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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,
12 Plaintiff,
13 v.
14 BAKER COMMODITIES, INC., and
15 PETERSON MANUFACTURING CO.,
16 INC.,
17 Defendants.

)
) Civil Action No. 71-1473-FW
) Filed: June 23, 1971
) (Sherman Act and Clayton Act
) Violations, 15 U.S.C. §§ 1,
) 4, 18 and 25)
)

COMPLAINT

18 The United States of America, plaintiff, by its attorneys,
19 acting under the direction of the Attorney General of the United
20 States, brings this civil action to obtain equitable relief against
21 the above-named defendants and complains and alleges as follows:

FIRST OFFENSE

I

JURISDICTION AND VENUE

25 1. This complaint is filed and these proceedings are in-
26 stituted against the above-named defendants under Section 4 of
27 the Act of Congress of July 2, 1890, as amended (15 U.S.C. § 4),
28 commonly known as the Sherman Act, in order to prevent and restrain
29 the continuing violation by the defendants, as hereinafter alleged,
30 of Section 1 of the Sherman Act (15 U.S.C. § 1).

1 raw materials compared to the individual retail
2 outlets of the non-bulk street accounts; and

3 (d) "Los Angeles area" is comprised of the follow-
4 ing six California counties: (1) Los Angeles,
5 (2) Orange, (3) Riverside, (4) San Bernardino,
6 (5) Ventura, and (6) Santa Barbara.

7 III

8 THE DEFENDANTS

9 4. Baker Commodities, Inc. (hereinafter referred to as
10 "Baker") is hereby made a defendant herein. Baker is a
11 California corporation, incorporated on May 14, 1956. Its
12 principal place of business is in Los Angeles, California.
13 Baker has a number of other rendering plants in Arizona and
14 New Mexico, and during the period of time covered by this
15 complaint was engaged in the rendering business in the Los
16 Angeles area.

17 5. Peterson Manufacturing Co., Inc. (hereinafter referred
18 to as "Peterson") is hereby made a defendant herein. Peterson
19 is a California corporation, incorporated on December 8, 1947.
20 Its principal place of business is in Los Angeles, California.
21 In 1970, Peterson was acquired by Kane-Miller Company of New
22 York State and presently operates under the Peterson name as
23 a wholly-owned subsidiary of Kane-Miller. During the period
24 of time covered by this complaint, Peterson was engaged in
25 the rendering business in the Los Angeles area.

26 IV

27 CO-CONSPIRATORS

28 6. California Rendering Company, Ltd. (hereinafter referred
29 to as "California Rendering") and various other corporations,
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1 firms and persons (some of them being unknown to the plaintiff)
2 not made defendants in this complaint participated as co-
3 conspirators in the first offense alleged in this complaint and
4 performed acts and made statements in furtherance thereof. On
5 or about March 20, 1970, Baker acquired substantially all of the
6 outstanding stock of California Rendering and, on or about March
7 25, 1970, California Rendering was merged into Baker under the
8 provisions of Section 4124 of the California Corporations Code.

9 V

10 TRADE AND COMMERCE

11 7. Each of the renderers named as defendants herein and
12 California Rendering purchase and collect inedible fat and bones
13 from a variety of raw material accounts, including non-bulk
14 street accounts. These fat and bone raw materials are processed
15 by these renderers into tallow and either meat and bone meal,
16 meat meal, or bone meal. Each of the defendant renderers and
17 California Rendering make substantial purchases of fat and bone
18 raw materials from accounts, including non-bulk street accounts,
19 located in the Los Angeles area. A substantial amount of meat
20 in carcass form is shipped to buyers, including non-bulk street
21 accounts, in the Los Angeles area from meat packers in the Mid-
22 west. As these Los Angeles area buyers process such carcasses,
23 they generate trimmed fat and bones, a large proportion of which
24 is sold to each of the defendant renderers and to California
25 Rendering.

