

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

Plaintiff,

v.

HALLIBURTON COMPANY,

Defendant.  
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: Civil Action No. 73 Civ. 1806  
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: Filed: April 24, 1973  
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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 and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed 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, in order to prevent and restrain the continuing violation by the defendant, as hereinafter alleged, of Section 7 of the Clayton Act, as amended (15 U.S.C. §18).

2. Defendant Halliburton Company transacts business and is found within the Southern District of New York.

II

THE DEFENDANT

3. Halliburton Company (hereinafter referred to as "Halliburton") is named the defendant herein. Halliburton

is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business at Dallas, Texas. It maintains an office at 250 Park Avenue, New York, New York. On January 22, 1973, as hereinafter alleged, Halliburton acquired all of the stock of Ebasco Services, Inc. (hereinafter referred to as "Ebasco"). Ebasco is a corporation organized and existing under the laws of the State of New York with its principal place of business at 2 Rector Street, New York, New York. It is presently a wholly-owned subsidiary of Halliburton.

### III

#### TRADE AND COMMERCE

4. Halliburton conducts its business through numerous subsidiaries and divisions. It is engaged in selling a variety of products and services throughout the United States, including a broad range of engineering and construction services to the petrochemical, pulp and paper, and electric power industries. It performs its engineering and construction services primarily through its wholly-owned subsidiary Brown & Root, Inc. (hereinafter referred to as "Brown & Root"), and through Mid-Valley, Inc. (hereinafter referred to as "Mid-Valley"), a wholly-owned subsidiary of Brown & Root.

5. Halliburton had net revenues of \$1.3 billion in 1971 and net income for the same year of \$55.9 million. As of December 31, 1971, its assets totalled \$685.2 million. Brown & Root (including Mid-Valley) had net United States revenues in 1971 of \$822.9 million.

6. Ebasco is also engaged in performing engineering and construction services throughout the United States

for the electric power industry. Prior to its acquisition by Halliburton, Ebasco was owned by Boise Cascade Corporation. Ebasco had net revenues in 1971 of \$173 million and net income for the same year of \$3.855 million. As of December 31, 1971, its assets totalled \$31.6 million.

7. There are a number of kinds of electric power generating facilities. These include fossil-fired, nuclear, hydroelectric including pumped storage, diesel generator, and gas turbine. Fossil fuels include coal, oil, and natural gas. Hydroelectric and diesel generator power facilities represent a small percentage of new plants being built in the United States. Gas turbines also represent a small fraction of power generation and are principally used by electric utilities for supplementary power in peak periods.

8. In recent years, most newly constructed electric power generation plants have been of the fossil or nuclear type. Future power plant construction is also expected to be predominantly nuclear or fossil. Power demands necessitate larger megawatt plants, the most feasible being fossil-fired or nuclear in nature.

9. The construction of new electric power generating facilities is expanding to meet continued increases in demand for electric power in the United States. In the construction of new electric power facilities, engineers perform feasibility studies, design the plant, and, once the design is approved, maintain a staff supervising construction to insure compliance with engineering decisions. Consulting engineers, sometimes called architectural or design engineers, perform these functions. The

most important of these functions is the design of the plant. Both Brown & Root and Ebasco are consulting engineers.

10. The functions performed by consulting engineers for the electric power industry require specialized expertise. As a result, there is a small and distinct group of consulting engineers that compete to provide engineering services to the electric power industry.

11. When an electric power facility is being designed, a construction company is employed to build the facility. Some construction companies that build power plants are not consulting engineers. Some consulting engineers also perform the construction and are called engineer constructors. Engineer constructors maintain a staff skilled in conducting and supervising the functions and duties involved in the construction of electric power plants. Both Brown & Root and Ebasco are engineer constructors.

12. Some other consulting engineers are also capable of construction and are classified as engineer constructors similar to Ebasco and Brown & Root. Other consulting engineers do not perform construction, but will oversee engineering requirements while a plant is being constructed by a construction company which may be employed for that particular facility. Sometimes the electric utility will supervise the engineering aspects during construction itself or it may hire a separate consulting engineer to perform that function.

13. A considerable number of skilled and highly specialized engineers and technicians are required to be

employed in the design and construction of electric power generating facilities. In recent years, electric utilities have been constructing more and larger electric power generating facilities requiring greater numbers of skilled engineers and technicians.

14. Ebasco and Brown & Root are two of the most significant and substantial consulting engineers and engineer constructors designing and constructing fossil fuel electric power facilities in the United States.

15. Because of the shortage of fossil fuels and pollution from fossil plants, an increasing percentage of electric power generation facilities are nuclear. Electric power generation facilities utilizing nuclear technology require different and highly specialized engineering than those required for fossil fuel electric power generating facilities. Most consulting engineers and engineer constructors in the electric power field have expertise in both areas and are capable of designing and building either kind of power plant. A few consulting engineers and engineer constructors do not have substantial nuclear expertise.

16. Ebasco is one of the major consulting engineers and engineer constructors possessing nuclear engineering capability in the electric power generating field. Brown & Root is the largest consulting engineer and engineer constructor serving the electric power industry not now possessing substantial nuclear engineering capability. Brown & Root has begun to develop its nuclear capability and is now constructing some nuclear plants.

17. There are some small consulting engineering firms which have nuclear engineering capability for the

design of nuclear electric power generating facilities.

18. As consulting engineers, Ebasco accounted for approximately 14.4% and Brown & Root approximately 5.0% of design engineering, by megawattage, of new fossil and nuclear power generation plants installed in the United States during the five year period from 1968 through 1972. Ebasco ranked second and Brown & Root seventh in terms of megawattage installed from 1968 through 1972. The leading eight firms accounted for approximately 72.4% of all such design engineering.

