inc. with using reciprocal purchasing arrangements with its customers and suppliers in violation of the Sherman Act.

Attorney General Richard G. Kleindienst said the complaint and a proposed consent judgment -- which may be entered after 30 days upon approval by the court -- were filed in U.S. District Court in New York City, where Uniroyal maintains its home office.

Uniroyal is an industrial goods conglomerate which produces a wide variety of rubber, plastics, and chemical products and is a leading manufacturer of tires and tire-related products. It also manufactures a wide range of consumer and industrial products including fibers and textiles.

The company had sales of 1.5 billion dollars in 1970, making it the 72nd largest industrial company in the United States.

The suit charged that Uniroyal has violated Section 1 of the Sherman Act since at least 1959 by entering into arrangements to purchase goods and services from its

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suppliers on the understanding that such suppliers would purchase goods and services from Uniroyal.

The suit also charged that Uniroyal has used its purchasing power since at least 1959 to promote sales in an attempt to monopolize the requirements of its actual and potential suppliers for the types of products sold by the company in violation of Section 2 of the Act.

According to the complaint, Uniroyal's reciprocal purchasing arrangements have had the effect of foreclosing Uniroyal's competitors from selling substantial quantities of goods and services to its suppliers.

The complaint also charged that the arrangements had the effect of preventing other suppliers of such goods and services from selling in substantial quantities to Uniroyal.

Acting Assistant Attorney General Walker B. Comegys, in charge of the Antitrust Division, said the proposed judgment would be in effect for 10 years.

He said it would prohibit Uniroyal from:

-- purchasing or selling products or services to any customer or supplier upon the understanding that Uniroyal's purchases of products or services from such customer or supplier will be conditioned upon Uniroyal's sales to such customer or supplier;

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-- communicating to any customer, supplier or contractor that Uniroyal's sales to any such person is a factor in its purchasing decisions;

-- discussing with any supplier or customer the relationship of purchases and sales between them or from comparing statistical data to further such a relationship;

-- maintaining statistical compilations that compare sales to and purchases from suppliers; and,

-- agreeing with any supplier that the supplier will buy from certain customers of Uniroyal, or will attempt to persuade other companies to buy from Uniroyal.

Uniroyal is also directed by the proposed judgment to refrain from assigning any trade relations duty or function to any employee, and to instruct its officers and agents that they must adhere to the policy of basing all purchasing decisions on price, quality, service and financial responsibility.

Comments to the Department of Justice and the Court regarding the proposed judgment are invited from members of the public during the 30-day waiting period prior to the judgment becoming final.