26 8. Tallow is the primary product produced by each of the
27 defendant renderers and by California Rendering and is used in
28 the manufacture of soap, glycerine and fatty acids. Substantial
29 quantities of both tallow and other products produced by each of
30 the defendant renderers and by California Rendering from raw
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1 materials obtained from accounts, including non-bulk street
2 accounts, in the Los Angeles area are sold throughout the
3 United States. A large part of the tallow so produced by
4 each of the defendant renderers and by California Rendering
5 is exported to foreign countries, including Japan, India,
6 Pakistan and Thailand.

7 9. During the period of time covered by this complaint,
8 the defendant renderers and California Rendering were the
9 principal renderers operating in the Los Angeles area and,
10 during most of that period of time, were the only significant
11 renderers of inedible fat and bones in the Los Angeles area.

12 10. In 1969, the combined dollar volume of raw materials
13 purchased by the defendant renderers in the Los Angeles area
14 was approximately \$6.5 million. The combined dollar volume
15 of raw material purchases in the Los Angeles area by the two
16 defendant renderers and by California Rendering, for the same
17 period, amounted to approximately \$10 million. During the same
18 year, the defendant renderers had total combined sales in excess
19 of \$30 million. A large portion of these sales represented
20 export sales.

21 VI

22 OFFENSE ALLEGED

23 11. Beginning at least as early as 1957 and continuing
24 thereafter up until at least March 20, 1970, the exact dates
25 being to the plaintiff unknown, the defendants and co-conspirators
26 engaged in a combination and conspiracy in unreasonable restraint
27 of the aforesaid trade and commerce in rendering, in violation
28 of Section 1 of the Act of Congress of July 2, 1890, as amended
29 (15 U.S.C. § 1), commonly known as the Sherman Act.

1 12. The aforesaid combination and conspiracy consisted
2 of a continuing agreement, understanding and concert of action
3 among the defendants and co-conspirators to fix, reduce and
4 stabilize prices paid for inedible fat and bones to non-bulk
5 street accounts in the Los Angeles area.

6 13. For the purpose of forming and effectuating the
7 aforesaid combination and conspiracy, the defendants and
8 co-conspirators did those things which they combined and
9 conspired to do.

10 VII

11 EFFECTS

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

- 14 (a) competition between and among the defendant
15 and co-conspirator renderers has been
16 restricted and suppressed;
- 17 (b) prices paid to non-bulk street accounts by
18 the defendant and co-conspirator renderers
19 for inedible fat and bones have been
20 artificially reduced and stabilized; and
- 21 (c) non-bulk street accounts in the Los Angeles
22 area have been deprived of the opportunity
23 to sell their inedible fat and bones in an
24 open and competitive market.

25 SECOND OFFENSE

26 VIII

27 JURISDICTION AND VENUE

28 15. This complaint is filed and these proceedings are
29 instituted against the defendant Baker under Section 15 of
30 the Act of Congress of October 15, 1914, as amended (15 U.S.C.
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1 § 25), commonly known as the Clayton Act, in order to prevent
2 and restrain the continuing violation by the defendant, as
3 hereinafter alleged, of Section 7 of the Clayton Act (15 U.S.C.
4 § 18).

5 16. The defendant Baker transacts business and is found
6 within the Central District of California.

7 IX

8 DEFINITIONS

9 17. The allegations contained in paragraph 3 of this
10 complaint are here realleged with the same force and effect
11 as though set forth in full.

12 X

13 THE DEFENDANT

14 18. Baker is hereby made the defendant herein. The
15 allegations contained in paragraph 4 of this complaint are
16 here realleged with the same force and effect as though set
17 forth in full.

18 XI

19 TRADE AND COMMERCE

20 19. The allegations contained in paragraphs 7 and 8 of
21 this complaint are here realleged with the same force and
22 effect as though set forth in full.

23 20. Total raw materials purchases by renderers in the
24 Los Angeles area in 1969 were approximately \$10 million. Baker,
25 with purchases of about \$3.7 million, accounted for approxi-
26 mately 38 percent and California Rendering, with purchases
27 of about \$3.1 million, accounted for approximately 31 percent
28 of all such purchases in the Los Angeles area during that same
29 year. Baker and California Rendering were the largest and the
30

1 second largest purchasers, respectively, of rendering raw
2 materials in the Los Angeles area in 1969. Additionally,
3 these two companies accounted for substantially all purchases
4 of rendering raw materials from packing house accounts in
5 the Los Angeles area in 1969.

