

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

FILED

JUL 14 1971

UNITED STATES OF AMERICA,

Plaintiff,

v.

REYNOLDS METALS COMPANY,

Defendant.

CLERK, U. S. DISTRICT COURT
ALEXANDRIA, VIRGINIA

Civil Action No. 281-71-A

Filed: July 14, 1971

COMPLAINT

The United States of America, plaintiff, by its attorneys, 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 violations by the defendant, as hereinafter alleged, of Sections 1 and 2 of said Act (15 U.S.C. §§ 1 and 2).

2. Defendant Reynolds Metals Company maintains an office, transacts business and is found within the Eastern District of Virginia.

II

THE DEFENDANT

3. Reynolds Metals Company, hereinafter referred to as Reynolds, is made a defendant herein. Reynolds is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in Richmond, Virginia.

III

TRADE AND COMMERCE

4. Reynolds is the second largest producer of aluminum in the United States. It is an operating and holding company, and as an operating company is a fully integrated producer of primary aluminum, aluminum mill products, building products, packaging products, consumer products, highway products and various other fabricated aluminum products. Reynolds also sells ores, chemical products, plastic films and specialized machinery. In 1969, Reynolds' total sales amounted to approximately \$1,012,652,000. During the same year, Reynolds shipped some 1,108,000 tons of aluminum and aluminum products and produced some 1,027,000 tons of primary aluminum, representing 27% of all primary aluminum produced in the United States.

5. Reynolds purchases substantial quantities of materials and services from other companies for use in its operations. In 1969 these purchases approximated \$486,073,000. Many of these same companies make substantial purchases of aluminum and other products from Reynolds.

6. Defendant maintains production facilities in sixteen states and nineteen foreign countries; research facilities in three states; and its fifty-nine sales offices and several hundred distributors are located throughout the United States and in foreign countries.

7. Reynolds' purchases of raw materials, equipment, supplies, commodities and services from other companies or suppliers are made in a continuous flow of interstate commerce. Conversely shipments of aluminum and other products by Reynolds to these suppliers and to distributors, jobbers, dealers, warehouses, construction sites, processors, fabricators, wholesalers and other customers are made in a continuous flow of interstate commerce.

IV

OFFENSES CHARGED

8. Since at least 1960, and continuing to the date of this complaint, defendant has violated Section 1 of the Sherman Act (15 U.S.C. §1) by entering into combinations involving reciprocal purchasing arrangements with respect to a substantial amount of interstate commerce whereby defendant purchased goods and services sold by various suppliers upon the understanding that those suppliers would purchase the goods and services of defendant, in unreasonable restraint of the aforesaid trade and commerce.

9. Since at least 1960, and continuing to the date of this complaint, defendant, through the use of its purchasing power, has violated Section 2 of the Sherman Act (15 U.S.C. §2) by attempting to monopolize that part of the above-described interstate trade and commerce consisting of the requirements of actual and potential suppliers of defendant for aluminum, and other products sold by defendant.

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

a. Adopted a policy of reciprocal purchasing or of purchasing from suppliers who would purchase from Reynolds;

b. Designated officers and other personnel within the corporation with responsibility for coordinating and promoting the practice of reciprocal purchasing;

c. Made Reynolds' purchasing data available to persons with sales responsibilities and Reynolds' sales data available to persons with purchasing responsibilities;

d. Took measures to insure that actual and potential suppliers were aware of Reynolds' practice of reciprocal purchasing;

e. Discussed with actual and potential suppliers their sales and purchase positions relative to Reynolds;

f. Caused suppliers to purchase, or to maintain or to increase their purchases, from Reynolds in reciprocation for Reynolds' purchases from those suppliers; and

g. Purchased goods and services from particular suppliers upon the understanding that these suppliers would purchase the goods and services of defendant.

V

EFFECTS

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

(a) Competitors of defendant in the sale of various goods and services have been foreclosed from selling substantial quantities thereof to firms that are actual and potential suppliers of defendant; and

(b) Suppliers of various goods and services required by defendant have been foreclosed from selling substantial quantities of such goods and services to defendant.

PRAYER

WHEREFORE, plaintiff prays:

1. That the aforesaid combinations between 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 aforesaid attempt to monopolize be adjudged and decreed to be in violation of Section 2 of the Sherman Act (15 U.S.C. §2).

3. That defendant Reynolds and its officers, directors, agents, and all other persons acting on behalf of defendant, be perpetually enjoined from:

(a) Entering into or adhering to any contract, agreement or understanding with any supplier involving reciprocal purchasing arrangements;

(b) Communicating to suppliers that it will place its purchases with or give preference to suppliers who purchase from defendant;

(c) Engaging in the practice of compiling statistics which compare Reynolds' purchases of goods or services from

companies with sales by defendant to such companies;

(d) Discussing with suppliers comparative purchase and sales data of such companies relative to defendant;

(e) Compiling lists of approved suppliers based entirely or in part on suppliers' purchases from Reynolds;

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


(g) Utilizing purchases by Reynolds or one of its subsidiaries, affiliate companies or divisions from particular suppliers to promote sales to such suppliers by Reynolds or one of its subsidiaries, affiliate companies or divisions.

4. That this Court order defendant to abolish any duties that are assigned to any of its officials or employees which relate to the conduct or effectuation of a reciprocity program.


5. That this Court order defendant to advise all of its suppliers, by written notice, that defendant no longer engages in reciprocal purchasing and to furnish a copy of the Final Order of this Court to such suppliers.

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

7. That plaintiff recover the costs of this action.




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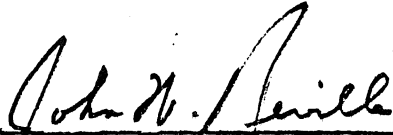


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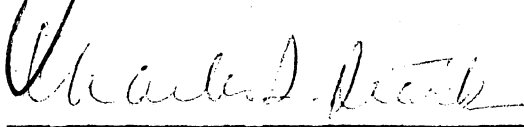


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