UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

EASTERN DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. INLAND STEEL COMPANY, Defendant.	)	Civil Action No. 70C 1305 Filed: June 1, 1970

C O M P L A I N T

The United States of America, plaintiff, by its attorneys, brings this civil action to obtain equitable relief against the above-named defendant, and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed under Section 4 of the Act of Congress of July 2, 1890 (15 U.S.C. § 4), as amended, commonly known as the Sherman Act, in order to prevent and restrain the continuing violations by the defendant, as hereinafter alleged, of Sections 1 and 2 of said Act (15 U.S.C. §§ 1 and 2).

2. The defendant, Inland Steel Company, maintains an office, transacts business and is found within the Northern District of Illinois, Eastern Division.

II

THE DEFENDANT

3. The Inland Steel Company, (hereafter "Inland") is made a defendant herein. Inland is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in Chicago, Illinois.

III

TRADE AND COMMERCE

4. Inland is one of the eight major steel companies in the iron and steel industry in the United States, which account for over seventy-five percent of the total output of the industry. Inland ranks sixth among the companies in the industry in terms of total dollar sales and seventh in tonnage shipments of steel products.

5. Inland is a fully integrated company engaged in the production and sale of a wide variety of steel products, including virtually all types of steel mill products and certain fabricated steel products. In 1968 Inland's total

sales of products and services amounted to approximately $1,073,720,000, while its total purchases of products and services and expenditures for plant and equipment for use in the manufacture of products amounted to approximately $697,765,000. For the same year total shipments of steel products by Inland amounted to 4,764,000 tons, or 5.2 percent of the total shipments of the steel industry.

6. The defendant produces, among others, the following steel products: ingots, blooms, billets, slabs, tube rounds, skelp, standard structural shapes, wide flange beams, plates, piling, bar mill products, hot and cold rolled sheets and strip, galvanized sheets, track spikes, fence posts and tin mill products.

7. Manufacturing and fabricating operations of Inland include the following: the production of various sizes of carbon and stainless steel shipping containers such as drums, barrels and pails; and the production of metal products for the construction industry such as fabricated structural steel, reinforcing steel, pre-engineered steel buildings and various metal components for buildings.

8. Other operations of Inland include the mining of iron ore and the production of taconite pellets, principally for consumption in Inland furnaces; the mining of coal for

consumption in the production of coke for its own use; and the production of limestone.

9. Inland has a fleet of vessels which is used for the transportation of raw materials on the Great Lakes to its iron and steel producing plant at East Chicago, Indiana. The defendant owns or leases iron ore, coal and limestone properties in various States of the United States and Canada.

10. Inland has iron and steel producing and finishing facilities at East Chicago, Indiana where sheets, strip, tin mill products, track spikes, plates, standard structural shapes, wide flange beams, piling, bars, and other steel products are produced. It also produces bars at Chicago Heights, Illinois. Inland sells the above steel mill products through sales offices in ten States and sales representatives in numerous large cities in the United States.

11. An Inland subsidiary, the Inland-Ryerson Construction Products Company, engages in the production and sale of structural steel; pre-engineered steel buildings; steel roof, floor and wall systems; post-tensioning steel systems for prestressed concrete; reinforcing steel; metal lath and accessories; and other related steel products, for the construction industry. This subsidiary has plants and warehouses

in twenty cities in fifteen States and sales offices in nineteen cities in fifteen States.

12. An Inland division, the Inland Steel Container Company Division, engages in the production and sale of carbon and stainless steel drums, barrels and pails. This division has fabricating plants in Illinois, Louisiana, New Jersey and Ohio and sales representation in twenty-two cities in nineteen States and the District of Columbia.

13. An Inland subsidiary, Joseph T. Ryerson & Son, Inc., operates the largest independent steel service organization in the United States which provides customers with not only a wide range of steel products, but also with titanium, tungsten, molybdenum and other space-age metals, aluminum products and industrial plastics. A substantial amount of the products, including steel products, shipped to these steel service centers is provided by manufacturers and producers other than Inland. Ryerson service centers, often referred to as steel warehouses, are located in twenty-three cities in sixteen States.

14. Inland purchases substantial quantities of numerous commodities, raw materials, equipment, supplies and services from other companies for use in the production of iron, steel and other products, for the operation of its plants

and offices and for resale from its steel service centers. Inland makes substantial purchases of the above materials and services from diversified corporations which are purchasers of steel, steel products and other products of the kinds produced or sold by the defendant.

