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8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
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11 UNITED STATES OF AMERICA, )  
12 Plaintiff, ) Civil Action No. 71-1473-FW  
13 v. )  
14 BAKER COMMODITIES, INC. ) (Sherman Act and Clayton Act  
and PETERSON MANUFACTURING ) Violations, 15 U.S.C. Sections 1,  
15 CO., INC., ) 4, 18 and 25)  
16 Defendants. ) Filed: February 25, 1974  
17 Entered: April 2, 1974

18 FINAL JUDGMENT

19 Plaintiff, United States of America, having filed its  
20 complaint herein on June 23, 1971, defendants Baker  
21 Commodities, Inc. [hereinafter "Baker"] and Peterson  
22 Manufacturing Co., Inc. having appeared by their counsel, and  
23 the parties hereto, by their respective attorneys, having  
24 severally consented to the entry of this Final Judgment with-  
25 out trial or adjudication of any issue of fact or law herein  
26 and without this Final Judgment constituting evidence or an  
27 admission by any party hereto with respect to any such issue;

28 NOW, THEREFORE, before the taking of any testimony and  
29 without trial or adjudication of any issue of fact or law  
30 herein, and upon the consent of the parties hereto, it is  
31 hereby

32 ORDERED, ADJUDGED AND DECREED as follows:

I

1  
2 The Court has jurisdiction of the parties and of the  
3 subject matter of this action. The Complaint states a first  
4 claim upon which relief may be granted against the consenting  
5 defendants, and each of them, under Section 1 of the Act of  
6 Congress of July 2, 1890, as amended, entitled "An Act to  
7 Protect Trade and Commerce Against Unlawful Restraints and  
8 Monopolies" (15 U.S.C. Sec. 1), commonly known as the Sherman  
9 Act and a second claim upon which relief may be granted  
10 against defendant Baker Commodities, Inc. under Section 7 of  
11 the Act of Congress of October 15, 1914, as amended, entitled  
12 "An Act to Supplement Existing Laws Against Unlawful  
13 Restraints and Monopolies, and for Other Purposes", (15 U.S.C.  
14 Sec. 18), commonly known as the Clayton Act.

15 II

16 As used in this Final Judgment:

17 (a) "Consenting defendants" means the defendants Baker  
18 Commodities, Inc. and Peterson Manufacturing Co., Inc. and  
19 the respective subsidiaries, successors, and/or assigns of  
20 each of said defendants.

21 (b) "Person" means any individual, partnership, firm,  
22 corporation, association, or any other business or legal  
23 entity.

24 (c) "Subsidiary" means a company which a person controls  
25 or has power to control, or in which fifty per cent (50%) or  
26 more of the voting securities is owned or controlled by that  
27 person, directly or indirectly.

28 (d) "Renderer" means a person or company which pur-  
29 chases and/or collects a variety of generally animal-derived  
30 raw materials such as inedible fat and bones, offal, suet,  
31 blood and waste grease and converts these raw materials into  
32 various finished products including tallow, meat and bone

1 meal, refined grease, feed fat and blood meal.

2 (e) "Rendering raw materials" are those raw materials  
3 processed by a renderer to produce his finished products and  
4 include, and are not limited to, those raw materials described  
5 in Section II(d) above.

6 (f) "Bonus payment" means any special payment, by a  
7 renderer to a supplier of rendering raw materials, which is  
8 in addition to that payment to such supplier based upon the  
9 renderer's prevailing unit prices for such raw materials.

10 (g) "Bonus payment schedule" means the schedule defining  
11 the various levels of bonus payment employed by a renderer  
12 and specifying the qualifying raw material volume(s) specific  
13 to such bonus payment levels.

14 (h) "Los Angeles area" means the area comprised of the  
15 following six California Counties: (1) Los Angeles,  
16 (2) Orange, (3) Riverside, (4) San Bernardino, (5) Ventura,  
17 and (6) Santa Barbara.

18 (i) "California Rendering" means California Rendering  
19 Company, Ltd., a California corporation engaged in the render-  
20 ing business whose outstanding stock Baker acquired on or  
21 about March 20, 1970.

22 (j) "Capital assets" shall mean land, buildings, lease-  
23 hold improvements, furniture, fixtures and equipment acquired  
24 by Baker when it acquired California Rendering and which are  
25 identified in Schedule A hereto.

