

UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF TENNESSEE  
NASHVILLE DIVISION

UNITED STATES OF AMERICA, )  
 )  
Plaintiff, ) Civil Action No. 7004  
 )  
v. )  
 ) FILED: April 25, 1973  
BLUE BELL, INC., and )  
GENESCO, INC., )  
 )  
Defendants. )

COMPLAINT

The United States of America, by its attorneys acting under the direction of the Attorney General of the United States, brings this civil action against the defendants named herein and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and this action is instituted under Section 15 of the Act of Congress of October 15, 1914, as amended (15 U.S.C. § 25), commonly known as the Clayton Act, to prevent and restrain the violation by the defendants, as hereinafter alleged, of Section 7 of said Act (15 U.S.C. § 18).

2. The defendants transact business and are found within the Middle District of Tennessee, Nashville Division.

II

THE DEFENDANTS

3. Defendant Blue Bell, Inc., is a corporation organized and existing under the laws of the State of Delaware, with

its main office in Greensboro, North Carolina. Blue Bell, Inc. is a manufacturer of men's and women's sportswear, jeans, and specialized work clothing, including industrial rental garments, among other products. Its total sales in 1972 were approximately \$344 million. Defendant's Red Kap Division, which manufactures industrial rental garments, is headquartered in Nashville, Tennessee, and has sixteen operating locations in seven states: California (2), Georgia (1), Kentucky (3), Michigan (1), New Jersey (1), Tennessee (6), and Texas (2).

4. Defendant Genesco, Inc. is a corporation organized and existing under the laws of the State of Tennessee, with its main office in Nashville, Tennessee. Genesco is an international manufacturer and retailer of apparel and footwear. Its total sales in 1972 were approximately \$1,395 million. Prior to July 21, 1972, Genesco, through its Hayes Company Division, was a manufacturer of industrial rental garments, with seven operating locations in five states: California (2), Kentucky (2), Texas (1), Tennessee (1), and New Jersey (1).

### III

#### TRADE AND COMMERCE

5. Industrial rental garments include work shirts, work pants, work jackets, coveralls, shop coats, and executive slacks which are designed to withstand numerous launderings and which are made for and are sold to industrial laundries. Such garments are designed primarily for wear by men, and are sometimes referred to in the trade as "industrial uniforms." Industrial laundries are domestic laundry and garment rental businesses which, pursuant to

rental agreements, furnish clean, laundry-owned industrial rental garments to industrial and commercial accounts for their employees' use.

6. There are approximately 30 domestic manufacturers of industrial rental garments, a number of which also own or control industrial laundries. In 1971, total sales of industrial rental garments to industrial laundries were about \$147 million. About \$34 million of this total consisted of sales by manufacturers to affiliated industrial laundries (those that they owned or controlled) and about \$113 million consisted of sales by manufacturers to unaffiliated industrial laundries (those not owned or controlled by them). Manufacturers of industrial rental garments are not able freely to compete for that portion of total industrial rental garment sales consisting of sales made to industrial laundries by the manufacturers that owned or controlled them. Neither Blue Bell, Inc. nor the Hayes Company Division of Genesco, Inc. at the time of its acquisition by Blue Bell, Inc., owned or controlled any industrial laundries.

7. In 1971, Blue Bell, Inc. had sales of industrial rental garments to unaffiliated industrial laundries of approximately \$25 million or about 23 percent of all such sales, and was the second largest manufacturer of these garments. In the same year, Genesco, Inc. through its Hayes Company Division, had sales of industrial garments to unaffiliated industrial laundries of approximately \$12 million or about 11 percent of all such sales and was the fourth largest manufacturer of these garments. Following the acquisition of the Hayes Company Division by Blue Bell, Inc.,

Blue Bell, Inc.'s Red Kap Division became the largest manufacturer of industrial rental garments.

8. The ability to compete effectively in the sale of industrial rental garments to unaffiliated industrial laundries depends in part on a company's capability to provide quick delivery to its customers and to finance the purchase of these garments. Both Blue Bell, Inc. and the Hayes Company Division of Genesco, Inc. prior to its acquisition by Blue Bell, Inc. were better able than most companies to provide quick delivery and financing.

9. Substantial quantities of the products manufactured by Blue Bell, Inc., and Genesco, Inc. are sold and shipped to customers located in states other than the states in which such products are manufactured. Blue Bell, Inc. and Genesco, Inc. are engaged in interstate commerce.

#### IV

##### VIOLATION ALLEGED

10. On or about July 21, 1972, Blue Bell, Inc. purchased for approximately \$7.5 million the assets of the Hayes Company Division of Genesco, Inc. The effect of this acquisition may be substantially to lessen competition or to tend to create a monopoly in interstate trade and commerce in violation of Section 7 of the Clayton Act in the following ways, among others:

- (a) Actual and potential competition between Blue Bell, Inc., and Genesco, Inc., in the sale of industrial rental garments has been permanently eliminated;
- (b) Competition generally in the sale of industrial rental garments has been substantially lessened; and

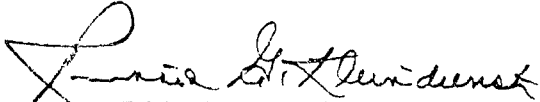
- (c) Concentration in the production and sale of industrial rental garments has been substantially increased.

PRAYER

WHEREFORE, the plaintiff prays:

1. That the acquisition described in paragraph 10 of this complaint be adjudged a violation of Section 7 of the Clayton Act.
2. That, under such terms and conditions as will insure the prompt restoration of the Hayes Company as a competitive entity, Blue Bell, Inc., be required to divest the assets of the Hayes Company Division of Genesco, Inc., either by sale to a third party or by returning ownership and control of the assets to Genesco, Inc., in which event Genesco, Inc., be required, as appropriate, to receive back and operate the assets of the Hayes Company and to return to Blue Bell, Inc. all monies paid to Genesco, Inc. in exchange for such assets.
3. That in the event the Court orders return of the assets to Genesco, Inc. the contract for the sale of the Hayes Company assets be declared rescinded and all obligations of the parties thereunder be declared void.
4. That the defendant Blue Bell, Inc. be enjoined for a period of years from acquiring the stock or assets of any concern engaged in the manufacture, sale, or rental of industrial rental garments.
5. That the plaintiff be granted such other and further relief as the Court may deem just and proper.

6. That plaintiff recover the costs of this suit.



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