

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

UNITED STATES OF AMERICA,

Plaintiff,

v.

PHILADELPHIA ASSOCIATION OF
LINEN SUPPLIERS; ANDERSON'S
EMPIRE COAT, APRON AND TOWEL
SUPPLY, INC.; APEX COAT-APRON-
TOWEL & LINEN SUPPLY CO. INC.;
ATLANTIC CITY COAT, APRON,
TOWEL & LINEN SUPPLY CO.. INC.:
CONSOLIDATED LAUNDRIES
CORPORATION; CROWN COAT, APRON
& TOWEL SERVICE CO.; GORDON-
DAVIS LINEN SUPPLY COMPANY;
KLINE'S COAT, APRON & TOWEL
SERVICE, a partnership; LANDY
TOWEL & LINEN SERVICE, INC. OF
READING, PA.; PEERLESS-UNION
LINEN SERVICE, INC.; PENNSYL-
VANIA COAT AND APRON SUPPLY
COMPANY; STANDARD COAT, APRON,
TOWEL AND LINEN SUPPLY, INCOR-
PORATED; BERNARD CITRIN; JACK
FEINSTEIN; HERMAN GITLOW; M.C.
GOLDBERG; LEWIS LANDY; LAWRENCE
MASLOW; ALBERT G. MOSLER; and
HARRY E. PERIS,

Defendants.

CIVIL ACTION NO. 35168

ENTERED: February 26, 1964

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint
herein on February 26, 1964, and the plaintiff and the defendants
having severally consented to the entry of this Final Judgment without
trial or adjudication of any issue of fact or law herein, and without
this Final Judgment constituting evidence or an admission by any party
signatory hereto with respect to any such issue,

NOW, THEREFORE, before the taking of any testimony, and without
trial or adjudication of any issue of fact or law herein, and upon
consent of the parties as aforesaid, it is hereby

ORDERED, ADJUDGED and DECREED, as follows:

I

This Court has jurisdiction of the subject matter of this action and of each of the parties hereto, and the complaint states claims upon which relief may be granted against the defendants and each of them 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

As used in this Final Judgment:

(A) "Person" means any individual, corporation, partnership, association, firm or other legal entity. For the purposes of this Final Judgment, each defendant and its officers, directors, servants, agents, employees, partners and affiliates, and any business entities operated and controlled by the same family, or by fiduciaries acting therefor or for any deceased member thereof, shall be deemed to be a single person;

(B) "Linen supply" or "linen supplies" means such items as coats, aprons, hand towels, dish towels, sheets, pillow cases, tablecloths, napkins and uniforms (including industrial uniforms) customarily furnished by a linen supplier to users thereof under an arrangement whereby the linen supplier periodically exchanges clean items for soiled ones in the possession of the user;

(C) "Linen supply industry" or "linen supply business" means the business of furnishing linen supplies in eastern Pennsylvania, southern New Jersey or Delaware;

(D) "Linen supplier" means any person engaged in the business of furnishing linen supplies in eastern Pennsylvania, southern New Jersey or Delaware;

(E) "Customer" means a person to whom a linen supplier delivers linen supplies at a location in eastern Pennsylvania, southern New Jersey or Delaware;

(F) "Eastern Pennsylvania" means that portion of the Commonwealth of Pennsylvania embracing the counties of Philadelphia, Bucks, Dauphin, Montgomery, Delaware, Berks, Chester, Lancaster, Lebanon, Lehigh, Northampton, Schuylkill, York, Carbon and Monroe;

(G) "Southern New Jersey" means that portion of the State of New Jersey embracing the counties of Camden, Gloucester, Burlington, Cumberland, Salem, Atlantic, Cape May, Ocean, Mercer and Monmouth; and

(H) "Affiliate" means any corporation, partnership, association or firm controlling, controlled by, or under common control with, any defendant.

III

The provisions of this Final Judgment applicable to any defendant shall apply to each such defendant, to its successors and assigns, to each affiliate of such defendant, to each of their respective officers, directors, agents, servants and employees, and to all persons in active concert or participation with any such defendant who shall have received actual notice of this Final Judgment by personal service or otherwise. The provisions of this Final Judgment shall, however, insofar as they apply to Consolidated Laundries Corporation and to Standard Coat, Apron & Linen Service, Inc., a New Jersey corporation (which is an affiliate of defendant, Apex Coat-Apron-Towel & Linen Supply Co., Inc.), not apply to business or operations involving linen supply customers outside of eastern Pennsylvania and Delaware.