26 (k) "Account" means a person or company, or a subdivi-  
27 sion thereof, which supplies a renderer with some or all of  
28 his raw materials.

29 (l) "Account stop" means the individual account loca-  
30 tion from which a renderer picks up raw materials; a given  
31 raw material account may consist of a single account stop or  
32 a plurality of such account stops.

1 (m) "Packing houses" means those accounts identified as  
2 packing houses on said Schedule B.

3 III

4 The provisions of this Final Judgment applicable to any  
5 consenting defendant shall apply to each such defendant, its  
6 subsidiaries, successors, and assigns, and to their respective  
7 officers, directors, agents and employees, and to all persons  
8 in active concert or participation with any of them who re-  
9 ceive actual notice of this Final Judgment by personal service  
10 or otherwise; but shall not apply to any of the acts enjoined,  
11 restrained or prohibited herein when such acts are solely be-  
12 tween any defendant and its officers, directors or employees  
13 when acting in such capacity or between any defendant and its  
14 parent company or between any defendant and any of its sub-  
15 sidiaries or any subsidiary of its parent or between any sub-  
16 sidiaries of said defendant or its parent. This Final  
17 Judgment shall apply only to acts which affect the foreign or  
18 domestic commerce of the United States.

19 IV

20 A. Each consenting defendant is enjoined and restrained  
21 from, directly or indirectly, in any manner entering into, ad-  
22 hering to, maintaining, claiming any right under, carrying  
23 out, or in any way performing or cooperating in the per-  
24 formance of any contract, agreement, understanding, plan,  
25 program, or concerted activity with any other renderer or with  
26 any other purchaser of rendering raw materials to:

27 (1) Fix, determine, agree upon, establish, main-  
28 tain, control, adhere to, manipulate, lower, raise or sta-  
29 bilize the prices offered or paid or to be paid for rendering  
30 raw materials to suppliers of such raw materials;

31 (2) Fix, determine, agree upon, establish, main-  
32 tain, adhere to, control, manipulate or stabilize terms,

1 conditions, policies, bonus payments or bonus payment  
2 schedules with respect to the purchase of rendering raw  
3 materials from suppliers of such raw materials;

4 (3) Establish or adhere to a prescribed basis or  
5 formula for determining prices paid or to be paid to suppliers  
6 of rendering raw materials for such raw materials;

7 (4) Purchase rendering raw materials through a  
8 common agent or purchasing committee or other like entity; or

9 (5) Allocate or divide any market or markets for  
10 the purchase of rendering raw materials on the basis of in-  
11 dividual suppliers of such rendering raw materials or groups  
12 or classes of such suppliers or on any geographical basis.

13 B. The consenting defendants are individually and col-  
14 lectively enjoined, restrained and prohibited, directly or  
15 indirectly, from:

16 (1) Urging, influencing or suggesting to each other  
17 or any other renderer the price or prices to be offered or  
18 paid to suppliers of rendering raw materials for such raw  
19 materials;

20 (2) Sponsoring, calling, endorsing, holding or par-  
21 ticipating in any meeting or conference, involving renderers  
22 and/or other purchasers of rendering raw materials, for the  
23 purpose or with the effect of fixing, controlling, establish-  
24 ing, maintaining, securing adherence to or stabilizing  
25 prices, terms, conditions, bonus payments or bonus payment  
26 schedules with respect to the purchase of rendering raw  
27 materials from suppliers of such raw materials;

28 (3) Communicating, relaying or reporting to any  
29 other renderer, or other purchaser of rendering raw materials,  
30 information concerning prices, terms, conditions, bonus pay-  
31 ments or bonus payment schedules relating to the purchase of  
32 raw materials by renderers or other purchasers of rendering

1 raw materials who purchase said raw materials in the same geo-  
2 graphic market with either of said consenting defendants  
3 prior to the communicating of such information to the public  
4 generally; provided, that nothing herein shall be deemed to  
5 prohibit any bona fide purchase, sale or processing transac-  
6 tion involving rendering raw materials and to which any con-  
7 senting defendant is a party.

8 C. Provided, however, that nothing in this Final  
9 Judgment shall be deemed to prohibit any bona fide participa-  
10 tion by any consenting defendant in any association relating  
11 to the export of rendering finished products organized pursu-  
12 ant to the Webb-Pomerene Export Trade Act of 1918 (15 U.S.C.  
13 Secs. 61-65, inclusive), provided said participation is  
14 otherwise lawful under the antitrust laws of the United  
15 States.