6 21. Total sales of products derived from rendering
7 raw materials by renderers in the Los Angeles area in 1969
8 were approximately \$36 million. Baker, with sales of about
9 \$18.1 million, accounted for approximately 50 percent and
10 California Rendering, with sales of about \$5.3 million,
11 accounted for approximately 15 percent of all such sales by
12 Los Angeles area renderers during that same year. Baker and
13 California Rendering were the largest and the third largest
14 sellers, respectively, of products derived from rendering raw
15 materials in the Los Angeles area in 1969.

16 XII

17 OFFENSE ALLEGED

18 22. On or about March 20, 1970, Baker acquired sub-
19 stantially all of the outstanding stock of California
20 Rendering. On or about March 25, 1970, California Rendering
21 was merged into Baker under the provisions of Section 4124
22 of the California Corporations Code. By means of this acqui-
23 sition, Baker acquired the physical plant of California Rendering
24 and all of the rendering raw material accounts of California
25 Rendering in the Los Angeles area.

26 23. The effect of the aforesaid acquisition may be sub-
27 stantially to lessen competition or tend to create a monopoly
28 in rendering in the Los Angeles area in violation of Section
29 7 of the Clayton Act in the following ways, among others:

1 (a) actual and potential competition between
2 Baker and California Rendering in the
3 purchase and processing of rendering raw
4 materials and in the sale of products
5 derived therefrom has been eliminated;

6 (b) Baker has increased its relative size and
7 production capability in the purchase and
8 processing of rendering raw materials and
9 in the sale of products derived therefrom to
10 such a point that its advantage over actual
11 and potential competitors is decisive; and

12 (c) concentration in the rendering industry
13 in the Los Angeles area has been substantially
14 increased, to the detriment of actual and
15 potential competition.

16 PRAYER

17 WHEREFORE, the plaintiff prays:

18 1. That the aforesaid combination and conspiracy, alleged
19 as the first offense in this complaint, be adjudged and decreed
20 to be unlawful and in violation of Section 1 of the Sherman Act.

21 2. That the aforesaid acquisition, alleged as the second
22 offense in this complaint, be adjudged a violation of Section 7
23 of the Clayton Act.

24 3. That each of the defendants named in the first offense
25 in this complaint, their successors, assignees and transferees,
26 and the respective officers, directors, agents and employees
27 thereof, be permanently enjoined and restrained from carrying
28 out, directly or indirectly, the combination and conspiracy
29 hereinbefore alleged, or from engaging in any other combination
30 or conspiracy having a similar purpose or effect, or from
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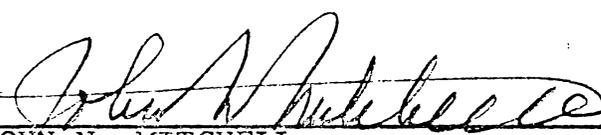
1 adopting or following any practice, plan, program or device
2 having a similar purpose or effect.

3 4. That Baker be ordered to divest itself of all owner-
4 ship interest in California Rendering, including the physical
5 plant and all rendering raw material accounts it acquired as
6 a result of the aforesaid acquisition.

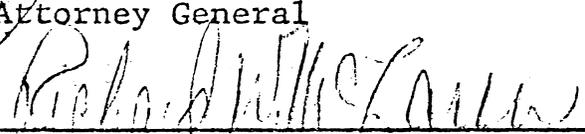
7 5. That Baker be permanently enjoined from acquiring,
8 directly or indirectly, any asset, share of stock or other
9 interest in any company directly or indirectly engaged in the
10 rendering business in the Los Angeles area.

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

14 7. That the plaintiff recover the costs of this suit.

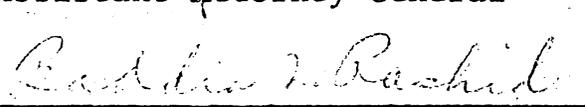
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