

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,  
Plaintiff,  
v.  
ALUMINUM COMPANY OF AMERICA,  
Defendant.

CIVIL ACTION NO. 71-491  
FILED: 5/26/71

COMPLAINT

The United States of America, plaintiff, by its attorneys, 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. Defendant, Aluminum Company of America, maintains an office, transacts business and is found within the Western District of Pennsylvania.

II

THE DEFENDANT

3. The Aluminum Company of America (hereinafter referred to as "Alcoa"), is made a defendant herein. Alcoa is a corporation organized and existing under the laws of the State of

Pennsylvania, with its principal place of business in Pittsburgh, Pennsylvania.

### III

#### TRADE AND COMMERCE

4. Defendant is the largest aluminum company in the United States. In 1969, Alcoa's production of primary aluminum was 1,512,786 tons, or approximately 40% of the total primary aluminum production in the United States for that year.

5. With offices, plants and properties located throughout the United States and in numerous foreign countries (including Canada, Mexico, Australia, England, France and Italy), Alcoa is a fully integrated company doing a worldwide business. It processes aluminum from its sources in the bauxite field to aluminum plate, sheet, wire, rod, bar and other forms, and then into finished products for use, among other things, in building and construction, transportation, electrical development, machinery equipment, packaging and consumer durables and expendables. In building application Alcoa manufactures such standard items as doors, windows, screens, siding, gutters and downspouts. Alcoa aluminum goes into the manufacture of high-speed inter-city rail trains, automobiles, highway truck tractors, trailers, buses, ships and aircraft. Alcoa aluminum is also sold as an electrical conductor. Alcoa sells to manufacturers of industrial equipment of various kinds, including cryogenic (super cold) process equipment, piping and tanks. Alcoa is a leader in the packaging market with its easy-open beverage cans. In the consumer goods market it is widely known for its Alcoa Wrap and Wear-Ever products.

6. Alcoa also manufactures oceanographic equipment and products for the defense and aerospace industries. Alcoa transports a large percentage of its mined bauxite through Alcoa Steamship Company, Inc., a subsidiary, which offers a variety of other cargo services to the shipping trade as well. In the past decade it has become a significant factor in real estate development, notably in urban renewal.

7. In 1969, Alcoa's total sales of products and services approximated \$1,545,239,000.

8. Alcoa purchases substantial quantities of raw materials, equipment, supplies, commodities and services from other companies for use in its operations. In 1969 these purchases approximated \$688,448,000. Many of these same companies make substantial purchases of aluminum and other products from Alcoa.

9. Alcoa sells its products domestically through sales offices in sixty-seven cities in thirty-three states, plus the District of Columbia. It also sells mill products through thirty independent distributors operating one hundred and two metal service centers in eighty cities. For foreign distribution it maintains forty-two sales offices in nineteen countries.

10. Alcoa's purchases of raw materials, equipment, supplies, commodities and services from other companies or suppliers are made in a continuous flow of interstate commerce. Conversely shipments of aluminum and other products by Alcoa to these suppliers and to distributors, jobbers, dealers, warehouses, construction sites, processors, fabricators, wholesalers and other customers are made in a continuous flow of interstate commerce.

### OFFENSES CHARGED

11. Since at least 1960, and continuing until the date of this complaint, defendant has violated § 1 of the Sherman Act (15 U.S.C. § 1) by entering into combinations involving reciprocal purchasing arrangements with respect to a substantial amount of interstate commerce whereby defendant purchased goods and services sold by various suppliers upon the understanding that those suppliers would purchase the goods and services of defendant, in unreasonable restraint of the aforesaid trade and commerce.

12. Since at least as early as 1960 and continuing to the date of this complaint, defendant, through the use of its purchasing power, has violated § 2 of the Sherman Act (15 U.S.C. § 2) by attempting to monopolize that part of the aforementioned interstate trade and commerce consisting of the requirements of actual and potential suppliers of defendant for aluminum, and other products sold by defendant.

