

BBT 211

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

REPUBLIC STEEL CORPORATION,

Defendant.

Civil Action No. C 70-609

Filed: June 29, 1970

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 violations by the defendant, as hereinafter alleged, of Sections 1 and 2 of said Act (15 U.S.C. §§ 1 and 2).

2. The defendant Republic Steel Corporation maintains an office, transacts business and is found within the Northern District of Ohio.

II

THE DEFENDANT

3. ~~The Republic Steel Corporation, hereinafter referred~~ to as Republic, is made a defendant herein. Republic is a corporation organized and existing under the laws of the State

of New Jersey, with its principal place of business in Cleveland Ohio.

### III

#### TRADE AND COMMERCE

4. Republic is the third largest steel producer in the United States and is a producer of limestone, coal, pig iron, and chemicals. Republic is primarily an operating company conducting integrated operations for the production and sale of a wide variety of steel products, including semi-finished and finished steel mill products and certain fabricated steel products. In 1968 total shipments of steel products by Republic amounted to 7,072,000 tons, or approximately 7.7 per cent of the total shipments of the steel industry. For the same year, Republic's total sales of products and services amounted to approximately \$1,400,000,000. For each Republic sales dollar approximately 48.2 cents went to materials, supplies, freight, and other expenses, for a total of approximately \$674,800,000.

5. Republic produces, among others, the following steel products: hot rolled and cold finished bars; billets, blooms, and slabs; plates; skelp; hot and cold rolled sheet and strip; coated sheet and strip, tin plate; terneplate; bolts, nuts, rivets, and spikes; steam, gas and water pipe; oil well casing and tubing; line pipe; plastic-coated pipe and tubing; rods; boiler and condenser tubes; mechanical tubing; and stainless steel tubing.

6. The manufacturing and fabricating operations of Republic produce, among others, the following products: electrical conduit; material handling equipment; wire and wire products; pails, barrels, and drums; cable reel traverses; steel lockers and shelving; steel shop equipment; steel office equipment;

steel windows, doors, joists, and other building products; and complete steel buildings.

7. Other operations of Republic include the mining and production of iron ore, including taconite pellets, in the United States and Canada; the mining of iron ore through subsidiaries in foreign countries; the mining of coal domestically for consumption in the production of coke for its own use; the production of coke and limestone; the production and sale of merchant pig iron; and the production and sale of coal chemicals, drainage products, and roofing and siding.

8. In May, 1969, defendant formed Republic Steel Enterprises, Inc. to facilitate diversification and was investigating land development possibilities on extensive properties the company owns.

9. Republic owns and operates railroad facilities, ore-carrying ships, and steel warehouses. Republic and its subsidiaries also own or lease ore, coal, and limestone properties in the various States of the United States, Canada, South America, and Africa.

10. Republic has major steel producing and manufacturing plants located throughout the United States. The districts in which these plants are located include the following:

- a. Mahoning Valley District, which includes Youngstown, Warren, Niles and Newton Falls, Ohio, where Republic produces carbon bar mill products and semi-finished steel; hot and cold rolled sheets, strip, and plates; silicon sheets and strip; galvanized and bonderized sheets; electro-zinc plated sheets; roofing sheets; long terme sheets; culvert

sheets; tin plate and black plate; continuous stretch reduced and electric weld pipe; plastic coated steel pipe; and coal chemicals;

- b. Cleveland District, Cleveland, Ohio, where Republic produces hot and cold rolled carbon steel sheets and plates; carbon steel bar mill products; electro-zinc plated sheets; merchant pig iron; and coal chemicals;
- c. Central Alloy District, Massillon and Canton, Ohio, where Republic produces alloy steels, stainless steels, vacuum-melted and vacuum-degassed steels; special carbon steels in semi-finished, bar mill products, sheets, strip, and plates; and stainless-clad sheets and strip;
- d. Buffalo District, Buffalo and Troy, New York, where Republic produces carbon and alloy steel bar mill products and semi-finished steel; low phosphorous and merchant pig iron;
- e. Chicago District, South Chicago, Illinois, where Republic produces carbon and alloy steel bar and rod mill products and semi-finished steel; seamless pipe; wire and wire products; and coal chemicals; and
- f. Southern District, Gadsden and Birmingham, Alabama, where Republic produces hot and cold rolled carbon steel sheet, strip, and plates; galvanized and roofing sheets; culvert sheets; bar mill products and electric fusion weld pipe; wire and wire products; welded wire reinforcement; merchant pig iron; and coal chemicals.

11. Republic has a number of divisions through which it conducts operations of a specialized nature. These include:

- a. Steel & Tubes Division, with plants located in Cleveland, Ohio; Brooklyn, New York; Detroit, Michigan; and Elyria, Ohio, which produce carbon and stainless steel mechanical, boiler and heat exchanger tubing; electrical conduit; plastic coated steel tubing and electrical conduit; high carbon structural steel tubing, fabricated tubular parts; and stainless steel pipe and tubing;
- b. Union Drawn Division, with plants located at Massillon, Ohio; Gary, Indiana; East Hartford, Connecticut; Beaver Falls, Pennsylvania; Los Angeles, California; and Hamilton, Ontario, Canada, which produce carbon, alloy, and stainless steel cold finished bars; steel coils and special sections; free machining bars and coils; carbon-corrected alloy and carbon steel bars and coils; and carburized bars;
- c. Bolt and Nut Division, with plants located at Cleveland, Ohio and Gadsden, Alabama, which produce carbon, alloy, and stainless bolt and nut products; tool steel; truck bolts; and mine roof products;
- d. Manufacturing Division, with plants located in Youngstown, Canton, Niles, and Cleveland, Ohio; Nitro, West Virginia; Harrisburg, Pennsylvania; and Charlotte, North Carolina; which produce steel building products; office cabinets, lockers, and shelving; material handling equipment; storage racks; work benches; library shelving; transfer

cases; barrels, drums, and pails in both carbon and stainless steel; sectional plate and corrugated metal drainage products; sewer pipe, subdrainage pipe, and tunnel liner plates; steel windows and doors, joists, curtain wall, siding, roof-deck and pre-engineered buildings; metal laths, concrete bars, welded wire reinforcement, and pre-painted steel sheets; gondola and coil car covers; railroad car flooring; voting machines and other contract manufacturing services.