IV

The defendants are jointly and severally enjoined and restrained from entering into, adhering to, enforcing or claiming any rights under any contract, agreement, understanding, plan or program with any other linen supplier or central agency or association of or for linen suppliers, directly or indirectly, to:

(A) Fix, determine, maintain or adhere to prices, discounts, or terms or conditions of sale, for the furnishing of any linen supplies to any customer;

(B) Collect, compile, disseminate or exchange prices or price lists for the furnishing of linen supplies to any customer, or exchange with, furnish to or receive from any linen supplier or trade association or central agency of or for linen suppliers, any list of customers or customer accounts served by any linen supplier; provided, however, that this subsection (B) shall not prohibit any industry representative from compiling such price information as may be necessary to the negotiation of a labor contract or to a governmental investigation or proceeding and using such information in general and composite form without identifying any of the prices gathered as those of any particular linen supplier, in connection with such negotiation, investigation or proceeding;

(C) Divide, allocate or apportion markets, territories or customers for the furnishing of any linen supplies or otherwise restrict competition between or among linen suppliers; provided, however, that in connection with the joint purchase in any manner of a linen supply business or portion thereof, not otherwise prohibited by this Final Judgment, this subsection shall not be construed to prohibit an agreement, without more, as to which of the assets purchased shall be acquired by each purchaser;

(D) Operate, maintain, participate in, or contribute anything of value to any system, plan or program for the arbitration of disputes between or among linen suppliers except a program (which may include, but need not be limited to, arbitration of such disputes arising out of claims for alleged inducement of breach of linen supply contracts) which (1) provides that the identity of the arbitrator or arbitrators shall be subject to the approval of this Court, (2) provides that no defendant herein may serve as an arbitrator, (3) provides that any affected customer shall be given notice of and opportunity to participate in all hearings involving an issue relating to service to that customer, (4) provides that no record be maintained of customer contracts or customers serviced,

and (5) has received the written approval of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division or has been determined by this Court, after notice to plaintiff and an opportunity for plaintiff to be heard, to be consistent with the provisions and objectives of this Final Judgment;

(E) Hinder, limit or prevent any seller of linen supplies from selling linen supplies to any linen supplier, or hinder, limit or prevent any laundry from laundering linen supplies, of or for any linen supplier;

(F) Hinder, limit or prevent any person from:

(1) Engaging in or continuing to engage in the linen supply business as principal, agent, employee or otherwise; provided, however, that in connection with the purchase in any manner of a linen supply business or portion thereof, not otherwise prohibited by this Final Judgment, nothing contained in this Final Judgment shall be construed to prohibit a purchaser or purchasers from (a) requiring as a term of such purchase, covenants by the seller or sellers not to engage in the type of business so sold, in competition with the purchaser or purchasers in the geographical area reasonably encompassed within but not extending beyond the area of the business so sold for a maximum period of five years after the effective date of purchase, and, for a maximum period of ten years after the effective date of purchase, not to solicit, serve, cater to or disseminate information concerning the linen supply patronage of the customers of the business so sold, and (b) enforcing to the same extent any such covenant heretofore obtained; and provided, further, that nothing contained in this Final Judgment shall be construed to prohibit an employer from (a) entering into a contract with an employee or prospective employee which provides that such employee or prospective employee shall not, for a maximum period of

two years after termination of his employment, solicit, serve, cater to or disseminate information concerning the linen supply patronage of such employer's customers who were served by such employee during the six months immediately preceding the termination of his employment by such employer, and in the case of a supervisory or managerial employee, a contract which provides that such employee shall not, for a maximum period of three years after termination of his employment, solicit, serve, cater to or disseminate information concerning the linen supply patronage of such employer's customers who were served by the employees under his supervision or management during the six months immediately preceding the termination of his employment by such employer; and (b) enforcing to the same extent any such covenant heretofore obtained; or

(2) Being furnished linen supplies by any linen supplier of his own choice;

(G) Impede, injure, obstruct or harass other linen suppliers;

or

(H) Submit noncompetitive, collusive or rigged bids or quotations, bid or quote, refrain from bidding or quoting, or communicate an intention to bid or quote or to refrain from bidding or quoting for the furnishing of linen supplies to any customer.

