

Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Seafarers Sea Chest Corporation and Seafarers International Union of North America, Atlantic and Gulf District., U.S. District Court, E.D. New York, 1956 Trade Cases ¶68,298, (Mar. 20, 1956)

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United States v. Seafarers Sea Chest Corporation and Seafarers International Union of North America, Atlantic and Gulf District.

1956 Trade Cases ¶68,298. U.S. District Court, E.D. New York. Civil Action No. 14674. Dated March 20, 1956. Case No. 1205 in the Antitrust Division of the Department of Justice.

Sherman Antitrust Act

Combinations and Conspiracies—Monopolies—Labor Unions—Consent Decree—Practices Enjoined—Use of Bargaining Power to Compel Purchases from Union-Owned Business—Slop Chest Supplies.—A seamen's union and its company, which was engaged in the sale of slop chest supplies, were each prohibited by a consent decree from entering into any agreement with any employer of seamen which may have the effect of inducing any such employer (1) to invite bids for contracts covering the purchase of such supplies only from either defendant, (2) to refuse to permit any dealer in such supplies from boarding any vessel, (3) to cancel orders for the purchase of such supplies from any person other than either defendant, (4) to return supplies held by such employer on consignment from any persons other than either defendant, or (5) to take any other steps that restrain or exclude any such supplier from freely engaging in the business of selling such supplies to any person. The union was prohibited from exercising any of its collective bargaining powers or rights, as a labor union, to coerce employers of seamen to purchase such supplies from either defendant or from any supplier designated by either defendant. Also, the union was ordered to cancel provisions of collective bargaining contracts requiring the purchase of such supplies from its company.

Combinations and Conspiracies—Monopolies—Labor Unions—Consent Decree—Practices Enjoined—Sale of Slop Chest Supplies.—A seamen's union and its company, which was engaged in the sale of slop chest supplies, were each prohibited from engaging in the sale of such supplies after five years from the date of the entry of the decree, unless, after three years from the date of the entry of the decree, the defendants can establish that such relief is not then necessary or that effective competitive conditions exist in the sale of such supplies to vessel owners employing members of the union.

Department of Justice Enforcement and Procedure—Consent Decrees—Permissive Provisions—Union Activities.—A consent decree entered against a seamen's union and its company; which sold slop chest supplies, provided that nothing contained in the decree should be deemed to prohibit the union from negotiating, as collective bargaining representative, with employers of seamen, captains, or masters of vessels concerning slop chests aboard vessels operated by such employers or by the captains or masters of such vessels. The decree further provided that such negotiations and contracts should not require the purchase of slop chest supplies from the union or its company.

For the plaintiff: Stanley N. Barnes, Assistant Attorney General, and Marcus A. Hollabaugh, Richard B. O'Donnell, William D. Kilgore, Jr., John D. Swartz, Morton Steinberg, and Louis Perlmutter, Attorneys.

For the defendants: Seymour W. Miller, Brooklyn, N. Y.

Final Judgment

WALTER BRUCHHAUSEN, District Judge [*Infull text*] : Plaintiff, the United States of America, having filed its complaint in this Court on August 20, 1954; and all the parties hereto by their attorneys herein having severally consented to the entry of this Final Judgment; without trial or adjudication of any issue of fact or law herein, and without admission by any party hereto in respect of any such issue;

Now, therefore, before any testimony has been taken herein, and without trial or adjudication of any issue of fact or law herein, and upon consent of all the parties thereto, it is hereby

Ordered, adjudged, and decreed as follows :

I

[*Sherman Act*]

The Court: has jurisdiction of the subject matter hereof and of all the parties hereto. The complaint states a claim upon which relief against the defendants may be granted under Sections 1 and 2 of the Act of Congress of July 2, 1890; entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, as amended.

II

[*Applicability of Judgment*]

The provisions of this Final Judgment applicable to any defendant shall apply to each such defendant and to its officers, agents, servants, employees and subsidiaries, and to all persons in active concert or participation with any defendant, who shall have received notice of this Final Judgment by personal service or otherwise.

III

[*Definitions*]

For the purpose of this Final Judgment :

- (A) "Slop chest supplies" means those articles of clothing, merchandise, sailors' gear, tobacco and tobacco products 'purchased for resale aboard vessels to vessel personnel;
- (B) "Purchaser" means any vessel owner, operator, captain, master, steward or other person who purchases slop chest supplies for resale aboard vessels to vessel personnel;
- (C) "Person" means any individual, corporation, partnership or other legal entity;
- (D) "Defendant Union" means defendant Seafarers International Union of North America, Atlantic: and Gulf District;
- (E) "Defendant Corporation" means Seafarers Sea Chest Corporation.

IV

[*Use of Bargaining Powers Restricted*]

Defendant Union is enjoined and restrained from exercising any of its collective bargaining powers, rights or duties, as a labor union, directly or indirectly, to coerce employers of seamen, or any purchaser to purchase slop chest supplies, in whole or in part, from either defendant, or from any slop chest supplier designated by either defendant.

