

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,)
)
) Plaintiff,)
)
 v.) CIVIL ACTION NO. 71-189
)
) FILED: February 26, 1971
)
 NATIONAL STEEL CORPORATION,)
)
) Defendant.)

COMPLAINT

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

I

JURISDICTION AND VENUE

1. This complaint is filed under Section 4 of the Act of Congress of July 2, 1890 (15 U.S.C. § 4), as amended, commonly known as the Sherman Act, in order to prevent and restrain the continuing violation by the defendant, as hereinafter alleged, of Section 1 of said Act (15 U.S.C. § 1).

2. The defendant National Steel Corporation maintains an office, transacts business and is found within the Western District of Pennsylvania.

II

THE DEFENDANT

3. The National Steel Corporation, hereinafter referred to as National, is made a defendant herein. National is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in Pittsburgh, Pennsylvania.

III

TRADE AND COMMERCE

4. National is the fourth largest steel producer in the United States and is a manufacturer of pre-engineered metal buildings and of various products for the construction and transportation industries, as well as certain types of aluminum products. In 1969 total shipments of steel products by National amounted to 6,585,200 tons, or 7 percent of the total shipments of the iron and steel industry. For the same year, National's total sales of products and services amounted to approximately \$1,225,052,000, while its total purchases of products and expenditures for plant and equipment for use in the manufacture of products amounted to about \$800,000,000.

5. The defendant is a fully integrated producer of steel mill products, including hot and cold rolled sheets, galvanized sheets and tin mill products. It also produces heavy structural shapes and steel bars. National produces railroad car flooring and other products for the transportation industry. It operates aluminum fabricating plants and produces aluminum foil and aluminum products for the mobile home industry. National is a producer and seller of pig iron and coke oven products. Other operations of National include the mining and transportation of iron ore and coal and the production of pellets.

6. National has three steel divisions, whose plants are located in Michigan, West Virginia, Ohio, and Indiana. Its Stran-Steel Corporation operates fabricating plants for steel buildings and architectural products in Texas and Indiana. National also operates 14 steel service

centers, 6 bulk freight vessels on the Great Lakes, 89 coal barges on various waterways and a railroad that serves the Detroit, Michigan area. It also has numerous sales offices located in many States. National is, in addition, part owner of a number of companies which produce raw materials such as coal, iron ore, limestone, and aluminum and copper wire and cable.

7. National purchases substantial quantities of numerous commodities, raw materials, equipment, supplies and services from other companies for use at its plants and offices. National makes substantial purchases of these materials from diversified corporations which are purchasers of steel and other products of the kinds produced or sold by defendant.

8. Commodities, raw materials, equipment and supplies purchased by National from other producers are shipped from their points of origin or production in interstate commerce across State lines to their points of use by National. Products produced or fabricated by National are shipped in a continuous flow in interstate commerce across State lines to jobbers, dealers, builders, service centers, warehouses, construction sites, processors, fabricators, wholesalers and other customers.

IV

OFFENSE CHARGED

9. Since at least as early as 1964, and continuing to the date of this complaint, the defendant has violated Section 1 of the Sherman Act by entering into combinations involving reciprocal purchasing arrangements with respect to a substantial amount of interstate commerce whereby the defendant purchased goods and services sold by various

suppliers upon the understanding that said suppliers would purchase the goods and services of the defendant, in unreasonable restraint of the aforesaid trade and commerce.

10. Pursuant to the aforesaid combinations the defendant has done, among other things, the following:

a. Utilized purchase and sales data in determining from which suppliers purchases would be made and the extent to which such suppliers should be permitted to participate in supplying defendant's requirements of goods and services;

b. Discussed with actual and potential suppliers and customers their sales and purchase positions relative to the defendant;

c. Purchased goods from particular suppliers on the understanding that such suppliers would reciprocate by purchasing goods or services from the defendant;

d. Used purchases from particular suppliers by one National subsidiary or division to promote sales to such suppliers by another National subsidiary or division;

e. Caused or induced particular suppliers from whom it purchases to buy from certain companies which purchase from the defendant; and

f. Caused or induced particular suppliers from whom it purchases to persuade other companies to buy from the defendant.