V

Each defendant is enjoined and restrained from, directly or indirectly:

(A) Threatening, coercing, inducing or attempting to induce:

(1) Any person to refrain from laundering linen supplies of or for any other linen supplier, or to refuse to sell any linen supplies to any linen supplier;

(2) Any linen supplier to refrain from furnishing linen supplies to any customer or to give or transfer to a linen supplier anything of value on account of customers taken from such linen supplier;

(3) Any officer, director, agent, servant or employee of any other linen supplier to divulge or make known to such defendant any customer lists or customer accounts known to such person by virtue of his employment by such other linen supplier; or

(4) Any purchaser or seller of a linen supply business to

(a) turn over any customer accounts, names of customers, customer routes or business to any linen supplier not a party to the purchase transaction, or

(b) pay, give or credit to any linen supplier not a party to the purchase transaction anything of value in lieu of such customer accounts, customer routes or business;

(B) Demanding, compelling or attempting to compel any linen supplier to join any association, group or central agency of linen suppliers;

(C) Threatening to put any linen supplier out of business;

(D) Threatening to discontinue or discontinuing laundering linen supplies for any other linen supplier for the purpose of reducing, preventing, hindering or eliminating competition;

(E) Furnishing lists of linen supply customers to other linen suppliers except such lists as may be appropriate in connection with bona fide transactions involving the sale of any linen supply business;

(F) Enticing any employee of another linen supplier to take other employment with such defendant with the purpose and effect of hampering, injuring or prejudicing such other linen supplier in its business;

(G) Recording or registering with any other person, or with any association or central agency of or for linen suppliers, any contract for the furnishing of linen supplies, except pursuant to a program permissible under subsection IV(D) of this Final Judgment;

(H) Knowingly making or causing to be made to any person any false report or false statement concerning the financial standing

or business integrity of any other linen supplier, or that any other linen supplier

(1) Is extending gifts or preferential prices to its customers,

(2) Is about to cease business operations, or

(3) Is to be acquired by or merged with any linen supplier;

(I) Trailing or causing to be trailed the vehicle or vehicles, deliveryman or deliverymen of any other linen supplier in order to obtain any information concerning the business of such other linen supplier;

(J) Organizing or participating in any of the activities of or knowingly supporting, being a member of or contributing anything of value to any group, association or central agency of or for linen suppliers, or the linen supply industry, the purposes or activities of which are known to the defendant to be in any manner inconsistent with any of the provisions or objectives of this Final Judgment;

(K) Disclosing or communicating to any other linen supplier, with respect to any bid or quotation for, or prospective bid or quotation for, the furnishing of linen supplies to any customer in advance of the official opening of such bid or due date of such quotation or date of the contract for the linen supply service, whichever shall be earlier, the prices, terms or conditions to be bid or quoted;

(L) Acquiring any linen supplier or any interest therein for the purpose of reducing, preventing, hindering or eliminating competition; or

(M) Rendering any form of financial assistance to any other person engaged in the linen supply business for the purpose of reducing, preventing, hindering or eliminating competition; provided, however, that nothing contained in subsection A(2) of this Section V shall prohibit any defendant (1) from notifying another linen supplier, reasonably believed by the defendant to be rendering, or to be about to render, linen supply service to

a customer with which the defendant has a currently effective written contract for such service, of the existence of such contract, or (2) from enforcing or attempting to enforce any lawful claim arising out of a contract for such service.