V

[*Termination of Restrictive Agreements*]

(A) Defendant Union is ordered and directed forthwith to terminate and cancel:

- (1) Those provisions of its collective bargaining agreements of December 31, 1952 with certain steamship owners and/or operators, identified as the "Second Memorandum of Agreement" captioned "1—SLOP CHEST" which provides that:

In order to afford members of the crew the opportunity to obtain the highest quality of merchandise at the most reasonable price, the Companies agree to permit the SEA CHEST CORPORATION to furnish Slop Chests on a competitive basis as to price, quality and brands:

The SEA CHEST CORPORATION further agrees to supply the necessary articles to vessels as required by law. In Ports where the SEA CHEST CORPORATION has no office and where they can not furnish the Slop Chests, the present practice of obtaining supplies for the Slop Chest shall be continued.

- (2) Amendments or revisions, if any, of the aforesaid provisions of the said Second Memorandum of Agreement;
- (3) Related or kindred understandings or agreements, if any, with employers of seamen, or with any purchaser, having to do with the sale and/or purchase of slop chest supplies from either defendant;
- (B) Defendant Union is ordered and directed to file with this Court within 10 days after the entry of this Final Judgment a report setting forth the facts and manner of its compliance with subsections (1), (2) and (3) of subsection (A) of this section V, and to serve a copy of such report upon the plaintiff herein;
- (C) Each defendant is enjoined and restrained from entering into, adopting, performing, adhering to, maintaining or furthering, directly or indirectly, or claiming any rights under any contract, agreement, understanding, plan or program which has as its purpose or effect the continuation of renewal of the aforesaid provisions of the Second Memorandum of Agreement; or revisions or amendments thereof, if any; or of the aforesaid related or kindred understandings, if any.

VI

[*Prohibited Agreements*]

Each defendant is enjoined and restrained from entering into, adopting, performing, adhering to, maintaining or furthering, directly or indirectly, or claiming any rights under any contract, agreement, understanding, plan or program with any employer of seamen, or with any purchaser, which may have the purpose or may have the effect of inducing or influencing any such employer or purchaser:

- (A) To invite bids for contracts covering the purchase of slop chest supplies only from either defendant or any supplier of slop chest supplies designated by either defendant;
- (B) To refuse to permit any dealer in slop chest supplies from boarding any vessel;
- (C) To cancel orders for the purchase of slop chest supplies from any person other than either defendant;
- (D) To return slop chest supplies held by such employer or purchaser on consignment from any persons other than either defendant;
- (E) To take any other steps or do any other things that restrain or exclude or tend to restrain or exclude any supplier of slop chest supplies from freely engaging in the business of selling slop chest supplies to any person.

Provided, however, that the foregoing terms of this section VI shall not be deemed to be violated simply because the defendant Corporation has a contract with any purchaser for the sale of slop chest supplies, or is making sales of such supplies to any purchaser, if made in the ordinary course of business.

VII

[*Sale of Supplies Prohibited*]

Five (5) years after the date of the entry of this Final Judgment, defendants are enjoined and restrained from, directly or indirectly, engaging in the sale of slop chest supplies; provided, however, that defendants may, upon terms and conditions, if any, to be approved by this Court, be relieved of this section VII upon application to this Court, with notice thereof to the plaintiff, at any time after three (3) years after the date of the entry of this Final Judgment and showing to the satisfaction of this Court that such relief is not then necessary or appropriate, or that effective competitive conditions exist in the sale of slop chest supplies to vessel owners, operators, or their agents, employing members of the defendant Union.

VIII

[*Activities Not Prohibited*]

Nothing contained in this Final Judgment shall, or be deemed to, enjoin, restrain, prohibit, or prevent defendant Union from negotiating and contracting as collective bargaining representative, with employers of seamen, captains, masters or stewards of vessels, or their respective representatives, concerning slop chests aboard vessels operated by such employers, or by the captains, masters or stewards of such vessels; provided that such negotiations and contracts shall not require or have the effect of requiring the purchase of slop chest supplies from either defendant or from any slop chest supplier designated by either defendant.

IX

Subject to the provisions of section VII, nothing contained in this Final Judgment shall, or be deemed to, enjoin, restrain, prohibit or prevent defendant Union, or defendant Corporation, from engaging or continuing to engage, in the sale and furnishing of slop chest supplies to purchasers.

X

[*Inspection and Compliance*]

For the purpose of securing compliance with this Final Judgment, duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to either defendant made to its principal office, be permitted (1) access during the office hours of said defendant to all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of said defendant relating to any matters contained in this Final Judgment, and (2) subject to the reasonable convenience of said defendant and without restraint or interference from it, to interview officers or employees of said defendant, who may have counsel present, regarding any such matters. For the purpose of securing compliance with this Final Judgment, either defendant, upon the written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, shall submit such written reports with respect to any of the matters contained in this Final Judgment as from time to time may be reasonably necessary for the purpose of enforcement of this Final Judgment. No information obtained by the means provided in this section X shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of such Department, except in the course of legal proceedings to which the United States is a party for the purpose of securing compliance with this Final Judgment or as otherwise required by Law.

XI

[*Jurisdiction Retained*]

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to the Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the amendment or modification of any of the provisions hereof, for the enforcement of compliance therewith, and the punishment of violations thereof.