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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

FILED
JOHN D. LYNN, CLERK
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U.S. DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
EAST DIV. COLUMBUS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
) CIVIL NO. C-2-82-436
v)
) Filed: April 26, 1982
ARA SERVICES, INC. and)
MEANS SERVICES, INC.,)
)
Defendants.)

COMPETITIVE IMPACT STATEMENT

Pursuant to Section 2(b) of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16(b)-(h), the United States of America files this Competitive Impact Statement relating to the proposed Final Judgment against the defendants in this civil antitrust proceeding.

I

Nature and Purpose of
the Proceedings

On April 26, 1982 the United States filed a civil antitrust Complaint under Section 15 of the Clayton Act, 15 U.S.C. §25, challenging the acquisition of and merger with Means Services, Inc. ("Means") by ARA Services, Inc. ("ARA") as a violation of Section 7 of the Clayton Act, 15 U.S.C. §18. The Complaint alleges that the effect of the acquisition may be substantially to lessen competition in the sale of textile rental services in the Cleveland-Akron-Lorain, Ohio area, the Columbus, Ohio area, and the Southern West Virginia-Eastern Kentucky area.

Plaintiff and defendants have stipulated that the proposed Final Judgment may be entered after compliance with the Antitrust Procedures and Penalties Act. Entry of the proposed Judgment will terminate the action, except that the Court will retain jurisdiction to construe, modify, or enforce the provisions of the proposed Judgment and to punish violations of the proposed Judgment.

II

Events Giving Rise to the Alleged Violation

The textile rental services business involves the rental of various textile items to industrial, institutional, and commercial establishments. Some of the textile items which are rented are work garments, wiping cloths, dust control items, continuous roll towels, bed linen, table linen, and face and hand towels. A textile rental services firm delivers clean items to a customer on a regular basis. At each delivery of clean items, the company picks up the soiled items and transports them to a processing plant for cleaning (and finishing and repair, if needed). Textile rental services firms generally own the textile items and provide the items and their services on a contract basis. Contracts for textile rental services are typically for a term of one to three years.

ARA is the second largest textile rental services firm in the United States. ARA operates 39 textile rental processing plants throughout the United States. Since mid-1977 ARA has made 15 acquisitions of textile rental services firms. In the fiscal year ending October 2, 1981, ARA's sales of textile rental services in the United States were approximately \$168 million. In the Cleveland-Akron-Lorain, Ohio area, ARA was the second largest seller of textile rental services in 1981 with sales of approximately \$7.5 million, accounting for approximately 18.6% of total sales in that market. In the Columbus, Ohio area, ARA was the second largest seller of textile rental services in 1981 with sales of approximately \$2.9 million, accounting for approximately 15.5% of total sales in that market. In the Southern West Virginia-Eastern Kentucky area, ARA was the second largest seller of textile rental services in 1981 with sales of approximately \$3.5 million, accounting for approximately 18.2% of total sales in that market.

Means is the largest textile rental services firm in the Midwest. The company operates 27 processing plants in 18 states. Its sales of textile rental services in 1981 were approximately

\$115.5 million. In the Cleveland-Akron-Lorain, Ohio area, Means was the seventh largest seller of textile rental services in 1981 with sales of approximately \$2.7 million, accounting for approximately 6.6% of total sales in that market. In the Columbus, Ohio area, Means was the third largest seller of textile rental services in 1981 with sales of approximately \$1.7 million, accounting for approximately 9.3% of total sales in that market. In the Southern West Virginia-Eastern Kentucky area, ARA was the largest seller of textile rental services in 1981 with sales of approximately \$5.8 million, accounting for approximately 30.2% of total sales in that market.

ARA and Means are direct competitors in the sale of textile rental services in the Cleveland-Akron-Lorain area, the Columbus area and the Southern West Virginia-Eastern Kentucky area. In 1981, the four largest firms in the Cleveland-Akron-Lorain area accounted for more than 59% of the total sales, in the Columbus area they accounted for more than 60% of the total sales, and in the Southern West Virginia-Eastern Kentucky area they accounted for more than 68% of total sales. Based upon the foregoing facts, the Complaint alleges that the effect of the acquisition may be to substantially lessen competition in the sale of textile rental services in the Cleveland-Akron-Lorain area, the Columbus area, and the Southern West Virginia-Eastern Kentucky area in violation of Section 7 of the Clayton Act.

III

Explanation of the Proposed Final Judgment

The United States and the defendants have stipulated that the proposed Final Judgment may be entered by the Court at any time after compliance with the Antitrust Procedures and Penalties Act. The proposed Judgment constitutes no admission by either party as to any issue of fact or law. Under the provisions of the Antitrust Procedures and Penalties Act, entry of the proposed Judgment is conditioned upon a determination by the Court that the proposed Final Judgment is in the public interest.