19. As consulting engineers, Ebasco accounted for approximately 10.7% and Brown & Root approximately 5.2% of design engineering, by megawattage, of new fossil and nuclear power generation plant contracts announced in the United States during the five years from 1968 through 1972. Ebasco ranked second and Brown & Root fifth in terms of megawattage contracted for from 1968 through 1972. The leading eight firms accounted for approximately 69.4% of all such design engineering.

20. As consulting engineers, Ebasco ranked first and accounted for approximately 14.5% and Brown & Root ranked fifth with approximately 5.7% of design engineering, by megawattage, of new fossil power generation plants installed in the United States during the five years from 1968 through 1972. Ebasco ranked third and accounted for approximately 13.7% of design engineering, by megawattage, of new nuclear power generation plants installed in the United States during the five years from 1968 through 1972.

21. As consulting engineers, Ebasco ranked second and accounted for approximately 12.1% and Brown & Root

ranked fourth and accounted for approximately 8.0% of design engineering, by megawattage, of new fossil power generating plant contracts announced in the United States during the five years from 1968 through 1972. Ebasco accounted for approximately 8.0% of design engineering, by megawattage, of new nuclear power generation plant contracts announced in the United States during the five years from 1968 through 1972.

#### IV

#### VIOLATION ALLEGED

22. On January 22, 1973, Halliburton acquired all of the stock of Ebasco from Boise Cascade Corporation.

23. The effect of the aforesaid acquisition may be substantially to lessen competition or to tend to create a monopoly in the aforesaid interstate trade and commerce in the United States in violation of Section 7 of the Clayton Act in the following ways, among others:

(a) actual and potential competition between Brown & Root and Ebasco in the engineering and construction of fossil and nuclear electric power generating facilities will be eliminated.

(b) actual and potential competition between Brown & Root and Ebasco in the engineering and construction of fossil fuel electric power generating facilities will be eliminated.

(c) potential competition between Brown & Root and Ebasco in the engineering and

construction of nuclear electric power generating facilities will be eliminated.

(d) competition generally in the engineering and construction of fossil and nuclear electric power generating facilities in the United States will be lessened.

(e) concentration in the engineering and construction of fossil and nuclear electric power generating facilities, and of fossil electric power generating facilities, will be increased.

V

PRAYER

WHEREFORE, plaintiff prays:

1. That the acquisition of Ebasco by Halliburton be adjudged a violation of Section 7 of the Clayton Act.

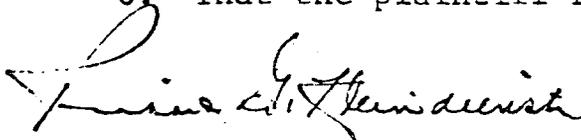
2. That a preliminary injunction issue against Halliburton preventing and restraining it from taking any action to commingle the assets including personnel of Brown & Root and Ebasco and requiring it to continue to operate each as separate and independent businesses pending final adjudication of the merits of this Complaint.

3. That Halliburton be required to divest Ebasco as a viable going concern in substantially the form with substantially the same assets and expertise as it possessed on January 22, 1973.

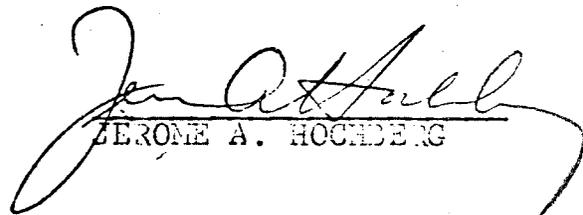
4. That Halliburton and all persons acting on its behalf be enjoined for ten years from acquiring the stock or assets of a consulting engineering firm or engineer constructor firm serving the electric power industry without prior approval of the Court.

5. That the plaintiff have such other relief as the Court may deem just and proper.

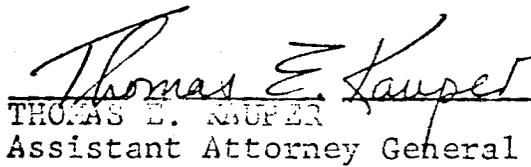
6. That the plaintiff recover its taxable costs.



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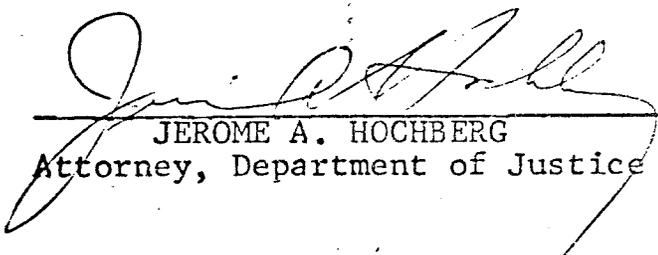
Attorneys, Department of Justice

AFFIDAVIT

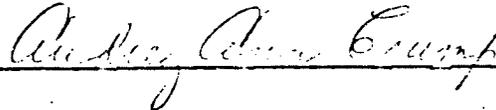
DISTRICT OF COLUMBIA

SS:

Jerome A. Hochberg, being duly sworn, deposes and says that he is an attorney employed by the United States Department of Justice; that he has been actively engaged in the preparation of this proceeding; that he has read the foregoing complaint and knows the contents and is familiar with the subject matter thereof; that he is informed and believes the allegations of fact contained herein are true; and that the sources of his information are written statements, data and documents submitted to the Department of Justice by the defendant and other data and information obtained from recognized trade and Government sources.

  
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JEROME A. HOCHBERG  
Attorney, Department of Justice

Subscribed and sworn to before me  
this 18th day of April 1973.

  
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My Commission Expires August 31, 1976