15. The commodities, raw materials, equipment and supplies purchased by Inland from other producers are shipped from their points of production in interstate commerce across State lines to their point of use by Inland. Raw materials produced by Inland are shipped across State lines in interstate commerce to Inland manufacturing and fabricating plants. Products produced or fabricated by Inland are shipped in a continuous flow in interstate commerce across State lines to jobbers, service centers, dealers, warehouses, construction sites, processors, fabricators, wholesalers, and other customers.

IV

OFFENSES CHARGED

16. Since at least as early as 1957, and continuing to the date of this complaint, the defendant has violated Section 1 of the Sherman Act by entering into combinations involving reciprocal purchasing arrangements with respect to a substantial amount of interstate commerce whereby the defendant purchased goods and services sold by various

suppliers upon the understanding that said suppliers would purchase the goods and services of the defendant, in unreasonable restraint of the aforesaid trade and commerce.

17. Since at least as early as 1957 and continuing to the date of this complaint, the defendant, through the use of its purchasing power, has violated Section 2 of the Sherman Act by attempting to monopolize that part of the above-described interstate trade and commerce consisting of the requirements of actual and potential supplier-customers of the defendant for steel, steel products, and other products sold by defendant.

18. Pursuant to the aforesaid combinations and the attempt to monopolize, the defendant has done, among other things, the following:

a. Prepared and coordinated comparative purchase and sales data and other information relating to its customers and suppliers;

b. Utilized such comparative purchase and sales data in determining from which suppliers purchases would be made and the extent to which such suppliers should be permitted to participate in supplying defendant's requirements of goods and services;

c. Discussed with actual and potential suppliers and customers their sales and purchase positions relative to the defendant;

d. Purchased goods from particular suppliers on the understanding that such suppliers would reciprocate by purchasing goods or services from the defendant;

e. Refused to buy or reduced purchases from particular suppliers who did not reciprocate by purchasing, or otherwise increasing their purchases, from the defendant;

f. Used purchases from particular suppliers by one Inland subsidiary or division to promote sales to such suppliers by another Inland subsidiary or division;

g. Caused or induced particular suppliers from whom it purchases to buy from certain companies which purchase from the defendant;

h. Caused or induced particular suppliers from whom it purchases to persuade other companies to buy from the defendant.

V

EFFECTS

19. The aforesaid violations by the defendant have had the following effects, among others:

a. Competitors of the defendant Inland in the sale of various goods and services have been foreclosed from selling substantial quantities thereof to firms that are supplier-customers of the defendant; and

b. Actual and potential suppliers of various goods and services required by the defendant have been foreclosed from selling substantial quantities of such goods and services to the defendant.

PRAYER

WHEREFORE, the plaintiff prays:

1. That the aforesaid combinations between the defendant and its suppliers involving reciprocal purchasing arrangements be adjudged and decreed to be in violation of Section 1 of the Sherman Act.

2. That the aforesaid attempt to monopolize be adjudged and decreed to be in violation of Section 2 of the Sherman Act.

3. That the defendant Inland and its officers, directors, agents, and all other persons acting on behalf of said defendant, be perpetually enjoined from:

a. Entering into or adhering to any contract, agreement or understanding with any actual or potential customer or supplier involving reciprocal purchasing arrangements;

b. Communicating to actual or potential customers or suppliers that it will place its purchases with or give preference to suppliers who purchase from the defendant;

c. Communicating to actual or potential customers or suppliers statistics comparing purchases of goods and services by the defendant from such companies with sales by the defendant to such companies;

d. Continuing the practice of compiling statistics which compare Inland's purchases of goods or services from companies with sales by the defendant to such companies;

e. Transmitting to personnel with sales responsibilities information concerning purchases by the defendant from particular suppliers, transmitting to personnel with purchasing responsibilities information concerning sales by the defendant to particular companies, or otherwise implementing any program involving reciprocity;

f. Utilizing purchases by one Inland subsidiary or division from particular suppliers to promote sales to such suppliers by another Inland subsidiary or division;

g. Causing or inducing particular suppliers from whom it purchases to purchase from certain companies which purchase from the defendant; and

h. Causing or inducing particular suppliers from whom it purchases to persuade other companies to buy from the defendant.

4. That this Court order the defendant to abolish any duties that are assigned to any of its officials or employees which relate to the conduct or effectuation of its reciprocity or trade relations program.

5. That this Court order the defendant to advise all of its suppliers, by written notice, that the defendant's reciprocity or trade relations program has been terminated and to furnish a copy of the Final Order of this Court to such suppliers.

6. That Plaintiff have such other relief as the nature of the case may require and the Court may deem just and proper.

7. That the Plaintiff recover the costs of this action.

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