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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10

11 UNITED STATES OF AMERICA,)
12 Plaintiff,) Civil Action No. 72-1490-CC
13 v.) Filed: June 29, 1972
14 UNITED FOAM CORPORATION and) Clayton Act Violations,
15 STAUFFER CHEMICAL COMPANY,) 15 U.S.C. §§ 18 and 25
16 Defendants.)

17 COMPLAINT

18 The United States of America, plaintiff, by its attorneys,
19 acting under the direction of the Attorney General of the United
20 States, brings this civil action to obtain equitable relief
21 against the above-named defendants, and complains and alleges
22 as follows:

23 I

24 JURISDICTION AND VENUE

25 1. This complaint is filed under Section 15 of the Act
26 of Congress of October 15, 1914, as amended (15 U.S.C. § 25),
27 commonly known as the Clayton Act, in order to prevent and
28 restrain violation by the defendants, as hereinafter alleged,
29 of Section 7 of the Clayton Act, as amended (15 U.S.C. § 18),
30 and for equitable relief.

31 2. United Foam Corporation transacts business and is
32 found within the Central District of California.

1 composition and lack of structural strength. This quality
2 gives flexible urethane foam a greater cushioning effect
3 than rigid urethane foam and, consequently, the products
4 have differing end uses.

5 8. Producers of flexible urethane foam used for auto-
6 motive padding, furniture cushions, carpet underlays, and
7 packaging, compete with each other in the sale of their
8 product to automobile manufacturers, furniture manufacturers,
9 and fabricators.

10 9. Flexible urethane foam sells for approximately fifty
11 cents per pound. Its relatively great volume per pound makes
12 transportation costs substantial in supplying it to customers.
13 As a result, the geographic area in which flexible urethane
14 foam can be profitably sold is limited by its cost of trans-
15 portation. The Western United States is recognized as a
16 separate and distinct market by manufacturers of flexible
17 urethane foam.

18 10. In 1970, total sales of flexible urethane foam
19 amounted to approximately \$42 million in the Western United
20 States. In 1970, Stauffer's sales of flexible urethane foam
21 in the Western United States amounted to approximately \$6
22 million, or approximately 10 percent of the volume of flexible
23 urethane foam sold in the Western United States. In 1970,
24 United's sales of flexible urethane foam in the Western United
25 States amounted to approximately \$7.5 million, or approximately
26 15 percent of the volume of flexible urethane foam sold in
27 the Western United States. Prior to the acquisition herein-
28 after described, United and Stauffer ranked third and fourth,
29 respectively, in sales of flexible urethane foam in the Western
30 United States. As a result of the acquisition, United now
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1 has the largest share of this market. The four largest manu-
2 facturers of flexible urethane foam in the Western United
3 States accounted for approximately 80 percent of the total
4 sales of flexible urethane foam in that section of the country.

5 V

6 OFFENSE ALLEGED

7 11. On or about August 31, 1971, United acquired sub-
8 stantially all of the assets of the flexible urethane foam
9 operations of Stauffer.

10 12. The effect of the aforesaid acquisition may be
11 substantially to lessen competition or tend to create a
12 monopoly in the manufacture and sale of flexible urethane
13 foam in the Western United States in violation of Section 7 of
14 the Clayton Act, in the following ways, among others:

15 (a) actual and potential competition between
16 United and Stauffer in the distribution and sale of
17 flexible urethane foam in the Western United States
18 has been eliminated;

19 (b) actual and potential competition generally
20 in the distribution and sale of flexible urethane foam
21 in the Western United States has been lessened; and

22 (c) concentration in the production and sale of
23 flexible urethane foam has been substantially increased
24 in the Western United States.

25 PRAYER

26 WHEREFORE, plaintiff prays:

27 1. That the aforesaid acquisition by United be declared
28 to be in violation of Section 7 of the Clayton Act.

29 2. That United be required to divest itself of all
30 assets acquired from Stauffer.

1 3. That the Court, pending final adjudication of this
2 litigation, issue a preliminary injunction enjoining United
3 and all persons acting on its behalf from taking any action
4 that would impair its ability to comply with any Court order
5 which may be issued requiring United to divest itself of the
6 assets acquired from Stauffer.

7 4. That, for a period of ten years, except with the
8 prior approval of the plaintiff or the Court, United, its
9 affiliates, its successors and assigns, its officers, directors,
10 agents, employees, and all other persons acting or claiming
11 to act on its behalf, be enjoined from acquiring the stock or
12 assets of any person, company or corporation manufacturing
13 flexible urethane foam in the United States.

14 5. That the plaintiff have such other and further
15 relief as the nature of the case may require, and which
16 the Court may deem just and proper.

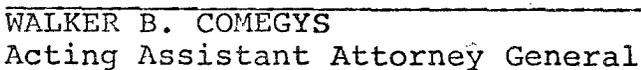
17 6. That the plaintiff recover the costs of this suit.

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