

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

BENEFICIAL CORPORATION;
BENEFICIAL FINANCE CO. OF OHIO;
THE CONTINENTAL CORPORATION;
THE BUCKEYE UNION INSURANCE CO.;
and
CAPITAL FINANCIAL SERVICES INC.,

Defendants.

Civil Action No. 79C 3551

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on August 29, 1979, and the plaintiff and the defendants, Beneficial Corporation, Beneficial Finance Co. of Ohio, The Continental Corporation, The Buckeye Union Insurance Co., and Capital Financial Services Inc., by their respective attorneys, having consented to the making and entry of this Final Judgment, without trial or adjudication of any issue of fact or law herein and without this Final Judgment constituting any evidence against or admission by any party with respect to any such issue;

NOW, THEREFORE, before any testimony has been taken and without trial or adjudication of any issue of fact or law herein and upon consent of the parties hereto, 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 consenting hereto. The complaint states a claim upon which relief may be granted against the defendants under Section 7 of the Clayton Act, 15 U.S.C. § 18.

II.

As used in this Final Judgment:

(A) "Beneficial" shall mean Beneficial Corporation and Beneficial Finance Co. of Ohio.

(B) "Capital" shall mean Capital Financial Services, Inc., a subsidiary of The Continental Corporation.

(C) "Office" shall mean, with respect to each of the Capital offices listed in Appendix A, all receivables and customer lists, and, at the option of the buyer, leases, leasehold improvements, furniture, fixtures, office equipment, supplies and other material located or used in such office.

(D) "Receivables" shall mean all indebtedness and promises to pay for direct cash loans to individual customers, and, if the buyer of an office elects, "receivables" shall also include all installment notes purchased from dealers arising from the retail or wholesale sale of goods or from the rendering of services, in each case with all documents, information, and collateral related thereto. The term "receivables" shall not include notes secured by first mortgages on real estate, contracts for the leasing of equipment, or contracts of insurance.

(E) "Customer Lists" shall mean all lists of present and potential customers for direct cash loans, but shall not include the identity of potential customers generated from the purchase of installment notes from dealers arising out of the retail or wholesale sale of goods or from the rendering of services, unless the buyer of an office elects to purchase such receivables.

III.

(A) This Final Judgment applies to the defendants and to their officers, directors, agents, employees, subsidiaries, successors and assigns, and to all other persons in active concert or participation with any of them who shall have received actual notice of this Final Judgment by personal service or otherwise.

(B) Beneficial shall require, as a condition of the sale or other disposition of all, or substantially all, of its finance company business, that the acquiring party agree to be bound by the provisions of this Final Judgment and that such agreement be filed with the Court and be served upon the plaintiff.

IV.

Beneficial is ordered and directed to divest itself of each Capital office listed in Appendix A of this Final Judgment.

(A) Beneficial shall enter into a contract for the sale of each such office within six months from the date of entry of this Final Judgment.

(B) Beneficial shall consummate the sale of each such office within one year from the date it enters into the contract for sale required by paragraph (A).

(C) Beneficial shall not reacquire any of the offices sold pursuant to this Final Judgment; except, that Beneficial may acquire and enforce any bona fide security interest on any or all of the offices divested given to secure payment of any unpaid portion of the purchase price or performance of any term of the contracts required by paragraph (A) of this Section IV. If Beneficial reacquires any office pursuant to this paragraph (C) it shall promptly notify the plaintiff. Any office so reacquired shall be divested within one year of such reacquisition in accordance with the provisions of this Final Judgment.

V.

(A) Beneficial shall promptly submit to plaintiff a copy of each contract required by paragraph (A) of Section IV.

(B) Following the receipt of such contract, plaintiff shall have 30 days within which to object to the proposed sale by written notice to Beneficial, unless within 10 days plaintiff requests additional information regarding the proposed sale, in which case plaintiff shall have 30 days following the receipt of the information requested to object. If plaintiff does not object to the proposed sale, it may be consummated. If plaintiff does object, the proposed sale shall not be consummated until

Beneficial obtains the Court's approval of the sale or until plaintiff withdraws its objection.

(C) If plaintiff objects to the proposed sale of any office listed in Appendix A, Beneficial shall have six months from the date of the objection, or, if the Court sustains the objection, from the date of the Court's ruling, within which to enter into another contract of sale with a different purchaser.

VI.

(A) If at the end of six months from the date of entry of this Final Judgment the contract of sale required by paragraph (A) of Section IV has not been entered into by Beneficial for any office, this Court shall upon application of the plaintiff appoint a trustee for the purpose of selling that office in accordance with the provisions of this Final Judgment.

(B) If any contract of sale required by paragraph (A) of Section IV has not been consummated within one year from the date it was entered into, this Court shall upon application of the plaintiff appoint a trustee for the purpose of selling the office or offices subject to that contract in accordance with the provisions of this Final Judgment.

