



Department of Justice

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A federal grand jury in Pennsylvania today indicted five manufacturers of consumer bags -- paper bags used to package products for sale -- and seven of their executives on charges of conspiring to fix prices in violation of Section 1 of the Sherman Act.

Attorney General Edward H. Levi said the indictment and a companion civil suit were filed in U.S. District Court in Philadelphia.

Named as defendants in the felony indictment and civil complaint are:

- Continental Group, Inc., of New York City;
- American Bag & Paper Corp., of Philadelphia;
- Chase Bag Company, of Greenwich, Connecticut;
- Harley Corporation, of Spartanburg, South Carolina;
- and St. Regis Paper Company, of New York City.

Named as defendants in the indictment only are:

- James K. Cooper, Vice President and General Manager, Flexible Packaging Division of Continental Group, Inc.;
- Peter J. Weggeman, General Sales Manager, Flexible Packaging Division of Continental Group, Inc.;
- David Mawicke, Manager of Sales, Paper Products, Flexible Packaging Division of Continental Group, Inc.;

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- Stanley A. Schottland, President of American Bag & Paper Corp.;
- Harrison B. Rue, Vice President, Converting Division of Chase Bag Company;
- William H. Versfelt, Vice President and Divisional General Manager, Bag Packing Division of St. Regis Paper Company; and
- Edward W. Weikum, Manager, Converter Sales and License Relations, Bag Packing Division of St. Regis Paper Company.

Donald I. Baker, Assistant Attorney General in charge of the Antitrust Division, said the indictment and civil suit charge that a conspiracy has existed since at least as early as 1950 to raise, fix, maintain and stabilize the prices and terms and conditions of sale of consumer bags throughout the United States.

Consumer bags are custom made, pre-formed, paper-based bags which are designed to hold less than 25 pounds of product. These bags are sold to producers of a variety of products who use them to package their products. Such products include pet foods, cookies, tea, coffee, agricultural products, chemicals and kitty litter.

Sales of consumer bags by the corporate defendants in 1974 were approximately \$42 million.

The indictment charges that as a result of the conspiracy:

- prices of consumer bags sold by the defendant companies have been raised, fixed, maintained and stabilized at artificial and non-competitive levels;
- buyers of consumer bags have been deprived of the benefits of free and open competition; and
- competition in the sale of consumer bags has been restrained.

The civil suit asks that the companies be permanently enjoined from continuing the alleged price-fixing scheme, and from engaging in any practices having a similar purpose and effect.

The maximum penalty upon conviction of a corporation is a \$1 million fine, and the maximum penalty upon conviction of an individual is a \$100,000 fine and three years in prison.

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