VI

For a period of ten years from the date of entry of this Final Judgment, each defendant is enjoined and restrained, directly or indirectly, in person or through a nominee:

(A) From being an officer, director, voting trustee, shareholder or owner of any other interest in any two or more corporations, partnerships, associations, firms or other legal entities engaged in the linen supply business;

(B) From rendering any form of financial assistance to any other person engaged in the linen supply business except bona fide loans of merchandise to meet a temporary need or actual emergency; and

(C) From knowingly permitting any of its officers, directors or employees to serve, at the same time, as an officer, director or employee of any other person engaged in the linen supply business

unless such interest, assistance or service is specifically disclosed in a statement filed with this Court (with a copy to the Assistant Attorney General in charge of the Antitrust Division) (1) within thirty days following the date of entry of this Final Judgment in the case of any such presently existing interest, assistance or service, or (2) prior to or within thirty days following any future acquisition of such interest or inception of such assistance or service; Provided, however, that the provisions of this Section VI shall not apply to ownership of securities traded on any national securities exchange so long as such ownership does not vest in the defendant a controlling interest in the corporation issuing such securities; and Provided, further, that the extension of credit to a linen supplier by a seller of linen supplies in connection with the sale of linen supplies to such supplier shall not be regarded

as rendering financial assistance to the linen supplier within the meaning of subsection (B) of this Section VI so long as the linen supplier's account with such seller has not been delinquent for as much as nine months, but any further extension of such credit by such seller to such linen supplier after the linen supplier's account with the seller has been delinquent for nine months shall be regarded as rendering financial assistance to the linen supplier.

VII.

(A) Each defendant is enjoined and restrained from, directly or indirectly, entering into or claiming any right under any contract, agreement or understanding made with any customer following the forty-fifth day after the entry of this Final Judgment to furnish linen supplies to such customer unless such contract, agreement or understanding:

(1) Be for a period not longer than one year, unless such contract, agreement or understanding shall provide for the supplying to the customer of special articles (not generally usable by other customers of the same class), in which event it be for a period of not more than two years and be conspicuously labeled, "one year contract" or "two year contract," as the case may be; Provided, however, that any such contract, agreement or understanding may provide that it may be automatically renewed for successive periods of three months after the expiration of the aforesaid original period; and Provided, further, that any such contract, agreement or understanding must clearly and specifically provide that the customer may terminate the contract, agreement or understanding as of the end of any original or renewal period by giving notice, in writing, to the defendant not less than ten days prior thereto;

(2) Is dissimilar in appearance from, and is not used for or combined with, the defendant's form of receipt for the delivery of linen supplies; and

(3) Does not hinder, limit or prevent the customer from obtaining linen supplies not covered by the contract from any other linen supplier.

(B) Each defendant is enjoined and restrained from, directly or indirectly, adhering to, maintaining, enforcing or claiming any right, under any contract, agreement or understanding made with any customer on or before the forty-fifth day after entry of this Final Judgment, (1) to continue to furnish linen supplies to such customer for any period in excess of one year following such forty-fifth day or, in the case of a contract, agreement or understanding which provides for the supplying to the customer of special articles (not generally usable by other customers of the same class) for any period in excess of two years following such forty-fifth day or (2) to limit or prevent the customer from obtaining linen supplies not covered by the contract from any other linen supplier.

(C) Each defendant linen supplier is ordered and directed, within one year from the date of entry of this Final Judgment, to give a copy of this Section VII to all of the customers which it is serving under a contract, for linen supply service, which was entered into on or before the forty-fifth day after entry of this Final Judgment and is in effect at the time notice is given.

(D) Nothing in this Section VII shall apply to any contract to furnish linen supplies which is for an original period of not more than four years, is in writing, is or was specifically negotiated with the customer (customarily by top management) and varies from the contract form most generally in use by such defendant linen supplier.

VIII

Defendants are jointly and severally enjoined and restrained from furnishing or offering or threatening to furnish linen supplies to a customer or potential customer on such terms or conditions as involve below cost prices, lump sum cash payments, loans (other than bona fide loans by a defendant linen supplier to its or his then existing customers), or free service, equipment (or noncompensated use thereof), gratuities or other similar inducements to obtain a

contract or a renewal of a contract for the furnishing of linen supplies with a customer of a prospective customer.

Upon evidence being offered at any hearing on a complaint under this Section VIII that a defendant has violated the provisions hereof, it shall be a defense that the acts complained of were done in good faith to compete with a similar inducement offered by a competitor to the same customer or potential customer and for the purpose of obtaining or retaining the business of the customer or potential customer to which such inducement was offered.

IX

Nothing contained in Sections VI through VIII of this Final Judgment shall apply to the business of supplying industrial uniforms (i.e., laundered work clothes) to factories, garages, newspapers and other similar users.