(C) The trustee shall have full power and authority to dispose of any office, at whatever price and terms obtainable, subject to the approval of this Court. The trustee shall serve at the cost and expense of Beneficial, on such terms and conditions as this Court may set, and shall account for all monies derived from

the disposal of the offices and all expenses so incurred. After approval by this Court of the trustee's account, including fees for his services, all remaining monies shall be paid to Beneficial and the trust shall be terminated. Each sale by the trustee shall be in accordance with the provisions of this Final Judgment.

VII.

(A) Beneficial is ordered and directed to maintain the Capital offices listed in Appendix A as separate, going businesses and to continue normal business operations under the "Capital" name pending their sale. Beneficial shall provide such financial, business, promotion and management assistance necessary to maintain such offices as separate, going businesses.

(B) Beneficial is enjoined from knowingly taking any action which would reduce the amount of receivables in any office listed in Appendix A outstanding on the date this Final Judgment is submitted to the Court except that nothing in this paragraph shall prevent Beneficial from continuing normal operations at any of its other consumer finance offices. Beneficial is enjoined from hiring any office manager or other employee of any of the Capital offices listed in Appendix A for a period of six months from the sale of that office.

(C) Beneficial is ordered and directed to provide to plaintiff within 15 days from the date this Final Judgment is entered a tabulation showing the amount of receivables outstanding at each office listed in Appendix A on the last business day of the preceding

month. Beneficial is further ordered and directed to provide to plaintiff a tabulation showing the amount of receivables outstanding at each office listed in Appendix A on the last business day of each month after this Final Judgment is entered until the sale of the office is accomplished. Beneficial shall provide such tabulation to plaintiff within 15 days from the date for which the tabulation is made.

VIII.

Beneficial is ordered and directed to compile a record, to be provided to the plaintiff starting five days after entry of this Final Judgment and every sixty days thereafter until the sales required by Section IV are accomplished, of its efforts to sell each office listed in Appendix A, including identification of any person or persons to whom the office is or has been offered, the terms and conditions of each offer to sell, the identification of any person or persons expressing interest in acquiring each office, and the terms and conditions of each offer to purchase.

IX.

For the purpose of determining or securing compliance with this Final Judgment, and subject to any legally recognized privilege from time to time:

(A) Duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust

Division, and on reasonable notice to a defendant made to its principal office, be permitted:

(1) Access during office hours of such defendant to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of such defendant, who may have counsel present, relating to any matters contained in this Final Judgment; and

(2) Subject to the reasonable convenience of such defendant and without restraint or interference from it, to interview officers, employees and agents of such defendant, who may have counsel present, regarding any such matters.

(B) Upon the written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division made to a defendant's principal office, such defendant shall submit such written reports, under oath if requested, with respect to any of the matters contained in this Final Judgment as may be requested.

No information or documents obtained by the means provided in Sections VIII and IX shall be divulged by any representative of the Department of Justice to any person other than 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, or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

(C) If at the time information or documents are furnished by a defendant to plaintiff, such defendant represents and identifies in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and said defendant marks each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then 10 days notice shall be given by plaintiff to such defendant prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which that defendant is not a party.

X.

Jurisdiction is retained by this Court 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 of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of any violation hereof.

XI.

Entry of this Final Judgment is in the public interest.

Dated:

12/17/79


UNITED STATES DISTRICT JUDGE

OFFICES OF CAPITAL FINANCIAL SERVICES, INC.

IDAHO

Moscow

118 E. Third St., 83843

Idaho Falls

692 E. Anderson, 83401

Boise

1317 W. Idaho St., 83707

Boise

5 Mile Plaza

10418 Overland Road, 83705

Nampa

213 11th Ave., South, 83651

Payette

39 S. 8th St., 83661

(6 Offices)

MICHIGAN

Detroit

19700 W. 7 Mile Road, 48219

Flint

64296 Corunna Road, 48504

Saginaw

3057 Bay Plaza

4607 Bay Road, 48608

Battle Creek

4 E. Michigan Mall, 49017

(4 Offices)

NEW YORK

Corning

20 Denison Pkwy, W. 14830

Cortland

28 N. Main St., 13045

Canandaigua

123 S. Main St., 14424

NEW YORK (Cont'd.)

Glens Falls
164 Glen St., 12801

Middletown
26 North Street, 10940

Newburgh
380 Broadway, 12550

Oswego
Midtown Shpg. Center, 13126

Rochester
1694 Penfield Road, 14625

Rome
110 W. Liberty St., 13440

Seneca Falls
102 Fall Street, 13148

Shrub Oak
Shrub Oak Shopping Center
1342 E. Main St., 10588

Syracuse
Storeroom A Valley Plaza Shpg. Ctr.
4141 S. Salina Street, 13205

(12 Offices)

OHIO

Ashtabula
4702 Main St., 44004

Findlay
321 S. Main St., 45840

Canton
401 Tuscarawas St., West 44702

North Canton
792 North Main St., 44720

Alliance
2115 W. State St., 44601

OHIO (Cont'd)

Massillon

46 N. Erie St., 44646

Orrville

116 E. Market St., 44667

Kettering

Woodlane Plaza Shopping Ctr.

