

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,	:	
	:	
Plaintiff,	:	Civil Action No. 70 CIV 1312
	:	
v.	:	
	:	
HEALTHCARE CORPORATION,	:	Filed: April 2, 1970
	:	
Defendant.	:	
	:	

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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 against the defendant named herein 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 violations by the defendant, as hereinafter alleged, of Section 7 of the Act, as amended (15 U.S.C. § 18), and for equitable relief.

2. Defendant Healthcare Corporation transacts business and is found within the Southern District of New York.

II

THE DEFENDANT

3. Healthcare Corporation is a Delaware corporation with its principal place of business in Boston, Massachusetts.

As used herein "Healthcare" refers to Healthcare Corporation and its subsidiaries, affiliates and any other companies controlled by it.

III

DEFINITION

4. As used herein the term "Metropolitan New York" shall refer to the city of New York, the counties of Westchester, Rockland, Nassau and Suffolk in the State of New York, and the counties of Bergen, Essex, Hudson, Passaic and Union in the State of New Jersey.

IV

TRADE AND COMMERCE

5. Healthcare is engaged in the sale of dental and medical products and the operation of nursing and convalescent homes in the United States. In the course of these operations it is engaged in interstate commerce. It had operating revenues of \$6,518,723 in 1968 and of \$21,570,000 during the first eight months of 1969.

6. Dental products are supplies and equipment used by dentists and dental laboratories. There are four categories of such products:

- (a) dental equipment consisting of dental chairs, dental units, x-ray machines, sterilizers, lights and cabinets;
- (b) dental sundries consisting of non-durable, consumable dental products such as filling materials, anesthetics, impression materials,

waxes, cements, dental chemicals,
nonprecious metals and dental
burs;

(c) artificial teeth; and

(d) dental precious metals including
gold and silver used for filling
and other dental applications.

7. Manufacturers and producers of dental products sell these products primarily to dental dealers who maintain retail outlets. Dental dealers resell such products to dentists, dental laboratories, institutions (including hospitals and dental schools) and government agencies. Most dental dealers operate one or more outlets at which they store their inventory and from which they sell the products of many manufacturers and producers. Salesmen representing dental dealers travel and call on dentists, dental labs and other prospective customers.

8. Sales made by dental dealers are usually limited to a geographic area in the vicinity of the outlet maintained by the dealer. Generally, most sales are made in the city or county in which the outlet is located with substantial sales being made in nearby areas.

9. The larger dental dealers offer prospective customers a full line of dental products and employ servicemen to service and repair equipment used by their customers. Smaller dental dealers often sell a limited number of dental products. Such small dealers are not usually equipped to offer customers repair and other services.

10. As a result of some 30 corporate acquisitions made since January 1, 1969, Healthcare has become one of the leading dental dealers in the United States. It presently operates over 40 outlets making sales of dental products in 25 states, the District of Columbia, Puerto Rico and Canada. Total sales of Healthcare's United States outlets in 1968 were in excess of \$32 million.

11. As of December 31, 1968, there were approximately 60 dental dealers engaged in the sale of dental products in Metropolitan New York with total annual sales of approximately \$35 million. Many such dealers operate as sole proprietors with as few as one or two employees. They frequently offer only a limited line of dental products.

12. Only 14 dealers in Metropolitan New York had sales in excess of \$1,000,000 in 1968. These 14 accounted for approximately two-thirds of total sales made by all dental dealers in Metropolitan New York in 1968. Between April and November 1969, Healthcare acquired five of these dealers.

13. In April 1969, Healthcare entered the Metropolitan New York market as a dental dealer by acquiring the inventory, fixtures and other assets of three dental products outlets located in New York City from the S.S. White Co. These outlets (hereinafter referred to as "S.S. White/New York") offered a full line of dental products and services and were engaged in interstate commerce. In 1968, S.S. White/New York was the sixth largest dental dealer in Metropolitan New York with sales of approximately \$1,931,000 representing approximately 5.5% of the market.

14. Prior to its acquisition by Healthcare in May 1969, General Dental Supply Co., Inc. (hereinafter referred

to as "General") was the largest dental dealer in Metropolitan New York with a single outlet located in New York City. General offered a full line of dental products and services and was engaged in interstate commerce. General had sales in 1968 of approximately \$2,700,000 representing approximately 7.7% of the market.