The proposed Final Judgment orders the divestiture of certain assets by Means in Akron and Columbus, Ohio, and Huntington, West Virginia. The proposed Final Judgment permits Means to retain security interests in the assets which have been or will be sold. If these assets are not sold before the entry of the proposed Final Judgment, or if, subsequent to the date of entry of the Final Judgment, either ARA or Means reacquires, pursuant to Means' security interest, the assets transferred in the sale of such operations, ARA shall immediately provide written notice of such retention or reacquisition to the United States and shall promptly thereafter transfer the retained or reacquired assets to an independent trustee who shall have the power and authority to sell the trust assets as soon as possible and in no event later than six months after the trustee receives the assets. If the trustee does not find a purchaser for such assets within six months after he receives them, they will be sold at auction at the best possible price.

In accordance with the provisions of the Final Judgment, Means entered into a contract on March 31, 1982 with Uniwear, Inc. of Akron, Ohio to sell its Akron business. Uniwear, or its assignee, now services all of Means former Akron customers and Means is no longer in the textile rental services business in the Cleveland-Akron-Lorain area. On April 23, 1982, Means entered into a contract with United Services Company of Youngstown, Ohio to sell its Columbus business. The scheduled consummation date of that agreement is July 12, 1982. On April 26, 1982 Means entered into a contract with Mid-West Towel and Linen Service, Inc. of Muncie, to sell its business and facilities in Huntington, West Virginia. The consummation date of this sale is June 1, 1982.

Until the sale of Means' assets in Columbus, Ohio and Huntington, West Virginia are accomplished, ARA and Means have agreed that ARA is precluded from exercising control over the conduct of Means. As a result, ARA is precluded from voting the shares of Means stock which it will acquire; A majority of Means' Board of

Directors shall consist of persons who are demonstrably independent of ARA's control; ARA will take all steps necessary to assure that Means is operated as a separate entity; and communications and exchanges of information between ARA and Means are limited.

IV

Remedies Available to Potential Private Litigants

Section 4 of the Clayton Act (15 U.S.C. 15) provides that any person who has been injured as a result of conduct prohibited by the antitrust laws may bring suit in federal court to recover three times the damages the person has suffered, as well as costs and reasonable attorney fees. Entry of the proposed Final Judgment will neither impair nor assist the bringing of any private antitrust damage action. Under the provisions of Section 5(a) of the Clayton Act (15 U.S.C. 16(a)), the proposed Judgment has no prima facie effect in any subsequent private lawsuit that may be brought against the defendants.

V

Procedures Available for Modification of the Proposed Final Judgment

The United States and defendants have stipulated that the proposed Final Judgment may be entered by the Court after compliance with the provisions of the Antitrust Procedures and Penalties Act, provided that the United States has not withdrawn its consent. The Act conditions entry upon the Court's determination that the proposed Judgment is in the public interest.

The Act provides a period of at least sixty (60) days preceeding the effective date of the proposed Judgment within which any person may submit to the United States written comments regarding the proposed Final Judgment. Any person who wants to comment should do so within sixty (60) days of the date of publication of this Competitive Impact Statement in the Federal Register. The United States will evaluate the comments, determine whether it should withdraw its consent, and respond to the comments. The

comments and the response of the United States will be filed with the Court and published in the Federal Register.

Written comments should be submitted to:

John A Weedon, Chief
Great Lakes Office
Antitrust Division
United States Department
of Justice
995 Celebrezze Federal Building
Cleveland, Ohio 44199

VI

Alternatives to the Proposed Final Judgment

As an alternative to a consent decree, the United States had considered seeking a preliminary injunction to block ARA's acquisition of and merger with Means. The United States filed motions for a Temporary Restraining Order and a Preliminary Injunction, but its Motion for a Temporary Restraining Order was denied on April 28, 1982. The United States decided to accept the proposed Final Judgment rather than continuing to seek to enjoin the acquisition because (1) Means had contracted to sell the assets which gave rise to the alleged violation, and the United States was satisfied that the contracts were binding and would be executed; (2) the proposed Final Judgment and an agreed upon hold separate order provided adequate assurances of divestiture in the event that the contracts were not executed or were defaulted upon; and (3) in the government's judgment the chances of obtaining a preliminary injunction were not good.

The relief obtained in the proposed Final Judgment, together with the agreement of ARA and Means to hold their operations separate, substantially eliminate the anticompetitive effects of the acquisition. The relief is therefore substantially similar to the relief the United States would expect to obtain after trial on the merits, assuming that no preliminary injunction had been initially obtained.

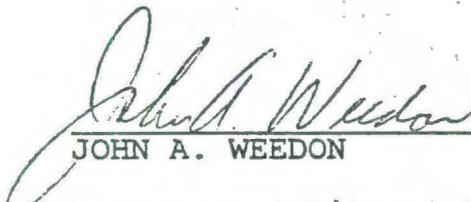
Although most provisions of the proposed Judgment were revised and refined in the course of negotiations, no other relief substantially different in kind was considered by the United States.

VII

Determinative Documents

There are no materials or documents which the United States considered determinative in formulating this proposed Final Judgment. Therefore, none are being filed along with this Competitive Impact Statement.

Respectfully submitted,



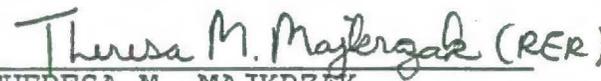
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