3024 Woodman Dr., 45420

Miamisburg

45 S. Main St., 45342

Youngstown

6949 Market St., 44512

Newark

17 W. Main St., 43055

Hamilton

633 High Street, 45012

Hamilton-Plaza

Hamilton Plaza Shopping Center

2550 Dixie Highway, 45012

Springfield

72 W. Main St., 45501

Reynoldsburg

1812 Brice Road, 43068

Steubenville

123 S. Fourth St., 43952

Lorain

42783 N. Ridge Road, 44055

London

167 W. High St., 43140

Zanesville

36 N. Fourth St., 43701

Fostoria

111 Main St., 44830.

Hilliard

3636 Main St., 43026

OHO (Cont'd)

Grove City
3076 Southwest Blvd., 43123

Cleveland

Euclid
22504 Lake Shore Blvd. 44123

Fairview Park
Fairview Shopping Center
21895 Lorain Ave., 44126

Maple Heights
5304 Warrensville Center Road, 44137

Painesville
1472 Mentor Ave., 44077

Parma
5333 Ridge Road, 44129

Parma Heights
6769 W. 130th St., 44130

Akron

Akron-Square
Akron Square Shopping Center
1615 S. Arlington St., 44306

Akron-Chapel Hill
Ste. 101, 1717 Brittain Rd., 44310

Akron-W Market
1650 W. Market St., 44313

Barberton
155 Wooster Road, N, 44203

Kent
1108 S. Water St., 44240

Toledo

Bowling Green
153 E. Wooster St., 43402

Maumee
127 W. Wayne St., 43537

OHIO (Cont'd)

Toledo (Cont'd)

Toledo-Byrne Road
1560 S. Byrne Road, 43614

Toledo-West
2503 Sylvania Ave., 43613

Cincinnati

Batavia
503 W. Main St., 45103

Cincinnati-Delhi
4950 Delhi Road, 45238

Cincinnati
6259 Glenway Ave., 45211

Cincinnati-Cherry Grove
88 Cherry Grove Plaza, 45230

Cincinnati-Colerain
9806 Colerain Ave., 45239

Cincinnati-Kenwood
7525 Kenwood Road

Cincinnati-Springfield Pike
11622 Springfield Pike, 45246

Loveland
400 Loveland Madeira Rd., 4514

Milford
Milford Shopping Center
963 Lila Ave., 45150

Northwood
2912 Woodville Road, 43616

Columbus

Columbus-S. High
1286 S. High St. 43206

Columbus-Arlington
5025 Arlington Centre Blvd.
Ste. 100, 43220

Columbus-Graceland
Graceland Shoppers Mart
5055-59 N. High St., 43214

OHIO (Cont'd)

Columbus

Columbus-Revolving
5025 Arlington Centre Blvd.
Ste. 275, 43220

Columbus-Great Western
Great Western Shprs. Mart
3425 South Blvd., 43204

(52 Offices)

OREGON

Salem Candalaria
2655 Commercial St., SE 97302

Salem
455 High St., NE, 97308

Salem-Keizer
4780 River Road, N., 97303

Portland

Portland-4th Ave.
512 S. W. 4th Ave., 97204

Portland-82nd Ave.
326 SE 82nd Ave., 97266

Portland-Rockwood
18615 E. Burnside St., 97233

Portland-Barbur Blvd.
8201 S. W. Barbur Blvd. 97223

Portland-Weatherly
502 S.E. Morrison St., 97214

Portland-St. Jones
8523 N. Lombard St., 97203

Portland-Walnut Park
5305 NE Union Ave., 97211

Bend
1199 N.W. Wall St., 97701

Albany
208 W. 2nd Ave., 97321

7

OREGON (Cont 'd)

Eugene
804 Olive St., 97401

Corvallis
310 SW 2nd St., 97330

Milwaukie
10817 SE Main St., 97222

Baker
11932 First St., 97814

Redmond
425 S. Sixth St., 97756

Hillsboro
333 SE Third St., 97123

Gresham
439 Powell Blvd., 97030

(19 Offices)

PENNSYLVANIA

Jeannette
513 Clay Avenue, 15644

Hanover
24 Baltimore St., 17331

Baden
Penn Northern Lights
Shprs. City, Inc.
1677 State Street, W., 15005

Lower Burrell
Stewart Plaza,
2879 Leechburg Road, 15068

Tyrone
Washington Ave. at Third St.,
16686

(5 Offices)

WASHINGTON

Seattle-Lake City
12708 Lake City Way, N.E. 98125

Seattle-Westlake
536 Westlake Ave., N, 98109

WASHINGTON

Seattle- Westwood
9155 Westwood Village Court,
SW, 98126

Auburn
104 E. Main St., 98002

Bellingham
1409 Cornwall Ave., 98225

Ellensburg
405 N. Pearl St., 98926

Kirkland
128 Central Way, 98033

Port Angeles
120 W. First St., 98362

Puyallup
2705 E. Main, 98371

Tacoma-Broadway
922 Broadway, 98402

Vancouver
1306 Main St., 98666

Wenatchee
113 Palouse St., 98801

(12 Offices)