X

(A) Defendants are ordered and directed, within 60 days after the entry of this Final Judgment, to institute and to prosecute with due diligence appropriate proceedings to wind up the affairs of and to terminate the corporate existence of the defendant, Philadelphia Association of Linen Suppliers; Provided, however, that subject to the other provisions of this Final Judgment, nothing contained in this Section X shall prohibit the defendants, or any of them, from organizing or joining any lawful association.

(B) Defendant, Philadelphia Association of Linen Suppliers, is ordered and directed, within 60 days after the entry of this Final Judgment, to destroy its existing file of customer registration cards and to file with this Court (with a copy to the Assistant Attorney General in charge of the Antitrust Division) an affidavit of such destruction.

XI

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 any defendant, made to its principal office, be permitted subject to any legally recognized privilege (a) reasonable access during the office hours of such defendant to all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of such defendant relating to any matters contained in this Final Judgment, and (b) subject to the reasonable convenience of such defendant and without restraint or interference from it, to interview officers or employees of such defendant, who may have counsel present, regarding any such matters. A defendant, upon the written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, and upon reasonable notice made to its principal office, shall submit reports in writing with respect to any of the matters contained in this Final Judgment as may from time to time be necessary and requested for the enforcement of this Final Judgment. No information obtained by the means provided in this Section XI shall be divulged by any representative of the Department of Justice to any person except a duly authorized representative of the Executive Branch of the United States 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.

XII

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

Dated: February 26 1964

/s/ CH. Thomas J. Clary
UNITED STATES DISTRICT JUDGE

We hereby consent to the making and entry of the foregoing

Final Judgment:

For the Plaintiff:

/s/ WILLIAM H. ORRICK, JR.
Assistant Attorney General

/s/ DONALD G. BALTHIS
DONALD G. BALTHIS

/s/ W. D. KILGORE, JR.
William D. Kilgore, Jr.

/s/ JOHN E. SARBAUGH
JOHN E. SARBAUGH

Attorneys, Department of Justice

For the Defendants:

SCHNADER, HARRISON, SEGAL & LEWIS

GORDON-DAVIS LINEN SUPPLY COMPANY

By: /s/ BERNARD G. SEGAL

By: /s/ ABRAHAM GITLOW
President

/s/ E. W. MULLINIX
Attorneys for Defendants

ANDERSON'S EMPIRE COAT, APRON
AND TOWEL SUPPLY, INC.

/s/ BERNARD CITRIN
Bernard Citrin

By /s/ JOSEPH N. COHEN
Vice President

/s/ JACK FEINSTEIN
Jack Feinstein

APEX COAT-APRON-TOWEL & LINEN
SUPPLY CO., INC.

/s/ HERMAN GITLOW
Herman Gitlow

By /s/ LAWRENCE MASLOW
President

/s/ M. C. GOLDBERG
M. C. Goldberg

CONSOLIDATED LAUNDRIES CORPORATION

KLINE'S COAT, APRON & TOWEL SERVICE

By /s/ JACOB LANDAU
President

By: /s/ MAX S. POWELL
General Manager

CROWN COAT, APRON & TOWEL SERVICE CO.

By /s/ ALBERT G. MOSLER
President

LANDY TOWEL & LINEN SERVICE, INC. OF
OF READING, PA.

By: /s/ A. J.
President

PEERLESS-UNION LINEN SERVICE, INC.

By /s/ MAX S. POWELL
President

PENNSYLVANIA COAT AND APRON
SUPPLY COMPANY

By /s/ JOSEPH N. COHEN
Vice President

STANDARD COAT, APRON, TOWEL AND
LINEN SUPPLY, INCORPORATED

By: /s/ LAWRENCE MASLOW
President

/s/ LEWIS LANDY
Lewis Landy

/s/ LAWRENCE MASLOW
Lawrence Maslow

/s/ ALBERT G. MOSLER
Albert G. Mosler

/s/ HARRY E. PERIS
Harry E. Peris

PHILADELPHIA ASSOCIATION OF
LINEN SUPPLIERS

By /s/ WILLIAM L. DAVIS
Attorney-in-fact

ATLANTIC CITY COAT, APRON, TOWEL &
LINEN SUPPLY CO., INC.

By /s/ LAWRENCE MASLOW
President

Defendants.