16 V

17 Each of the consenting defendants is ordered and  
18 directed to:

19 A. Within sixty (60) days of the entry of this Final  
20 Judgment, individually and independently review, determine  
21 and establish its prices, bonus payments, bonus payment  
22 schedules, and other terms, conditions and policies for its  
23 purchase of rendering raw materials on the basis solely of its  
24 own independent and individual judgment; and

25 B. Within ninety (90) days of the entry of this Final  
26 Judgment, file with this Court (with a copy to the Assistant  
27 Attorney General in charge of the Antitrust Division) an af-  
28 fidavit signed by the officer or officers responsible for the  
29 determination of such prices, bonus payments, bonus payment  
30 schedules, and other terms, and conditions of purchase of  
31 rendering raw materials, specific to each and every operating  
32 area of the United States where the consenting defendants make

1 such purchases of rendering raw materials, stating that said  
2 defendant has performed and accomplished the requirements  
3 defined by Section V(A) of this Decree.

4 VI

5 A. Within twenty-four (24) months from the date of  
6 entry of this Final Judgment, defendant Baker shall, subject  
7 to the terms and conditions of this Final Judgment, divest all  
8 of its interest in the business and assets of California  
9 Rendering which it acquired by purchase of the capital stock  
10 of California Rendering on or about March 20, 1970. Said  
11 capital assets consist of real property, physical plant, and  
12 equipment used in connection with the rendering of raw mater-  
13 ials, which real property, physical plant and equipment to be  
14 divested are listed in Schedule A attached hereto and incorpo-  
15 rated herein by this reference. The rendering raw material  
16 accounts and account stops which are to be divested are  
17 listed in Schedule B attached hereto and incorporated herein  
18 by this reference. The divestiture shall be made upon the  
19 following terms and conditions:

20 (1) The divestiture shall be made by a single sale  
21 of all of said assets and rendering raw material accounts and  
22 account stops, or a single sale of stock of a corporation  
23 which controls all of said assets and rendering raw material  
24 accounts and account stops.

25 (2) The purchaser or successor to the California  
26 Rendering Company's assets shall agree to enter its appearance  
27 in this proceeding and shall agree to engage in the rendering  
28 business in the Los Angeles area for a reasonable period of  
29 time.

30 (3) Baker shall not, during the period of one (1)  
31 year following the consummation of the sale, purchase any  
32 rendering raw material from any rendering raw material

1 accounts or account stops listed in Schedule B, provided that  
2 this prohibition in this paragraph shall not be applicable to  
3 the packing houses identified on said Schedule B. Following  
4 said one (1) year period, Baker shall have the right to offer  
5 to purchase rendering raw materials from said raw material  
6 accounts or account stops.

7 (4) Baker shall not, during the period beginning on  
8 a date ninety (90) days after written notice from plaintiff,  
9 identified herein as the "effective date", and ending one (1)  
10 year after said effective date, purchase any rendering raw  
11 materials from any packing house identified on Schedule B.  
12 Following the expiration of the said one (1) year period,  
13 Baker shall have the right to offer to purchase rendering raw  
14 materials from all of said packing houses. Plaintiff's right  
15 to give the notice provided by this paragraph shall expire  
16 six (6) years from the date of entry of this Final Judgment.

17 B. Divestiture by Baker under this Final Judgment shall  
18 be to a person or persons first approved by the plaintiff, or  
19 failing such approval, with the approval of the Court, upon a  
20 proper showing and upon notice to the plaintiff.

21 C. At least sixty (60) days in advance of the closing  
22 date specified in any contract of sale pursuant to this Final  
23 Judgment, Baker shall supply plaintiff with the name of the  
24 proposed purchaser, with all pertinent information and mater-  
25 ial respecting the proposed sale, together with any additional  
26 information plaintiff may request.

27 D. Following the entry of this Final Judgment, Baker  
28 shall submit written reports every six (6) months to the  
29 Assistant Attorney General in charge of the Antitrust Division  
30 describing the efforts made by it to divest the business re-  
31 quired to be divested pursuant to Subsection (A) of this  
32 Section VI.