V

EFFECTS

11. The aforesaid violations by the defendant have had the following effects, among others:

a. Competitors of the defendant National in the sale of various goods and services have been foreclosed from selling substantial quantities thereof to firms that are supplier-customers of the defendant; and

b. Actual and potential suppliers of various goods and services required by the defendant have been foreclosed from selling substantial quantities of such goods and services to the defendant.

PRAYER

WHEREFORE, the plaintiff prays:

1. That the aforesaid combinations between the defendant and its suppliers involving reciprocal purchasing arrangements be adjudged and decreed to be in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

2. That the defendant National and its officers, directors, agents, and all other persons acting on behalf of said defendant, be perpetually enjoined from:

a. Entering into or adhering to any contract, agreement or understanding with any actual or potential customer or supplier involving reciprocal purchasing arrangements;

b. Communicating to actual or potential customers or suppliers that it will place its purchases with or give preference to companies which purchase from the defendant;

c. Communicating to actual or potential customers or suppliers statistics comparing purchases of goods and services by the defendant from such companies with sales by the defendant to such companies;

d. Compiling statistics which compare National's purchases of goods or services from companies with sales by the defendant to such companies;

e. Transmitting to personnel with sales responsibilities information concerning purchases by the defendant from particular suppliers, transmitting to personnel with purchasing responsibilities information concerning sales by the defendant to particular companies, or otherwise implementing any program involving reciprocity;

f. Utilizing purchases by one National subsidiary or division from particular suppliers to promote sales to such suppliers by another National subsidiary or division;

g. Causing or inducing particular suppliers from whom it purchases to purchase from certain companies which purchase from the defendant; and

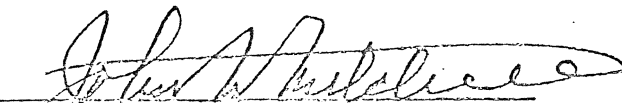
h. Causing or inducing particular suppliers from whom it purchases to persuade other companies to buy from the defendant.

3. That this Court order the defendant to abolish any functions or duties that are assigned to any of its officials or employees which relate to the conduct of a program to effectuate reciprocal purchasing arrangements.

4. That this Court order the defendant to advise all of its suppliers and customers, by written notice, that the defendant's reciprocity program has been terminated and to furnish a copy of the Final Order of this Court to such suppliers and customers.

5. That Plaintiff have such other relief as the nature of the case may require and the Court may deem just and proper.


6. That the Plaintiff recover the costs of this action.



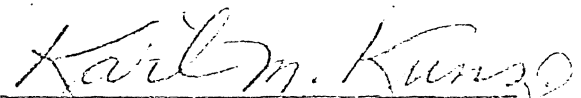
JOHN N. MITCHELL
Attorney General



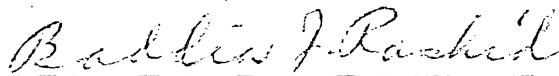
MARGARET H. BRASS



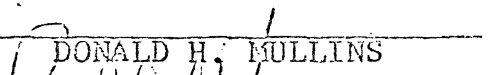
RICHARD W. McLAREN
Assistant Attorney General



KARL M. KUNZ



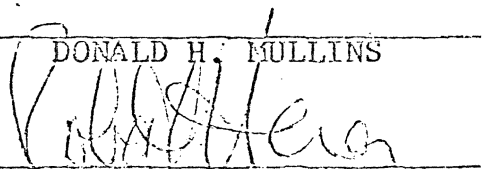
BADDIA J. RASHID



DONALD H. MULLINS



CHARLES D. MAHAFFIE, JR.



ROBERT M. HEIER

Attorneys,
Department of Justice

Attorneys,
Department of Justice

RICHARD L. THORNBURGH
United States Attorney