



Department of Justice

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JUSTICE DEPARTMENT ISSUES BUSINESS REVIEW LETTER

WASHINGTON, D.C. -- The Department of Justice announced today that it does not intend to challenge under the antitrust laws a proposal by Affiliated Distributors (AD) to implement a "national accounts" program on behalf of AD's independent distributor members.

The Department's position was stated in a business review letter from James F. Rill, Assistant Attorney General in charge of the Antitrust Division, to counsel for AD.

AD, a Pennsylvania corporation, serves approximately 170 independent distributors of electrical equipment, which operate a total of about 510 branches throughout the country. Most of AD's members are localized, however, and serve only one or two states. There are thousands of such distributors nationwide.

Some large purchasers of electrical equipment operate nationally and prefer to obtain their requirements of these products from one source. AD's program will permit its members to compete for that business.

AD will identify possible national contracts, which will be limited to companies that require deliveries to at least three warehouses, located at least 250 miles apart. It will solicit quotations from its members deemed qualified to participate, then

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formulate its bid. AD members are not obligated to participate in the program, and members who participate in one AD national contract may compete against AD on other national contract bids. AD will not select for participation in a bid any member who could serve the contract individually.

Rill's letter stated that the program could enhance competition by enabling AD members to compete for national accounts that they could not otherwise serve. The arrangement appears to be structured to minimize the possibility that the program could facilitate collusion among members. AD will conduct the negotiations independently of its members. Price quotations submitted to AD by interested members will not be disclosed to other members.

Under the Department's business review procedure, a person or organization may submit a proposed course of action to the Antitrust Division and receive a statement as to whether the division will challenge the activity under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 3233, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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