

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA)
)
) Plaintiff,)
 v.) Civil Action No. 78-3224-C
)
 CHELSEA INDUSTRIES, INC.; and)
 AVON TAPE INC.) Filed: December 14, 1978
)
 Defendants.)

COMPLAINT

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

I

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are instituted under Section 4 of the Sherman Act (15 U.S.C. § 4), in order to prevent and restrain the violation by the defendants, as hereinafter alleged, of Section 1 of said Act (15 U.S.C. § 1).

2. Each of the defendants transacts business and is found within the District of Massachusetts.

II

DEFINITIONS

3. As used in this Complaint, "pressure sensitive tape products" means tape of various sizes, widths and compositions with adhesive qualities which are manufactured and sold by the defendants to the shoe industry. Pressure sensitive tape products within this definition include, but

are not limited to, "tapes with the following compositions or descriptions: nylon; cotton; nylon/cotton; paper and foam.

4. As used in this Complaint, the "shoe industry" means manufacturers of shoes, distributors or other persons that purchase pressure sensitive tape products from the defendants for use in shoes.

III

THE DEFENDANTS

5. The corporations named below are made defendants herein. Each corporation is organized and exists under the laws of the state, and has its principal place of business in the city indicated below:

<u>Corporation</u>	<u>State of Incorporation</u>	<u>Principal Place of Business</u>
Chelsea Industries, Inc.	Massachusetts	Boston, Massachusetts
Avon Tape Inc.	Massachusetts	Avon, Massachusetts

During all or part of the time period covered by this Complaint, the defendants were engaged in the business of manufacturing and selling pressure sensitive tape products in various states of the United States.

IV

CO-CONSPIRATORS

6. Various individuals and companies not made defendants in this Complaint participated as co-conspirators with the defendants in the violation alleged herein and performed acts and made statements in furtherance thereof.

V

TRADE AND COMMERCE

7. Pressure sensitive tape products are a component used in the manufacture of shoes. These products consist of

a material called a substraight which is coated with an adhesive so that the finished tape product can be affixed to different parts of a shoe to provide reinforcement. Pressure sensitive tape products are generally classified by their substraight material, for example, nylon, cotton, nylon/cotton, paper and foam. Each of these materials can be combined with various types of adhesives to meet the requirements of shoe manufacturers. Pressure sensitive tape products are usually sold in large sheets or rolls of various lengths and widths. They are primarily purchased by shoe manufacturers, but are also purchased by distributors for resale to shoe manufacturers or other persons.

8. The defendants are the principal manufacturers and sellers in the United States of pressure sensitive tape sold to the shoe industry. During the period of time covered by this Complaint, Chelsea Industries, Inc. manufactured and sold pressure sensitive tape products through its Ideal Tape Company Division. Ideal has manufacturing and distribution facilities in Lowell, Massachusetts; Exeter, New Hampshire; and St. Louis, Missouri. Avon Tape Inc. has manufacturing and distribution facilities in Avon and Brockton, Massachusetts.

9. During the period of time covered by this Complaint, the defendants sold approximately \$30 million of pressure sensitive tape products to the shoe industry. During 1977 the defendants' domestic sales of pressure sensitive tape products were approximately \$5 million which represented 75-90 percent of the total sales of these products in the United States.

10. During the period of time covered by this Complaint, the defendants sold and shipped substantial quantities of

pressure sensitive tape products in a continuous flow of interstate commerce to customers located in states other than the states in which such tapes were manufactured and to customers who used such tapes in conducting business in interstate commerce.

VI

VIOLATION ALLEGED

11. Beginning in or about 1967 and continuing thereafter until at least April 1, 1978, the exact dates being unknown to the plaintiff, the defendants and co-conspirators engaged in a continuing combination and conspiracy in unreasonable restraint of the aforesaid interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. §1). The aforesaid unlawful combination and conspiracy will continue or may be renewed unless the relief hereinafter prayed for is granted.

12. The aforesaid combination and conspiracy consisted of a continuing agreement, understanding and concert of action among the defendants and co-conspirators to fix, maintain and stabilize the prices of pressure sensitive tape products sold to the shoe industry.