1           E. Baker shall make known the availability for sale of  
2 the business to be divested by the ordinary and usual means  
3 for a sale of such a business and shall furnish to all bona  
4 fide prospective purchasers on an equal and non-discriminatory  
5 basis all information regarding the business to be divested  
6 which is reasonably necessary for the above purpose.

7           F. The divestiture ordered by this Final Judgment shall  
8 be made in good faith and shall be absolute and unqualified.

9           1. Nothing herein contained shall be deemed to  
10 prohibit Baker from retaining, accepting and enforcing a bona  
11 fide lien, mortgage, pledge, deed or trust, or any other form  
12 of security reasonably necessary to secure full payment of the  
13 price at which the divested property is disposed of or sold or  
14 to secure any other obligation of a purchaser or successor,  
15 provided that if Baker shall regain ownership of or control  
16 over the property divested as a result of any lien, mortgage,  
17 deed of trust, or other undertaking, Baker shall be required  
18 to terminate such ownership or control within eighteen (18)  
19 months thereafter. Baker's disposition of such regained pro-  
20 perty shall be made only to a person or persons first approved  
21 by the plaintiff, or failing such approval, with the approval  
22 of the Court upon a proper showing and after at least sixty  
23 (60) days' notice to the plaintiff of its intention to make  
24 such disposition, indicating, in that notice, the name, ad-  
25 dress, and company affiliation of each proposed transferee in-  
26 volved, with all pertinent information and material (including  
27 sales price), regarding each such item of regained property to  
28 be transferred, supplemented by any additional information  
29 plaintiff may request regarding same.

30           2. In the event Baker receives, as a result of any  
31 divestiture hereunder, stock of a corporation which controls  
32 the divested assets: (a) Baker shall be required: (i) to

1 dispose of any amount of such stock in excess of ten per cent  
2 (10%) of the outstanding common stock of such corporation  
3 within one (1) year following the date of receipt thereof; and  
4 (ii) to dispose of the balance of such stock no later than  
5 twenty-five (25) months from the date of receipt thereof;  
6 (iii) pending disposal, to cause any voting rights of such  
7 stock to be exercised by a financial institution or other  
8 third party who is acceptable to plaintiff or approved by the  
9 Court; (iv) said financial institution or other third party  
10 shall give advance timely notice to Baker of the manner in  
11 which it intends to vote said stock in each applicable in-  
12 stance where a shareholder's vote is required, and if Baker  
13 determines that said proposed vote shall be prejudicial to  
14 its interests, Baker shall have the right to apply to the  
15 Court for a determination and direction as to the manner in  
16 which the subject stock shall be voted by said financial  
17 institution or other third party, and (b) in the event Baker  
18 distributes such stock to its shareholders, no distribution  
19 shall be made pursuant to which any Baker shareholder will  
20 retain more than two per cent (2%) of the outstanding common  
21 stock of the said corporation unless the plan of distribution  
22 is acceptable to plaintiff or approved by the Court.

## 23 VII

24 A. If the divestiture required by the preceding Section  
25 VI hereof has not been accomplished by Baker within twenty-  
26 four (24) months from the date of entry of this Final  
27 Judgment, Baker shall place in control of a trustee, promptly  
28 after his appointment by this Court upon application of the  
29 plaintiff and with notice to Baker, all of its acquired  
30 interest in the business and assets of California Rendering  
31 for the purpose of enabling said trustee to divest the  
32 aforesaid acquired interest of Baker in the business and

1 assets of California Rendering. Said trustee shall perform  
2 at the expense of Baker under a schedule of Court-approved  
3 fees and costs to be fixed at the time of said trustee's  
4 appointment. Said trustee shall execute his power to divest  
5 under the following terms and conditions:

6 (1) Said trustee shall accomplish said divestiture  
7 of all of Baker's acquired interest in the business and assets  
8 of California Rendering within one (1) year after the date of  
9 his appointment by the Court.

10 (2) Any such divestiture by said trustee will meet  
11 each of the conditions and limitations set forth in Section  
12 VI, above, except to the extent any of said conditions or  
13 limitations of Section VI are expressly amended, varied, or  
14 negated by any portion of this Section VII.

15 (3) In Subsection VI(C), said trustee shall supply  
16 the required data to plaintiff.

17 (4) Because of the shorter time period in which  
18 said trustee is to accomplish said divestiture, he shall  
19 submit written reports, as outlined in Subsection VI(D), every  
20 three (3) months.

