

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.) Civil No. 71-C-197
) Filed: May 3, 1971
WEBSTER ELECTRIC COMPANY, INC.)
)
Defendant.)

COMPLAINT

The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this action against the defendant named herein 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 violation by the defendant, as hereinafter alleged, of Section 1 of the Sherman Act, as amended (15 U.S.C. § 1).

2. The defendant Webster Electric Company, Inc. maintains offices, transacts business, and is found within the Eastern District of Wisconsin.

II

DEFENDANT

3. Webster Electric Company, Inc. (hereinafter referred to as Webster) is hereby made the defendant. Said defendant is a corporation organized and existing under the laws of Delaware, with its principal office in Racine, Wisconsin. Webster is a wholly owned subsidiary of Sta-Rite Industries, Inc., Delavan, Wisconsin.

III

DEFINITION

4. When used in this complaint, "Webster equipment" means any or all commercial sound equipment produced or sold by Webster's Communications Division.

IV

CO-CONSPIRATORS

5. Various persons, firms, and corporations not made defendants herein, including but not limited to distributors of Webster equipment, have participated as co-conspirators with the defendant in the offense alleged herein.

V

NATURE OF TRADE AND COMMERCE

6. Webster produces and sells sound equipment including loudspeaking intercommunication systems, dial telephone intercommunication systems, sound components and learning center components and systems. It sells Webster equipment directly to consumers and to over 200 distributors located throughout the United States.

7. There is a continuous flow in interstate trade and commerce of Webster equipment from plants located in Wisconsin and Kentucky to consumers and distributors located throughout the United States. The net sales of Webster's Communications Division of Webster equipment amounted to over \$5 million in 1969.

VI

OFFENSE CHARGED

8. Since at least as early as 1967, and continuing thereafter to the date of the filing of this complaint, Webster and co-conspirators have been engaged in a

combination and conspiracy in unreasonable restraint of the above-described interstate trade and commerce in Webster equipment in violation of Section 1 of the Sherman Act. Such violation is continuing and will continue unless the relief hereinafter prayed for is granted.

9. The aforesaid combination and conspiracy has consisted of continuing agreements and concert of action among Webster and co-conspirators to allocate territories for the sale of Webster equipment.

10. Pursuant to the aforesaid combination and conspiracy, Webster and co-conspirators have agreed that:

(a) Each co-conspirator distributor will be allocated a certain market territory, and will confine its sales of Webster equipment to purchasers within that territory;

(b) Each co-conspirator distributor will refrain from selling or discontinuing selling Webster equipment to customers who have sold or shipped or who are deemed likely to sell or ship such equipment into the market territory of another distributor for resale therein;

(c) Webster will induce and coerce its distributors to refrain from or to discontinue making sales of Webster equipment, either directly or indirectly, to customers located in another distributor's territory.

11. For the purpose of effectuating and carrying out the aforesaid unlawful combination and conspiracy, the defendant and co-conspirators have done the things which,

as hereinbefore alleged, they conspired and agreed to do, and, more particularly, have cooperated in the policing and enforcing of the said conspiracy.

VII

EFFECTS

12. The aforesaid combination and conspiracy had, among others, the following effects:

(a) Competition in the sale and distribution of Webster equipment has been eliminated;

(b) Co-conspirators have refrained from or have been prevented from selling Webster equipment in territories or to customers of their own choice;

(c) Purchasers of Webster equipment have been deprived of the opportunity of purchasing such equipment from suppliers of their own choice in a free competitive market.

PRAYER

WHEREFORE, the Plaintiff prays:

1. That the aforesaid combination and conspiracy and the concert of action be adjudged and decreed to be unlawful and in violation of Section 1 of the Sherman Act.

2. That the defendant and each of its officers, directors, employees, agents, representatives, successors and assigns, and all persons or corporations acting on behalf of the defendant, be perpetually enjoined and restrained

from continuing, renewing or reviving, directly or indirectly, the aforesaid offense, and from engaging in any combination, conspiracy, contract, agreement or understanding that has the purpose or effect, directly or indirectly, of continuing, renewing, or reviving the aforesaid offense or any similar offense.

3. That the defendant and each of its officers, directors, employees, agents, representatives, successors and assigns, and all persons and corporations acting on behalf of the defendant, be perpetually enjoined and restrained from imposing or attempting to impose any limitation or restriction respecting the territories and customers to whom any distributor may sell Webster equipment.

4. That the defendant be ordered to notify distributors handling Webster equipment that they may sell such products at such prices, to such persons, and in such areas as they may freely choose.

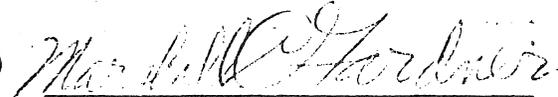
5. That the defendant be ordered to take all necessary action to effect the cancellation of, or to revise or amend each provision of every contract or agreement between the defendant and distributors which is contrary to or inconsistent with any provision of the Final Judgment entered herein.

6. That the defendant be ordered to take such action as is necessary to insure that any of its subsidiaries that produce, distribute, or sell Webster equipment comply with the terms of a Final Judgment entered herein as if they were named defendants herein.

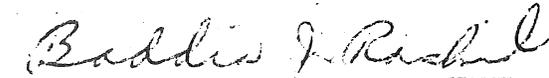
7. That the plaintiff have such other and further relief as the nature of this action may require and as the Court may deem just and appropriate.

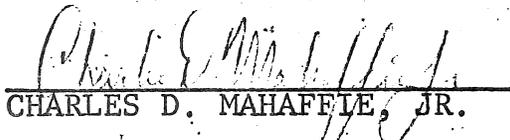
8. That the plaintiff recover its taxable costs.


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