13. Pursuant to the aforesaid combinations and attempt to monopolize, defendant has done, among other things, the following:

a. Adopted a policy of reciprocal purchasing or of purchasing from suppliers who would purchase from Alcoa.

b. Designated officers and other personnel within the corporation with the specific responsibility of coordinating "trade relations" to permit and promote the practice of reciprocal purchasing.

c. Maintained comparative purchase and sales records to measure the balance of purchases from and sales to suppliers.

d. Discussed with actual and potential suppliers their purchase and sales positions relative to Alcoa.

e. Took measures to insure that actual and potential suppliers were aware of Alcoa's practice of reciprocal purchasing.

f. Caused suppliers to purchase, or to maintain or to increase their purchases, from Alcoa in reciprocation for Alcoa's purchases from said suppliers.

g. Purchased goods and services from particular suppliers upon the understanding that these suppliers would purchase goods and services of defendant.

V

14. The aforesaid violations by defendant have had the following effects, among others:

a. Competitors of defendant in the sale of various goods and services have been foreclosed from selling substantial quantities thereof to firms that are actual and potential suppliers of defendant; and

b. Suppliers of various goods and services required by defendant have been foreclosed from selling substantial quantities of such goods and services to defendant.

PRAYER

WHEREFORE, plaintiff prays:

1. That the aforesaid combinations between defendant and its suppliers involving reciprocal purchasing arrangements be adjudged and decreed to be in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

2. That the aforesaid attempt to monopolize be adjudged and decreed to be in violation of Section 2 of the Sherman Act (15 U.S.C. § 2).

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

a. Entering into or adhering to any contract, agreement or understanding with any supplier involving reciprocal purchasing arrangements;

b. Communicating to suppliers that it will place its purchases with or give preference to suppliers who purchase from defendant;

c. Engaging in the practice of compiling statistics which compare Alcoa's purchases of goods or services from companies with sales by defendant to such companies;

d. Discussing with suppliers comparative purchase and sales data of such companies relative to defendant;

e. Transmitting to personnel with sales responsibilities information concerning purchases by defendant from particular suppliers, transmitting to personnel with purchasing responsibilities information concerning sales by defendant to particular companies, or otherwise implementing any program involving reciprocity;

f. Utilizing purchases by Alcoa or one of its subsidiaries, affiliate companies or divisions from particular suppliers to promote sales to such suppliers by Alcoa or one of its subsidiaries, affiliate companies or divisions;

g. Directing, recommending or suggesting to any supplier or contractor that such supplier or contractor shall purchase from any of defendant's

customers or potential customers, in order to reciprocate for purchases made by, or promote sales by defendant to, such customers or potential customers;

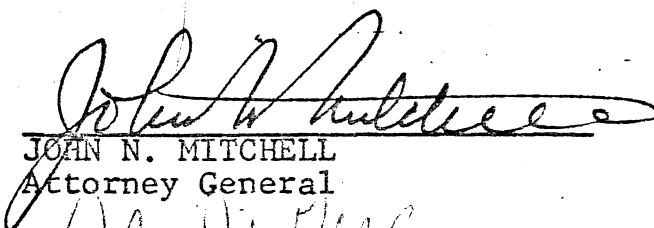
h. Excluding from approved supplier and bidder lists any company because that company does not purchase from Alcoa or because it purchases less than other suppliers.

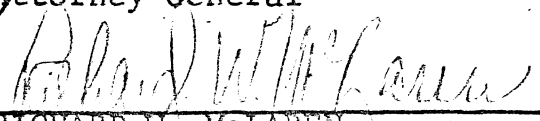
4. That this Court order defendant to abolish any duties that are assigned to any of its officers or employees which relate to the conduct or effectuation of a reciprocity program.

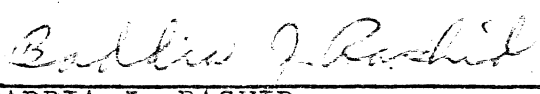
5. That this Court order defendant to advise all of its suppliers by written notice that defendant's reciprocity program has been terminated and to furnish a copy of the Final Order of this Court to such suppliers.

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

7. That plaintiff recover the costs of this action.

  
JOHN N. MITCHELL  
Attorney General

  
RICHARD W. McLAREN  
Assistant Attorney General

  
BADDIA J. RASHID

GERALD A. CONNELL  
Attorneys, Department of  
Justice

JOHN W. NEVILLE

CHARLES S. STARK

KERMIT W. ALMSTEDT

Attorneys, Department of Justice

United States Attorney