13. In formulating and effectuating the combination and conspiracy charged in this Complaint, the defendants and co-conspirators did those things which they combined and conspired to do including, among other things, the following:

- (a) agreed to increase the prices of pressure sensitive tape products sold to the shoe industry;
- (b) published and disseminated price announcements and price lists in accordance with agreements reached;
- (c) exchanged price announcements and price lists to implement the agreements reached;
- (d) solicited and encouraged the participation of another competitor in their price-fixing activities;

(e) telephoned or otherwise contacted each other to discuss, agree upon and coordinate the pricing of pressure sensitive tape products to the shoe industry;

(f) telephoned or otherwise contacted each other to police the agreement and secure adherence to agreed upon price increases;

(g) met periodically at various hotels, motels and trade shows to discuss and agree upon prices for pressure sensitive tape products to be sold to the shoe industry; and

(h) exchanged price information concerning the sale price of pressure sensitive tape products to specific customer accounts in order to maintain a fixed range of prices below which neither defendant would sell its products.

VII

EFFECTS

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

(a) prices of pressure sensitive tape products throughout the United States have been raised, fixed, maintained and stabilized at artificial and non-competitive levels;

(b) buyers of pressure sensitive tape products have been deprived of free and open competition in the purchase of said products; and

(c) price competition among the defendants and co-conspirators in the sale of pressure sensitive tape products throughout the United States has been restrained, suppressed and eliminated.

PRAYER

WHEREFORE, the plaintiff prays:

1. That this Court adjudge and decree that the defendants and co-conspirators engaged in an unlawful combination and conspiracy in unreasonable restraint of the aforesaid interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

2. That each of the defendants, its successors, assignees, subsidiaries, and transferees, and their respective officers, directors, agents, and employees, and all other persons acting or claiming to act on their behalf, be perpetually enjoined and restrained from, in any manner, directly or indirectly:

(a) continuing, maintaining or renewing the aforesaid combination and conspiracy, or from engaging in any other combination, conspiracy, agreement, understanding or concert of action having a similar purpose or effect, or from adopting or following any practice, plan, program, or design having a similar purpose or effect;

(b) entering into any combination, conspiracy, agreement, arrangement, understanding or concert of action to:

(i) raise, fix, stabilize or maintain prices, discounts or terms or conditions of sale of pressure sensitive tape products to any third person;

(ii) exchange information concerning list prices, prices to be charged at specific accounts, discounts or terms or conditions of

sale of pressure sensitive tape products to any third person; and

(c) communicating to any manufacturer of pressure sensitive tape products any information concerning past, present or future prices, price differentials, terms or conditions of sales, discounts and pricing strategies for the sale of such products, except in connection with a bona fide purchase or sales transaction between the parties to such communications.

3. That the Court order each defendant periodically to advise each of its officers, directors and employees of the provisions of any judgment entered by this Court, and of its and their duties and obligations under that judgment and under the antitrust laws, and to file with the Court and with plaintiff reports setting forth the steps each defendant has taken to comply with that order.

4. That this Court order that each defendant maintain, for a period of ten (10) years from the date of entry of final judgment herein, a record of all meetings, formal or informal, among any of its officers, directors or employees and representatives of any manufacturer of pressure sensitive tape products having managerial or supervisory authority in connection with the sale or pricing of such products; such records shall include the dates and places of each meeting, the names of all persons in attendance and a listing of the topics discussed.

5. That this Court order each defendant within thirty (30) days following the entry of final judgment in this action to:

(a) withdraw its presently effective price announcements, price lists, discount terms and terms

and conditions of sale for pressure sensitive tape products;

(b) independently review its prices, discounts and terms and conditions of sale for pressure sensitive tape products on the basis of its individual cost figures and individual judgment as to profits;

(c) adopt and issue new domestic prices, discounts and terms and conditions of sale for pressure sensitive tape products on the basis of such independent review; and

(d) submit an affidavit, in a form approved by plaintiff, certifying that such new prices, discounts and terms and conditions of sale were arrived at individually and independently.

6. That the Court order each defendant for a period of five (5) years to certify by affidavit of one of its officers, at the time of every succeeding change in its published prices, discounts or terms and conditions of sale for pressure sensitive tape products, that such change was arrived at individually and independently and was not the result of any agreement or understanding with any other manufacturer of pressure sensitive tape products; and further, that each defendant retain these affidavits in its files for a period of ten (10) years.

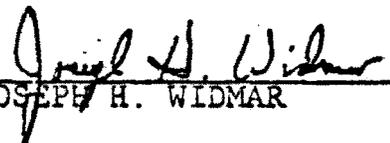
7. That plaintiff have such other, further and different relief as this Court may deem just and proper.

8. That plaintiff recover the cost of this suit.

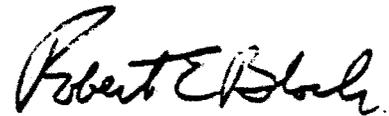
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