21 (5) The responsibilities described in Subsection  
22 VI(E) shall be those of said trustee.

23 (6) The trustee, as soon as possible, but not less  
24 than sixty (60) days in advance of any proposed divestiture  
25 to a third person(s), shall notify plaintiff and defendant  
26 Baker of the terms and conditions of the proposed divestiture  
27 and Baker shall have thirty (30) days thereafter to file with  
28 this Court any objections it may have to the proposed divesti-  
29 ture and the Court shall hear all parties with respect  
30 thereto, including said trustee.

31 B. Until the divestiture required by this Final Judgment  
32 is accomplished, Baker shall retain control and management of

1 its acquired interest in the business and assets of California  
2 Rendering, subject however to actions of the trustee conso-  
3 nant with and for the purpose of effecting the desired  
4 divestiture.

5 C. Baker shall extend its fullest cooperation to said  
6 trustee to help him to accomplish his divestiture objective.

7 D. Until the divestiture required by this Final Judgment  
8 is accomplished, Baker shall take no action to impair either  
9 the business or assets it acquired from California Rendering  
10 and shall use its best efforts in maintaining and promoting  
11 said business and assets.

#### 12 VIII

13 Defendant Baker is enjoined and restrained for a period  
14 of ten (10) years from acquiring any assets, shares of stock  
15 or other interest, in the business of any person engaged in  
16 rendering raw materials unless sixty (60) days' notice of its  
17 intention to make said acquisition is first given to the  
18 Assistant Attorney General in charge of the Antitrust  
19 Division. In the event plaintiff shall object to any acqui-  
20 sition, as described above, Baker may not make such acquisi-  
21 tion without first applying to this Court for permission to  
22 make such acquisition, which may be granted upon a showing by  
23 Baker to the satisfaction of this Court that the acquisition  
24 will not substantially lessen competition or tend to create  
25 a monopoly in any line of commerce in any section of the  
26 country.

#### 27 IX

28 For a period of ten (10) years from the date of entry of  
29 this Final Judgment, each of the consenting defendants is  
30 ordered to file with the plaintiff, on each anniversary date  
31 of such entry, a report setting forth the steps which it has  
32 taken during the prior year to advise said consenting

1 defendant's appropriate officers, directors, and employees of  
2 its and their obligations under this Final Judgment.

3 X

4 For the purpose of determining or securing compliance  
5 with this Final Judgment, and for no other purpose, duly  
6 authorized representatives of the Department of Justice shall,  
7 on written request of the Assistant Attorney General in charge  
8 of the Antitrust Division, and on reasonable notice to any  
9 consenting defendant made to its principal office, be per-  
10 mitted, subject to any legally recognized privilege:

11 A. Access, during the office hours of said defendant,  
12 who may have counsel or accountants present, to those books,  
13 ledgers, accounts, correspondence, memoranda and other records  
14 in the control of said defendant regarding the subject matters  
15 contained in this Final Judgment; and

16 B. Subject to the reasonable convenience of said defend-  
17 ant and without restraint or interference from it, to inter-  
18 view officers or employees of said defendant regarding any  
19 such matters and such officers or employees may have  
20 counsel present.

21 Upon written request of the Attorney General or the  
22 Assistant Attorney General in charge of the Antitrust  
23 Division, any consenting defendant herein shall submit such  
24 reports, in writing, to the Department of Justice with  
25 respect to any of the matters contained in this Final  
26 Judgment as from time to time may be requested of said  
27 consenting defendant.

28 No information obtained by the means provided for in  
29 this Section X shall be divulged by any representative of the  
30 Department of Justice to any person other than a duly author-  
31 ized representative of the Executive Branch of the United  
32 States, except in the course of a legal proceeding to which

1 the United States is a party for the purpose of securing com-  
2 pliance with this Final Judgment or as otherwise required  
3 by law.

4 XI

5 Jurisdiction is retained for the purpose of enabling any  
6 of the parties to this Final Judgment to apply to this Court  
7 at any time for such further orders and directions as may be  
8 necessary or appropriate for construction, carrying out, modi-  
9 fication, or enforcement of compliance with the provisions of  
10 this Final Judgment and for the punishment of violations  
11 thereof.

12  
13 Dated: April 2, 1974

14  
15 /s/ FRANCIS C. WHELAN  
16 UNITED STATES DISTRICT JUDGE  
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