15. Prior to its acquisition by Healthcare in June 1969, M.A. Sechter Dental Equipment & Supply Co., Inc., operating directly and through a wholly owned subsidiary M.A. Sechter Dental Equipment & Supply Co., Inc. of New Jersey (both hereinafter referred to as "Sechter") was a leading dental dealer in Metropolitan New York with outlets located in Hackensack, New Jersey and New York City. Sechter offered a full line of dental products and services and was engaged in interstate commerce. Sechter had sales in 1968 of approximately \$1,766,000 representing approximately 5% of the market.

16. Prior to its acquisition by Healthcare in November 1969, Hebard-Metro Dental Co., Inc. (hereinafter referred to as "Hebard-Metro") was a leading dental dealer in Metropolitan New York with a single outlet located in Syosset, New York. Hebard-Metro offered a full line of dental products and services and was engaged in interstate commerce. Hebard-Metro had sales in 1968 of approximately \$2,015,000 representing approximately 5.8% of the market.

17. Prior to its acquisition by Healthcare in November 1969, Hebard Dental Supply Co., Inc. (hereinafter referred to as "Hebard Dental") was a leading dental dealer

in Metropolitan New York with a single outlet in North White Plains, New York. Hebard Dental offered a full line of dental products and services and was engaged in interstate commerce. Hebard Dental had sales in 1968 of approximately \$1,559,000 representing approximately 4.4% of the market.

18. As a result of the four corporate acquisitions made since its acquisition of S.S. White/New York, Healthcare has become the largest dental dealer in Metropolitan New York. The combined 1968 sales of the five dental dealers acquired by Healthcare were approximately \$10,000,000, representing over 28% of total sales of all dental dealers in Metropolitan New York. Healthcare's largest competitor had 1968 sales of about \$2,500,000 or approximately 7% of such sales.

19. In the operations of their dental supply outlets in Metropolitan New York, S.S. White/New York, General, Sechter, Hebard-Metro, and Hebard Dental purchased dental supplies from outside the states in which their outlets are located. Such dental supplies were shipped in interstate commerce to their dental supply outlets where they were offered for sale to purchasers located throughout Metropolitan New York.

V

OFFENSES ALLEGED

20. On May 9, 1969, Healthcare acquired substantially all of the assets of General.

21. On June 20, 1969, Healthcare acquired substantially all of the assets of Sechter.

22. On November 15, 1969, Healthcare acquired substantially all of the assets of Hebard-Metro.

23. On November 15, 1969, Healthcare acquired substantially all of the assets of Hebard Dental.

24. The effect of the aforesaid acquisitions, considered separately and cumulatively, may be substantially to lessen competition or tend to create a monopoly in the sale of dental products in Metropolitan New York in violation of Section 7 of the Clayton Act in the following ways, among others:

(a) actual and potential competition between and among Healthcare, General, Sechter, Hebard-Metro and Hebard Dental has been eliminated;

(b) actual and potential competition in the sale of dental products in Metropolitan New York generally will be substantially lessened.

PRAYER

WHEREFORE, plaintiff prays:

1. That the acquisitions by Healthcare of General, Sechter, Hebard-Metro and Hebard Dental each be declared a violation of Section 7 of the Clayton Act.

2. That the Court order such preliminary relief as it deems necessary to insure that, pending final adjudication of this litigation, the business and financial operations of General, Sechter, Hebard-Metro and Hebard Dental shall be maintained completely separate and independent from that of Healthcare and of each other; to insure that Healthcare shall take no action that would impair the ability of it to comply with any Court Order that required divestiture in whole or in part of its interest in General, Sechter, Hebard-Metro


and Hebard Dental; and to prevent Healthcare from acquiring the stock or assets of any dental dealer in Metropolitan New York.

3. That Healthcare be required to divest itself of all its interests in and control over General, Sechter, Hebard-Metro and Hebard Dental.

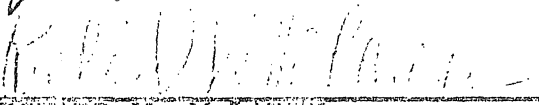
4. That, for a period of five years, except with the approval of the plaintiff or the Court, Healthcare, its successors and assigns, its officers, directors, agents, employees and all other persons acting or claiming to act on its behalf, be enjoined from acquiring the stock or assets of any dental dealer.

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

6. That plaintiff recover the costs of this suit.


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