Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, JUNE 29, 1972

The Department of Justice today filed a civil antitrust suit challenging the acquisition by a New York innerspring and box spring manufacturer of a substantial interest in a Chicago firm which also produces springs.

Attorney General Richard G. Kleindienst said the suit was filed in U.S. District Court in Chicago.

The suit charged that the 1971 acquisition of a 30 percent stock interest in Nachman Corporation of Chicago, Illinois, by Technical Tape, Inc. and its subsidiary, Technical Tape Corporation, both of New Rochelle, New York, violated Section 7 of the Clayton Act.

In addition to the two Technical Tape companies, the suit named Steadley Company, Inc. of Carthage, Missouri, also a subsidiary of Technical Tape, Inc., and Nachman Corporation as defendants.

The suit charged that the stock acquisition may eliminate competition in the manufacture and sale of steel coil innersprings and box springs in the area east of the Rocky Mountains and in a nine-state midwest area.

According to the complaint, Steadley and Nachman are leading manufacturers and sellers of innersprings and box springs in those two market areas.

OVER

Innersprings and box springs are used by bedding manufacturers in the production of upholstered mattresses and finished box springs which are generally sold as a bedding ensemble.

As a result of the acquisition and retention of the Nachman stock by the two Technical Tape companies, the suit charged that actual and potential competition between Steadley and Nachman may be eliminated in the area east of the Rocky Mountains and in the nine-state market in Minnesota, Michigan, Iowa, Missouri, Wisconsin, Illinois, Indiana, Ohio and Kentucky.

In addition, the complaint alleged that the stock acquisition will increase the levels of concentration in those markets.

Acting Assistant Attorney General Walker B. Comegys, in charge of the Antitrust Division, said that Nachman and Steadley rank second and third, respectively, among manufacturers of innersprings and box springs east of the Rocky Mountains and were among the few such manufacturers with a sufficient number of production and warehousing facilities to economically serve that entire marketing area.

According to the complaint, Nachman and Steadley rank as the second and fifth largest manufacturers of innersprings and box springs in the nine-state market.

OVER

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.