



Department of Justice

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The Department of Justice today filed a civil antitrust suit against Newell Companies, Inc., of Freeport, Illinois, challenging its acquisition in April 1981 of the drapery hardware business of the Stanley Works of New Britain, Connecticut.

Attorney General William French Smith said the suit was filed in U.S. District Court in New Haven, Connecticut.

William F. Baxter, Assistant Attorney General in charge of the Antitrust Division, said the suit alleges that the acquisition violated Section 7 of the Clayton Act, which prohibits anticompetitive mergers and acquisitions. The complaint asks that Newell be required to divest the acquired stock and assets.

The complaint alleges that before the acquisition, Newell was the second largest producer of drapery hardware, with 1980 sales of approximately \$32 million and a market share of approximately 14.8 percent. Stanley was the sixth largest drapery hardware producer, with 1980 sales of approximately \$17 million and a market share of approximately 7.8 percent.

The acquisition increased the Herfindahl Index for the industry from 2,368 to 2,600—increasing the concentration in an already highly concentrated industry. The Herfindahl Index is a measure of market concentration which takes into account the relative size and distribution of the firms in a market. It approaches zero when a market is occupied by a large number of firms of relatively equal

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size and reaches its maximum of 10,000 when a market is controlled by a single firm.

The index increases both as the number of firms in the market decreases and as the disparity in size between those firms increases. It is expressed as the sum of the squares of the percentage market share of each firm in the market.

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