12. Republic purchases substantial quantities of numerous commodities, raw materials, equipment, supplies and services from other producers for use in the production of iron, steel and other products and in the operation of its plants and offices. A substantial amount of such purchases are purchased from diversified corporations which themselves purchase steel, steel products and other products of the kinds manufactured and produced by Republic.

13. The commodities, raw materials, equipment, supplies and services purchased by Republic from other companies are shipped from their points of production in interstate commerce across State lines to their points of use by Republic. Raw materials and chemicals produced by Republic are shipped across State lines in interstate commerce and in foreign commerce to Republic manufacturing and fabricating plants and to industrial customers. Products produced or fabricated by ~~Republic and by its various Divisions~~ are shipped in a continuous flow in interstate commerce across State lines.



IV

OFFENSES CHARGED

14. Since at least as early as 1963, and continuing to the date of this complaint, the defendant has violated Section 1 of the Sherman Act by entering into agreements and combinations involving reciprocal purchasing arrangements with respect to a substantial amount of interstate commerce whereby Republic purchased goods and services sold by various suppliers upon the understanding that said suppliers would purchase the goods and services of Republic, in unreasonable restraint of the aforesaid trade and commerce.

15. Since at least as early as 1963, and continuing to the date of this complaint, the defendant, through the use of its purchasing power, has violated Section 2 of the Sherman Act by attempting to monopolize that part of the above-described interstate trade and commerce consisting of the requirements of actual and potential supplier-customers of the defendant for steel, steel products, and other products sold by Republic.

16. Pursuant to the aforesaid agreements and combinations and the attempt to monopolize, Republic has done, among other things, the following:

- a. Compiled and coordinated purchase and sales data and other information relating to its customers and suppliers;
- b. Utilized this information to determine which suppliers should be favored and the extent to which they should be permitted to participate in supplying Republic's requirements of goods and services;

- c. Discussed with actual and potential suppliers and customers their sales and purchase positions relative to Republic;
- d. Purchased goods from certain suppliers on the understanding that such suppliers would purchase goods or services from Republic; and
- e. Refused to buy or reduced purchases from certain suppliers who did not purchase or increase purchases from Republic.

V

EFFECTS

17. The aforesaid violations by Republic have had the following effects, among others:

- a. Competitors of Republic in the sale of various goods and services have been foreclosed from selling substantial quantities thereof to firms that are supplier-customers of Republic; and
- b. Actual and potential suppliers of various goods and services purchased by Republic have been foreclosed from selling substantial quantities of such goods and services to Republic.

PRAYER

WHEREFORE, the plaintiff prays:

- 1. That the aforesaid combinations between Republic and its suppliers involving reciprocal purchasing arrangements be adjudged and decreed to be in violation of Section 1 of the Sherman Act.
- 2. That the aforesaid attempt to monopolize be adjudged and decreed to be in violation of Section 2 of the Sherman Act.



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

- a. Communicating to Republic's actual or potential customers or suppliers that it favors suppliers who purchase products from Republic, or communicating to such persons statistics which compare purchases of goods and services by Republic from such firms with sales of Republic to such firms;
- b. Entering into or adhering to any contract, agreement, or understanding with any actual or potential customer or supplier involving reciprocal purchasing arrangements;
- c. Continuing the practice of compiling statistics which compare purchases from persons who supply goods or services to Republic with sales of Republic to such suppliers;
- d. Transmitting to personnel with sales responsibilities information concerning purchases by Republic from particular companies, transmitting to personnel with purchasing responsibilities information concerning sales by Republic to particular companies, and otherwise implementing a program involving reciprocity.

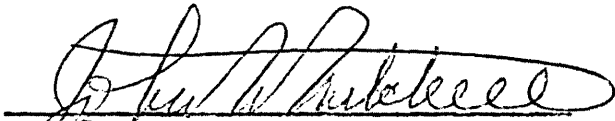
4. That this Court order Republic and its officers and directors to withhold from Republic's sales and purchasing personnel all information of the type which could not be transmitted to such personnel under paragraph 3(d) of this Prayer for Relief.

5. That this Court order Republic to abolish any duties that are assigned to any of its officials or employees which relate to the conduct or effectuation of its reciprocity or trade relations program.

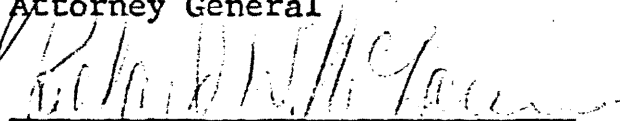
6. That this Court order Republic to advise all of its suppliers, by written notice, that Republic's reciprocity or trade relations program has been terminated and to furnish a copy of the Final Order of this Court to all of its suppliers.

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

8. That plaintiff recover the costs of this action.

  
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